

172nd. year

# QUARTERLY REPORT 2014

Quarterly report 4. quarter 2014

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## Financial highlights - Group

	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Average equity, excluding dividend (NOK million)	2.563,9	2.268,1	1.960,6	1.814,5
Average total assets (NOK million)	33.618,8	30.263,2	28.698,8	26.502,2
Profit after tax as a percentage of average total assets	1,28	0,93	0,91	0,59
Profit before losses as a percentage of average total assets	1,66	1,34	1,34	0,86
Net interest income as a percentage of average total assets	1,81	1,87	1,78	1,66
Costs as a percentage of average total assets	0,88	0,97	1,02	1,09
Costs as a percentage of income (before losses on loans/guarantees)	34,72	42,04	43,20	55,95
Costs as a percentage of income excluding returns on financial investments	43,21	44,55	48,48	55,77
Return on equity (%)	16,72	12,46	13,38	8,58
Net lending to customers (NOK million)	28.697,8	25.771,6	22.560,2	22.183,5
Deposits from customers (NOK million)	13.397,0	12.546,8	11.687,9	8.932,7
Deposit-to-loan ratio	46,68	48,68	51,81	40,27
Deposit-to-loan ratio (parent bank)	70,68	73,90	89,42	61,88
Capital adequacy in %	18,17	18,41	15,68	15,77
Tier 1 capital adequacy in %	15,89	16,47	14,85	14,23
CET 1 capital adequacy in %	13,94	13,23	12,76	12,07
Total full-time equivalents	225	233	224	252

The key figures for 2013 have been adjusted since interest-bearing balance sheet items include earned/accrued interest.

## Comments on the Interim Accounts 2014/Interim Report - Sparebanken Øst

- **Stable net interest measured in NOK**
- **Very good return on equity**
- **Sound equity position**
- **Strong growth in lending to private customers**
- **Proposed dividend in line with dividend policy**

### INCOME STATEMENT

The Group achieved NOK 533.1 million in profit before tax in 2014, compared with NOK 388.9 million in 2013. The result was affected by a gain of NOK 134.7 million on the sale of shares in Nets Holding AS, which was recognised in the ordinary profit for 2014. The equivalent change in value that had accumulated in comprehensive income was reversed. The improvement in result was also due to an increase in interest and credit commission income, and a gain on the sale of shares in Frende Holding AS.

Profit before tax as a ratio of average total assets was 1.59 per cent, compared with 1.29 per cent in 2013.

Profit after tax was NOK 428.7 million, compared with NOK 282.7 million in 2013. Tax expenses were low as a result of the non-taxable gain on the sale of shares.

The return on equity after tax for 2014 was 16.72 per cent, compared with 12.46 per cent in 2013.

The result after tax of the parent bank is a profit of NOK 360.6 million in 2014, compared to NOK 223.5 million in 2013. In Q1 2014, the parent bank received dividend from subsidiaries amounting to NOK 60.0 million. This dividend is eliminated in the Group's result. Group contributions from subsidiaries of NOK 71.0 million, net after tax, were recognised by the parent bank in Q1 2013.

### Net interest income

Net interest and credit commission income amounted to NOK 606.9 million, showing an increase by NOK 42.4 million compared with 2013. In monetary terms, net interest and

credit commission income has remained stable at around NOK 150.0 million per quarter over the last six quarters. Net interest as a percentage of the average total assets was at the same level in Q4 as in Q3. In NOK terms, the net interest increased somewhat in Q4 as a consequence of an increase in the lending volume.

Net interest and credit commission income corresponds to 1.81 percent of the average total assets for 2014. For comparison, net interest and credit commission income amounted to 1.87 per cent in 2013.

Deposit guarantee scheme fees totalling NOK 10.4 million were charged in 2014, compared to NOK 9.0 million in 2013.

### Operating income

Dividend received from equity instruments amounts to NOK 7.3 million and mainly relates to dividend from Nets Holding AS. Dividend received from equity instruments is NOK 5.7 million lower than for the previous year. The decline is mainly due to dividend from Nordito Property AS in 2013.

Commission income and income from banking services amount to NOK 81.6 million, which is an increase by NOK 1.2 million compared with the previous year. Commission income is derived from traditional banking services.

Commission expenses and costs of banking services amount to NOK 43.7 million, having increased by NOK 3.1 million from 2013. This increase is mainly attributable to agency commission.

Net value changes and gains/losses on financial assets provided recognised income of

NOK 160.2 million in 2014. The book profit on the sale of the bank's holding in Nets Holding AS amounts to NOK 134.7 million and is recognised in the ordinary profit, while the gain on the sale of shares in Frende Holding AS is NOK 11.7 million. Recognised net income relating to the guarantee to Eksportfinans ASA was NOK 10.2 million. For comparison, the income recognised on net value changes and gains/losses on financial assets in 2013 totalled NOK 26.4 million. Of this amount, NOK 6.3 million related to the Eksportfinans ASA guarantee.

Other operating income amounts to NOK 40.5 million, which is a decrease by NOK 14.7 million compared to 2013. The decline is related mainly to gains on the sale of real estate in Sparebanken Øst Eiendom AS in 2013.

### Operating expenses

Total operating expenses amounted to NOK 296.1 million, which corresponds to 0.88 per cent of the average total assets. For comparison, total operating expenses amounted to NOK 293.8 million in 2013, equivalent to 0.97 per cent of the average total assets.

Payroll and general administrative costs amounted to NOK 217.5 million in 2014, compared with NOK 220.9 million in 2013. The number of active FTEs in the Group at the end of Q4 2014 was 225, compared to 233 at the end of 2013. The number of active FTEs in the parent bank at the end of Q4 2014 was 195, compared to 202 at the end of 2013.

Depreciation amounted to NOK 19.8 million in 2014, compared with NOK 17.9 million in 2013. The increase is related mainly to a new portfolio of IT systems in the bank.

Other operating expenses amounted to NOK 58.8 million in 2014, compared with NOK 55.0 million in 2013. In Q4 2014, NOK 4.0 million was allocated for premises no longer used by the bank in its activities.

### Losses on loans and guarantees

The Group's recognised losses on loans and guarantees amounted to NOK 23.6 million in 2014, compared with NOK 16.2 million in 2013. The parent bank's figures for the previous year were affected by reversals of previous losses.

Individual write-downs on loans and guarantees to customers amounted to NOK 93.8 million at the end of 2014, compared to NOK 97.0 million at the end of 2013.

Write-downs on groups of loans to customers amounted to NOK 43.4 million at the end of 2014, and were unchanged from the beginning of the year.

Gross defaults and non-performing loans amounted to NOK 423.8 million at the end of Q4 2014, compared with NOK 500.2 million at the end of Q4 2013. Net defaults and non-performing loans amounted to NOK 329.5 million, which shows a decrease by NOK 72.7 million compared with the end of 2013.

### 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: Proposed dividend is NOK 5.00 per equity certificate

<i>(Figures in NOK million)</i>	<b>2014</b>
Equity certificate dividend	103.7
Transferred to equalisation fund	45.8
Transferred to primary capital	196.1
Endowments	15.0
<b>Profit for the year</b>	<b>360.6</b>

The Equalisation Fund (excluding dividends) currently amounts to NOK 262.6 million, which is equivalent to NOK 12.67 per equity certificate.

### BALANCE SHEET

Total assets have increased by NOK 3,847.6 million since the beginning of the year and amounted to NOK 35,006.1 million at the end of 2014.

Cash and balances with central banks have increased by NOK 124.0 million since the beginning of the year, and amounted to NOK 481.5 million at the end of 2014.

Net lending to credit institutions has declined by NOK 1.1 million since the beginning of the year, and amounted to NOK 7.5 million at the end of 2014.

Net loans to customers amounted to NOK 28,697.8 million, which represents an increase by NOK 2,926.2 million during the last 12

months, equivalent to 11.4 per cent. Net lending to private customers increased by 14.9 per cent, while net lending to business customers declined by 6.3 per cent.

Gross loans to private customers accounted for 85.6 per cent of all loans to customers.

Holdings of certificates and bonds have increased by NOK 589.5 million since the beginning of the year and amounted to NOK 4,109.8 million at the end of 2014. These holdings consist exclusively of the liquidity portfolio and amount to NOK 4,049.1 million in nominal terms.

The bank's shares in Frende Holding AS and Eksportfinans ASA are classified as "available for sale".

The valuation of the shares in Frende Holding AS is based on the price at the last transaction and was NOK 200.8 million at the end of Q4 2014. An equivalent valuation per share was the basis as at 31.12.13.

The holding of shares in Eksportfinans ASA is recognised in the balance sheet at NOK 208.3 million. As at the end of Q4 2014 there were no circumstances indicating any changes in the valuation of these shares.

Deposits from customers amounted to NOK 13,197.0 million as at 31.12.14, having increased by NOK 850.2 million over the past 12 months, equivalent to 6.8 per cent. At the end of 2014 the deposit-to-loan ratio was 46.68 per cent and lies at the same level as at the end of 2013.

The loan-to-value ratio (LTV) in the parent bank at the end of 2014 was 70.68 per cent, compared with 73.90 per cent at the end of 2013.

Liabilities arising from the issuance of securities amounted to NOK 17,549.9 million, which is an increase by NOK 3,393.7 million since the beginning of the year.

Other long-term loan agreements amounted to NOK 210.5 million at the end of 2014, showing a reduction by NOK 565.1 million since the beginning of the year.

Short-term funding (defined as funding with a remaining maturity of less than 1 year) was NOK 2,555.5 million as at 31.12.14.

## RISKS

### Credit risk

Sparebanken Øst has drawn up a credit risk strategy that concerns various types of credit risk relating to lending, credits and guarantees granted to customers in the private and business markets, as well as the counterparty risk on securities.

The credit strategy is intended to help to ensure that the bank's credit-granting activities are in line with the regulatory frameworks and guidelines that derive from the bank's overall business concept and strategic plans, including that the activities are responsible with regard to the bank's ability and willingness to undertake risk.

The strategy will furthermore contribute to ensuring that the bank's established credit portfolio is of a quality and structure that can ensure the bank's profitability in the short and long term, and that the bank's credit risk is handled in accordance with statutory and regulatory requirements, circulars from the authorities and other regulatory provisions.

The principles in the strategy document are included in the bank's credit manuals, as well as the bank's established instructions.

Within the private and business markets, the ability and willingness to pay are key aspects of credit assessment. The risk associated with lending to customers is measured by means of a customer risk classification. The risk classification is established as an integral element of the credit process.

The development in credit risk is monitored on an ongoing basis via quarterly reports to the Management and the Board of Directors.

The bank's geographical catchment area offers both the private and business departments a large market area and flexibility in terms of customers and markets.

Geographically, the bank's lending portfolio to private and business customers is primarily spread across the central southeastern area of Norway.

A small ratio of lending to business customers contributes to a generally low concentration risk for the bank. The exposure to commercial properties represents a relatively large proportion of the business portfolio, but a small proportion of the bank's total lending portfolio.

As a general rule, loans and credit are only granted to private customers against adequate

security. The bank has low exposure to loans/credits without related security.

The bank also takes a credit risk in its management of liquidity reserves and surplus liquidity. The bank intends to hold low-credit-risk interest-bearing securities for liquidity purposes (reserves for disposal as required), or as the basis for deposits to raise loans from the central bank, or for both purposes.

The bank's credit risk is monitored continuously and there are updated overviews of the bank's overall counterparty risk.

### **Market risk**

Sparebanken Øst pursues a financial strategy that will help to ensure that the bank's activities in the financial area are in line with the framework conditions and guidelines that are a consequence of the bank's overall business concept, strategic plans and budgets, and that the activities are responsible in relation to the bank's ability and willingness to undertake risks.

The financial strategy must also help to ensure that the bank manages financial risk in line with the requirements laid down in statutory and regulatory requirements, circulars from the authorities and other regulatory provisions. Sparebanken Øst has a liquidity portfolio consisting of interest-bearing securities that are mainly issued by Nordic credit institutions, Norwegian banks, municipalities, the state and state-guaranteed entities. On this basis, the bank takes a credit spread risk. Interest rate risk is held within fixed limits, and is limited so that the majority of assets and liabilities have variable interest rates or have been swapped to variable interest rate terms. Currency risk is reduced by entering into forward contracts or basis swaps. The bank is exposed to very little risk on interest rates and currencies via its balance sheet. Exposure to equity instruments beyond the bank's subsidiaries and strategic investments is limited.

### **Liquidity risk**

Sparebanken Øst takes a conservative approach to liquidity risk and manages its risk according to a fixed framework. At any given time, the bank must have sufficient liquidity to manage normal operations for 12 months without the need for additional financing, and non-liquid assets are financed on a long-term basis. Sparebanken

Øst issues preferential bonds (covered bonds) via the bank's wholly-owned credit institution. In principle, covered bonds with long maturities are issued, while senior bond loans are issued with maturities that match the existing maturity profile at all times.

### **Operational risk**

Operational risk is managed and controlled via annual reviews of the bank's key processes, established internal control, with semi-annual confirmation from managers that internal control has taken place, and quarterly reporting to the Board of Directors of registered incidents and assessments of the risk level. The Group has not registered any significant losses due to the failure of internal processes, systems, human error, or unforeseen events, in Q4 2014.

## **CAPITAL ADEQUACY**

Regulations concerning the calculation of subordinate capital and capital adequacy requirements have been amended in response to the introduction of CRD IV with effect from 30.09.14. Figures as at 31.12.14 are calculated using transitional rules, which means that the fund for unrealised gains for items classified as available for sale still cannot be included in CET1 capital. Net subordinate capital amounted to NOK 3,251.2 million at the end of Q4 2014, of which the Group's Tier 1 capital amounted to NOK 2,843.3 million. With risk-weighted assets of NOK 17,891.6 million, this represents capital adequacy of 18.17 per cent, of which Tier 1 capital adequacy is 15.89 per cent. CET1 capital adequacy amounts to 13.94 per cent. The bank applies the standard method in the Basel II rules to calculate the minimum subordinate capital requirement for credit risk.

## **RATING**

Sparebanken Øst has a Baa1 rating from Moody's, with a negative outlook. As part of Moody's assessment of the new EU crisis management directive, the bank was among 82 European banks for which the outlook was changed to negative on 30 May 2014.

## **SUBSIDIARIES**

**Sparebanken Øst Boligkreditt AS** is a wholly owned subsidiary of Sparebanken Øst. The company was established on 14 April 2009 with the object of granting or acquiring home mortgage loans, property mortgage loans and

loans secured by liens on other registered assets or public loans, and of financing lending activities, mainly by issuing preferential bonds. At the end of 2014, the loan to value ratio (LTV) of the security portfolio was 46.3 per cent. By way of comparison, the equivalent figure at the end of Q3 2014 was 47.6 per cent; and 47.0 per cent at the end of 2013.

The company's total assets amounted to NOK 8,955.1 million at the end of 2014, consisting mainly of first-priority home mortgages, which are financed via preferential bonds and drawing rights from the parent company. The company's paid-in capital 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. The result after tax is a profit of NOK 87.6 million in 2014, compared to NOK 81.7 million in 2013. The company has no employees, but procures services from Sparebanken Øst. Preferential bonds issued by Sparebanken Øst Boligkreditt AS have been rated AAA by Moody's since Q1 2011.

**AS Financiering** is a financing company that is wholly owned by Sparebanken Øst. Its main product is financing of second-hand cars. The company achieved a profit after tax of NOK 32.5 million, compared to NOK 32.7 million in 2013. Total assets amount to NOK 1,661.5 million. At the end of 2014, the company had 26 employees, corresponding to 25 FTEs.

**Sparebanken Øst Eiendom AS'** primary object is standard property operations, including purchases, sales, rentals 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 44.0 million in 2014, compared with NOK 58.1 million in 2013. This decrease was primarily due to the profit on the sale of real estate in 2013. The result after tax was a profit of NOK 7.0 million in 2014, compared to a profit of NOK 15.5 million in 2013. The company has 6 employees. The share capital amounts to NOK 35.1 million

**Øst Prosjekt AS'** primary object is to take over projects and undertake industrial and commercial activities in order to hedge and realise exposed positions in the parent bank. The company has no employees and the share capital amounts to NOK 12.0 million. The result after tax is a loss of NOK 0.1 million in 2014. The company achieved equivalent results in 2013.

## ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with IFRS (including IAS 34 Interim Financial Reporting). Interim financial statements are not audited.

## OUTLOOK

On 22 January 2015 the bank signed an agreement on the sale of Engenekvartalet in Drammen. The profit on the sale of the property will be recognised as income in Q1 2015 as a result after tax of around NOK 31 million at Group level.

The lending market was affected by strong competition for business and private customers. This situation is expected to persist in 2015. Net interest and credit commission income will be affected by this market situation in which lending margins will continue to be subject to intense pressure. Reduced lending margins are generally expected to be compensated to a degree by lower deposit margins.

Lower growth in housing loans is expected in 2015. In recent years, the bank has adopted a cautious approach to the business market. It is expected that the bank will stabilise its loan volume towards business customers in the future. Reduced lending to the business market and lower exposure to shares (Nets Holding AS) will entail a reduced overall risk for the bank compared to previously.

There may be fluctuations in the market value of the guarantee to Eksportfinans ASA and securities in general. The market value of interest-bearing securities is generally affected by margin trends for individual securities, as well as the general liquidity situation in the market, and may fluctuate over time.

Declining housing prices and weaker growth in the Norwegian economy may result in increased losses in the banking sector in the future.

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 14.0 per cent as from 1 July 2016. This capital level ensures the ability to grow, 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.

The bank considers a long-term, robust liquidity situation that provides security for long-term operations to be extremely important. The bank's aim regarding liquidity is for non-liquid assets to be financed with long term debt of between 103 per cent and 107 per cent, with the goal of 105 per cent long-term financing over time. The bank assumes that access to liquidity will be satisfactory in the immediate future.

Reduced risk, increasing pressure on margins and an increased equity ratio will affect the rate of return over time. The bank's goal for its return on equity has been set at 10 per cent over time.

## **DIVIDEND POLICY**

Sparebanken Øst's financial goal for its activities is to achieve results that provide a good and stable return on the bank's equity and create value for equity capital certificate owners with competitive returns in the form of dividend and the capital appreciation of equity certificates.

The profit for the year will be distributed to equity certificate holders and primary capital in accordance with their respective shares of the bank's equity. Sparebanken Øst will endeavour to pay 50-75 per cent of the profit allocated to the equity certificate holders as dividend. In a normal year, around 10 per cent will be allocated for donation purposes.

On determining the dividend and donations, account will be taken of the development in the bank's results, as well as its market situation, dividend stability and Tier 1 capital requirements.

Hokksund, 31 December 2014  
Drammen, 10 February 2015

Jorund Rønning Indreliid  
Chair

Knut Smedsrud  
Deputy Chair

Morten André Yttreide

Roar Norheim Larsen

Sverre Nedberg

Elly Therese Thoresen

Hanne Solem

Inger Helen Pettersen  
Employee representative

Pål Strand  
CEO



## Income statement

Group 2014	Group 2013	(Figures in NOK million)	Parent bank 2014	Parent bank 2013
1.350,4	1.273,4	Interest income and similar income	951,5	899,8
743,5	708,9	Interest expenses and similar expenses	588,2	570,2
606,9	564,5	<b>Net interest and credit commission income</b>	<b>363,3</b>	<b>329,6</b>
7,3	13,0	Dividend and other income from securities with variable yields	67,3	111,6
81,6	80,4	Commission income and income from banking services	92,1	90,3
43,7	40,6	Commission expenses and expenses relating to banking services	18,3	14,6
160,2	26,4	Net value changes and gains/losses on financial investments	160,2	26,7
40,5	55,2	Other operating income	5,8	6,4
161,9	164,2	Payroll, etc.	136,1	137,4
55,6	56,7	Administration costs	47,2	49,7
19,8	17,9	Depreciation/write-downs and value changes on non-financial asset	8,8	6,7
58,8	55,0	Other operating expenses	50,2	46,5
556,7	405,1	<b>PROFIT BEFORE LOSSES</b>	<b>428,1</b>	<b>309,7</b>
23,6	16,2	Losses on loans and guarantees	10,6	1,8
533,1	388,9	<b>PROFIT BEFORE TAX</b>	<b>417,5</b>	<b>307,9</b>
104,4	106,2	Tax expenses	56,9	84,4
428,7	282,7	<b>PROFIT AFTER TAX</b>	<b>360,6</b>	<b>223,5</b>
8,57	5,90	Earnings per equity certificate	7,21	4,67
8,57	5,90	Diluted earnings per equity certificate	7,21	4,67

## Total profit/loss

Group 2014	Group 2013	(Figures in NOK million)	Parent bank 2014	Parent bank 2013
428,7	282,7	<b>PROFIT AFTER TAX</b>	<b>360,6</b>	<b>223,5</b>
		<b>Items that will not be reclassified to the income statement</b>		
-45,9	-9,8	Actuarial gains and losses on defined benefit plans	-42,0	-11,1
12,3	2,7	Tax effect of actuarial gains and losses on defined benefit plans	11,3	3,1
		<b>Items that may be reclassified to the income statement at a later date</b>		
-90,2	178,8	Changes in fair value of investments available for sale	-90,2	178,8
304,9	454,4	<b>COMPREHENSIVE INCOME</b>	<b>239,7</b>	<b>394,3</b>

## Balance sheet

Group 2014	Group 2013	(Figures in NOK million)	Parent bank 2014	Parent bank 2013
481,5	357,5	Cash and balances with central banks	481,5	357,5
7,5	8,6	Loans to and receivables from credit institutions	2.337,2	2.102,0
28.835,0	25.912,0	Loans to and receivables from customers	19.057,6	17.074,2
93,8	97,0	- Individual write-downs	31,2	38,3
43,4	43,4	- Write-downs on groups of loans	40,1	40,1
3.904,0	3.314,3	Certificates and bonds at fair value	3.904,0	3.556,6
457,5	650,9	Shares and units	457,5	650,9
604,1	270,2	Financial derivatives	352,7	201,9
205,8	206,0	Certificates and bonds, held to maturity	205,8	206,0
0,0	0,0	Ownership interests in Group companies	887,3	687,2
0,0	0,0	Deferred tax assets	11,1	4,0
395,8	403,5	Investment properties	0,0	0,0
134,5	126,4	Fixed assets	80,5	72,8
108,9	40,0	Other assets	10,0	13,4
8,7	9,5	Prepaid expenses and accrued income	9,1	10,0
35.006,1	31.158,5	<b>TOTAL ASSETS</b>	<b>27.723,0</b>	<b>24.858,1</b>
210,5	775,6	Debt to credit institutions	469,6	991,1
13.397,0	12.546,8	Deposits from and debt to customers	13.420,0	12.559,7
56,8	27,2	Financial derivatives	56,8	27,2
17.549,9	14.156,2	Liabilities incurred on the issuance of securities	10.375,7	7.955,4
180,3	159,2	Other liabilities	108,5	91,3
34,7	33,4	Accrued expenses and prepaid income	29,5	27,6
87,6	38,6	Provisions for accrued expenses and liabilities	82,5	36,9
20,5	29,5	Deferred tax liabilities	0,0	0,0
703,1	864,1	Subordinate loan capital	703,1	864,1
32.240,4	28.630,6	<b>Total liabilities</b>	<b>25.245,7</b>	<b>22.553,3</b>
595,1	595,1	Paid-up capital	595,1	595,1
2.170,6	1.932,8	Retained earnings	1.882,2	1.709,7
2.765,7	2.527,9	<b>Total equity</b>	<b>2.477,3</b>	<b>2.304,8</b>
35.006,1	31.158,5	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27.723,0</b>	<b>24.858,1</b>

## Changes in equity - Group

(Figures in NOK million)

	Total equity	equity certificates	Share premium	Equalisation fund	Primary capital	Endowment account	Available for sale reserve	Other Equity
<b>2014</b>								
Equity as at 31.12.2013	2.527,9	207,3	387,8	291,7	1.129,9	35,5	252,6	223,1
Profit/loss	428,7	0,0	0,0	149,5	196,1	15,0	0,0	68,1
Changes in fair value for TFS investments	-90,2	0,0	0,0	0,0	0,0	0,0	-90,2	0,0
Actuarial gains and losses on defined benefit plan	-33,6	0,0	0,0	-12,7	-18,0	0,0	0,0	-2,9
Total profit/loss	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
<b>Equity as at 31.12.2014</b>	<b>2.765,7</b>	<b>207,3</b>	<b>387,8</b>	<b>366,3</b>	<b>1.308,0</b>	<b>45,5</b>	<b>162,4</b>	<b>288,4</b>

This year's proposed dividend of NOK 103.7 million is part of the Equalisation Fund until it is finally adopted by the Board of Trustees.

(Figures in NOK million)

	Total equity	equity certificates	Share premium	Equalisation fund	Primary capital	Endowment account	Available for sale reserve	Other Equity
<b>2013</b>								
Equity as at 31.12.2012, adjusted	2.132,7	207,3	387,8	260,7	1.012,7	27,5	73,8	162,9
Profit or loss	282,7	0,0	0,0	96,7	121,7	5,0	0,0	59,3
Changes in fair value for TFS investments	178,8	0,0	0,0	0,0	0,0	0,0	178,8	0,0
Actuarial gains and losses on defined benefit plan	-7,1	0,0	0,0	-3,5	-4,5	0,0	0,0	0,9
Total profit/loss	454,4	0,0	0,0	93,2	117,2	5,0	178,8	60,2
2012 dividend finally adopted	-62,2	0,0	0,0	-62,2	0,0	0,0	0,0	0,0
Changes in endowment fund	3,0	0,0	0,0	0,0	0,0	3,0	0,0	0,0
<b>Equity as at 31.12.2013</b>	<b>2.527,9</b>	<b>207,3</b>	<b>387,8</b>	<b>291,7</b>	<b>1.129,9</b>	<b>35,5</b>	<b>252,6</b>	<b>223,1</b>

This year's proposed dividend of NOK 62.2 million is part of the Equalization Fund until it is finally adopted by the Board of Trustees.

## Changes in equity - parent bank

(Figures in NOK million)

	Total equity	equity certificates	Share premium	Equalisation fund	Primary capital	Endowment account	Available for sale reserve
<b>2014</b>							
Equity as at 31.12.2013	2.304,8	207,3	387,8	291,7	1.129,9	35,5	252,6
Profit or loss	360,6	0,0	0,0	149,5	196,1	15,0	0,0
Changes in fair value for TFS investments	-90,2	0,0	0,0	0,0	0,0	0,0	-90,2
Actuarial gains and losses on defined benefit plan	-30,7	0,0	0,0	-12,7	-18,0	0,0	0,0
Total profit/loss	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
<b>Equity as at 31.12.2014</b>	<b>2.477,3</b>	<b>207,3</b>	<b>387,8</b>	<b>366,3</b>	<b>1.308,0</b>	<b>45,5</b>	<b>162,4</b>

This year's proposed dividend of NOK 103.7 million is part of the Equalization Fund until it is finally adopted by the Board of Trustees.

(Figures in NOK million)

	Total equity	equity certificates	Share premium	Equalisation fund	Primary capital	Endowment account	Available for sale reserve
<b>2013</b>							
Equity as at 31.12.2012, adjusted	1.969,8	207,3	387,8	260,7	1.012,7	27,5	73,8
Profit or loss	223,5	0,0	0,0	96,7	121,7	5,0	0,0
Changes in fair value for TFS investments	178,8	0,0	0,0	0,0	0,0	0,0	178,8
Actuarial gains and losses on defined benefit plan	-8,0	0,0	0,0	-3,5	-4,5	0,0	0,0
Total profit/loss	394,3	0,0	0,0	93,2	117,2	5,0	178,8
2012 dividend finally adopted	-62,2	0,0	0,0	-62,2	0,0	0,0	0,0
Changes in endowment fund	3,0	0,0	0,0	0,0	0,0	3,0	0,0
<b>Equity as at 31.12.2013</b>	<b>2.304,8</b>	<b>207,3</b>	<b>387,8</b>	<b>291,7</b>	<b>1.129,9</b>	<b>35,5</b>	<b>252,6</b>

This year's proposed dividend of NOK 62.2 million is part of the Equalisation Fund until it is finally adopted by the Board of Trustees.

# Cash Flow Statement

Group 31.12.2014	Group 31.12.2013	(Figures in NOK million)	Parent bank 31.12.2014	Parent bank 31.12.2013
<b>Operating activities</b>				
533,1	388,9	Profit before tax	417,5	307,9
		Adjusted for:		
9,2	-7,1	Change in net interest income earned and accrued interest costs	6,2	-0,5
0,0	0,0	Net payment/disbursement of loans to credit institutions	-236,3	818,2
-2.924,4	-3.140,3	Net disbursement of loans to customers	-1.985,0	-3.888,4
-587,3	393,0	Changes in certificates and bonds at fair value	-345,6	1.132,5
-41,2	537,8	Changes in other assets in connection with operations	31,2	547,6
0,0	-21,9	Net payment/disbursement of deposits from credit institutions	43,5	71,8
851,3	851,3	Net payment of deposits from customers	861,4	881,4
20,7	-4,4	Changes in other liabilities in connection with operations	18,5	-38,4
18,4	23,6	Non-cash items included in profit before tax	1,8	4,1
-147,0	-13,0	Net gains from investing activities	-147,0	-0,1
8,1	0,0	Net losses from financing activities	8,1	0,0
-101,1	-80,9	Taxes paid for the period	-53,3	-51,7
-2.360,2	-1.073,0	<b>Net cash flow from operating activities</b>	<b>A</b>	<b>-1.379,0</b>
<b>Investing activities</b>				
-20,6	-17,2	Payment on purchase of fixed assets	-16,5	-12,3
0,3	61,9	Proceeds from sale of fixed assets	0,0	0,5
256,6	54,0	Net proceeds/expenses on the sale/purchase of financial investments	256,6	54,0
0,0	0,0	Net payment/disbursement concerning investments in subsidiaries	-200,1	-71,0
236,3	98,7	<b>Net cash flow from investing activities</b>	<b>B</b>	<b>40,0</b>
<b>Financing activities</b>				
-562,1	-579,1	Net payment/disbursement for loans to/from credit institutions	-562,1	-553,5
-2.265,5	-3.125,1	Payments on repayment of securities	-1.750,3	-2.881,8
5.136,6	3.903,0	Proceeds on issuance of securities	3.836,5	2.904,4
0,0	0,0	Proceeds on issuance of equity certificates	0,0	0,0
-62,2	-62,2	Payment of dividend	-62,2	-62,2
2.246,8	136,6	<b>Net cash flow from financing activities</b>	<b>C</b>	<b>1.461,9</b>
122,9	-837,7	Net change in cash and cash equivalents	<b>A+B+C</b>	<b>122,9</b>
366,1	1.203,8	Cash and cash equivalents as at 01.01.	366,1	1.203,6
<b>489,0</b>	<b>366,1</b>	<b>Cash and cash equivalents at end of period</b>	<b>489,0</b>	<b>366,1</b>

## Profit/loss per quarter - Group

(Figures in NOK million)

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Interest income and similar income	341,9	346,5	335,8	326,2	329,8
Interest expenses and similar expenses	189,2	194,7	185,1	174,5	179,6
<b>Net interest and credit commission income</b>	<b>152,7</b>	<b>151,8</b>	<b>150,7</b>	<b>151,7</b>	<b>150,2</b>
Dividend and other income from securities with variable yields	0,0	0,0	0,6	6,7	0,0
Commission income and income from banking services	20,7	20,8	22,1	18,0	22,0
Commission expenses and expenses relating to banking services	11,0	10,9	10,9	10,9	10,8
Net value changes and gains/losses on financial investments	-8,0	143,4	0,8	24,0	4,1
Other operating income	11,0	9,3	9,8	10,4	20,9
Payroll, etc.	41,6	43,1	35,1	42,1	44,2
Administration costs	14,4	13,5	13,2	14,5	14,2
Depreciation/write-downs/value changes on non-financial assets	5,2	4,9	5,0	4,7	4,6
Other operating expenses	17,9	12,4	14,7	13,8	15,7
<b>PROFIT BEFORE LOSSES</b>	<b>86,3</b>	<b>240,5</b>	<b>105,1</b>	<b>124,8</b>	<b>107,7</b>
Losses on loans and guarantees	2,2	8,1	5,3	8,0	11,8
<b>PROFIT BEFORE TAX</b>	<b>84,1</b>	<b>232,4</b>	<b>99,8</b>	<b>116,8</b>	<b>95,9</b>
Taxes (calculated for the interim accounts)	23,3	26,4	26,1	28,6	26,9
<b>PROFIT FOR THE PERIOD</b>	<b>60,8</b>	<b>206,0</b>	<b>73,7</b>	<b>88,2</b>	<b>69,0</b>
Earnings per equity certificate (per quarter)	1,22	4,11	1,48	1,76	1,44
Diluted profit per equity certificate (per quarter)	1,22	4,11	1,48	1,76	1,44

## Total profit/loss

<b>PROFIT FOR THE PERIOD</b>	<b>60,8</b>	<b>206,0</b>	<b>73,7</b>	<b>88,2</b>	<b>69,0</b>
<b>Items that will not be reclassified to the income statement</b>					
Actuarial gains and losses on defined benefit plans	-45,9	0,0	0,0	0,0	-9,8
Tax effect of actuarial gains and losses on defined benefit plans	12,3	0,0	0,0	0,0	2,7
<b>Items that may be reclassified to the income statement at a later date</b>					
Changes in fair value of investments available for sale	0,0	-130,7	0,0	40,5	183,8
<b>COMPREHENSIVE INCOME</b>	<b>27,2</b>	<b>75,3</b>	<b>73,7</b>	<b>128,7</b>	<b>245,7</b>

## Profit per quarter - Parent bank

(Figures in NOK million)

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Interest income and similar income	243,0	244,2	233,9	230,4	233,6
Interest expenses and similar expenses	150,9	153,1	144,9	139,3	143,2
<b>Net interest and credit commission income</b>	<b>92,1</b>	<b>91,1</b>	<b>89,0</b>	<b>91,1</b>	<b>90,4</b>
Dividend and other income from securities with variable yields	0,0	0,0	0,6	66,7	0,0
Commission income and income from banking services	23,3	23,5	24,9	20,4	24,4
Commission expenses and expenses relating to banking services	4,9	4,6	4,5	4,3	4,1
Net value changes and gains/losses on financial investments	-8,8	142,8	2,3	23,9	3,9
Other operating income	1,7	1,1	1,1	1,9	1,6
Payroll, etc.	35,5	35,5	30,3	34,8	37,2
Administration costs	12,6	11,6	11,1	11,9	12,8
Depreciation/write-downs/value changes on non-financial assets	2,4	2,3	2,1	2,0	1,8
Other operating expenses	16,3	10,0	12,8	11,1	13,8
<b>PROFIT BEFORE LOSSES</b>	<b>36,6</b>	<b>194,5</b>	<b>57,1</b>	<b>139,9</b>	<b>50,6</b>
Losses on loans and guarantees	-1,0	6,9	0,8	3,9	4,9
<b>PROFIT BEFORE TAX</b>	<b>37,6</b>	<b>187,6</b>	<b>56,3</b>	<b>136,0</b>	<b>45,7</b>
Taxes (calculated for the interim accounts)	10,7	14,3	14,3	17,6	13,8
<b>PROFIT FOR THE PERIOD</b>	<b>26,9</b>	<b>173,3</b>	<b>42,0</b>	<b>118,4</b>	<b>31,9</b>
Earnings per equity certificate (per quarter)	0,54	3,46	0,84	2,37	0,67
Diluted profit per equity certificate (per quarter)	0,54	3,46	0,84	2,37	0,67

## Total profit/loss

<b>PROFIT FOR THE PERIOD</b>	<b>26,9</b>	<b>173,3</b>	<b>42,0</b>	<b>118,4</b>	<b>31,9</b>
<b>Items that will not be reclassified to the income statement</b>					
Actuarial gains and losses on defined benefit plans	-42,0	0,0	0,0	0,0	-11,1
Tax effect of actuarial gains and losses on defined benefit plans	11,3	0,0	0,0	0,0	3,1
<b>Items that may be reclassified to the income statement at a later date</b>					
Changes in fair value of investments available for sale	0,0	-130,7	0,0	40,5	183,8
<b>COMPREHENSIVE INCOME</b>	<b>-3,8</b>	<b>42,6</b>	<b>42,0</b>	<b>158,9</b>	<b>207,7</b>

## Accounting policies

The quarterly accounts for the Group and the parent company have been prepared in accordance with IFRS (including IAS 34 Interim Financial Reporting). A description of the accounting policies applied to the presentation of the financial statements is presented in the Annual Report for 2013. The accounting policies and calculation methods are generally unchanged from those applied to the presentation of the 2013 financial statements. Interest-bearing balance sheet items include earned/accrued interest. The comparative figures for 2013 have been adjusted.

Amendments to IFRS standards that came into effect as of 1 January 2014 have not had a significant impact on the Group's financial position, profit and/or financial information. Reference is made to the Annual Report for 2013, Note 2: Accounting policies, item 17: future changes to the accounting policies. The financial statements are presented in Norwegian kroner, which is also the Group's functional currency. Interim financial statements are not audited.

## Assessments and the use of estimates

In the preparation of the consolidated accounts, the management must make estimates and discretionary assessments and assumptions that may affect the accounting policies applied and thereby also the booked amounts for assets, liabilities, income and expenses. For further details, reference is made the Annual Report for 2013, Note 3: Assessments and the use of estimates.

## Losses on loans and guarantees

(Figures in NOK million)

	Parent bank 31.12.2014	Parent bank 31.12.2013	Group 31.12.2014	Group 31.12.2013
<b>Individual write-downs</b>				
Individual write-downs as at 01.01.	39,3	51,3	98,0	105,4
- Realised losses during the period for which individual write-downs have previously been made	6,8	3,6	10,3	7,7
+ Increased individual write-downs during the period	4,4	0,4	9,6	4,8
+ New individual write-downs during the period	9,4	5,5	22,0	22,1
- Reversed individual write-downs during the period	14,6	14,3	25,0	26,6
= <b>Individual write-downs at the end of the period*)</b>	<b>31,7</b>	<b>39,3</b>	<b>94,3</b>	<b>98,0</b>
<b>Write-downs on groups of loans</b>				
Write-downs on groups of loans as at 01.01.	40,1	40,1	43,4	43,4
+/- Changes to write-downs on groups of loans during the period	0,0	0,0	0,0	0,0
= <b>Write-downs on groups of loans at the end of the period</b>	<b>40,1</b>	<b>40,1</b>	<b>43,4</b>	<b>43,4</b>
<b>Cost of losses for the period</b>				
Changes to individual write-downs during the period	-7,6	-12,0	-3,7	-7,4
+/- Changes to write-downs on groups of loans during the period	0,0	0,0	0,0	0,0
+ Realised losses during the period for which individual write-downs have previously been made	14,2	5,7	17,7	9,8
+ Realised losses during the period for which individual write-downs have not been made in previous years	0,9	0,7	11,0	11,6
- Recovery of previously identified losses during the period	7,3	1,8	11,9	7,0
+/- Amortisation cost of write-downs during the period	10,4	9,2	10,5	9,2
= <b>Losses on loans and guarantees</b>	<b>10,6</b>	<b>1,8</b>	<b>23,6</b>	<b>16,2</b>

\*) Individual write-downs on guarantee commitments amounted to NOK 0.5 million as at 31.12.14 and NOK 1.0 million as at 31.12.13, and are entered to the balance sheet as liabilities under "Provisions for accrued expenses and liabilities".

## Defaults and non-performing loans - customers

(Figures in NOK million)

	Parent bank 31.12.2014	Parent bank 31.12.2013	Group 31.12.2014	Group 31.12.2013
<b>Gross defaults (over 90 days)</b>				
Business	221,7	286,0	226,3	292,4
+ Private	74,1	79,1	173,8	166,5
= <b>Gross defaults</b>	<b>295,8</b>	<b>365,1</b>	<b>400,1</b>	<b>458,9</b>
- Individual write-downs	22,7	24,4	85,3	82,9
= <b>Net defaults</b>	<b>273,1</b>	<b>340,7</b>	<b>314,8</b>	<b>376,0</b>
<b>Non-performing (not defaulted) loans</b>				
Business	21,5	33,9	21,5	35,2
+ Private	2,2	6,2	2,2	6,1
= <b>Gross non-performing loans</b>	<b>23,7</b>	<b>40,1</b>	<b>23,7</b>	<b>41,3</b>
- Individual write-downs	9,0	14,9	9,0	15,1
= <b>Net non-performing loans</b>	<b>14,7</b>	<b>25,2</b>	<b>14,7</b>	<b>26,2</b>
<b>Gross defaults and non-performing loans</b>				
Business	243,2	319,9	247,8	327,6
+ Private	76,3	85,3	176,0	172,6
= <b>Gross defaults and non-performing loans</b>	<b>319,5</b>	<b>405,2</b>	<b>423,8</b>	<b>500,2</b>
- Individual write-downs	31,7	39,3	94,3	98,0
= <b>Net defaults and non-performing loans</b>	<b>287,8</b>	<b>365,9</b>	<b>329,5</b>	<b>402,2</b>

## Operating segments

Segment reporting is based on the bank's internal reporting format, in which the parent bank and mortgage credit company are split into the private market, the business market and finance. There are also other subsidiaries, as well as a non-reportable segment with items that are not distributed across other segments.

(Figures in NOK million)

31.12.2014	PM	BM	Finance	AS Financiering	Spb Øst Eiendom	Undistributed	Elimination	Group
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
<b>Net interest and commission income</b>	<b>314,8</b>	<b>187,1</b>	<b>-30,1</b>	<b>117,8</b>	<b>-12,6</b>	<b>29,9</b>	<b>0,0</b>	<b>606,9</b>
Total net other income, external	50,3	16,7	5,3	-23,0	36,0	160,6	0,0	245,9
Total net other income, internal	0,0	0,0	0,0	0,0	8,0	-1,7	-6,3	0,0
<b>Total income</b>	<b>365,1</b>	<b>203,8</b>	<b>-24,8</b>	<b>94,8</b>	<b>31,4</b>	<b>188,8</b>	<b>-6,3</b>	<b>852,8</b>
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 expenses, external	0,7	0,5	0,0	6,5	7,0	44,1	0,0	58,8
Other operating expenses, internal	0,0	0,0	0,0	0,5	0,0	7,5	-8,0	0,0
<b>Total operating expenses</b>	<b>67,5</b>	<b>23,9</b>	<b>0,0</b>	<b>37,2</b>	<b>21,8</b>	<b>153,7</b>	<b>-8,0</b>	<b>296,1</b>
<b>Profit before losses</b>	<b>297,6</b>	<b>179,9</b>	<b>-24,8</b>	<b>57,6</b>	<b>9,6</b>	<b>35,1</b>	<b>1,7</b>	<b>556,7</b>
Losses on loans, guarantees, etc.	1,9	8,7	0,0	13,0	0,0	0,0	0,0	23,6
<b>Profit before tax</b>	<b>295,7</b>	<b>171,2</b>	<b>-24,8</b>	<b>44,6</b>	<b>9,6</b>	<b>35,1</b>	<b>1,7</b>	<b>533,1</b>
Tax expenses	0,0	0,0	0,0	12,1	2,6	89,2	0,5	104,4
<b>Profit after tax</b>	<b>295,7</b>	<b>171,2</b>	<b>-24,8</b>	<b>32,5</b>	<b>7,0</b>	<b>-54,1</b>	<b>1,2</b>	<b>428,7</b>
<b>31.12.2013</b>	<b>PM</b>	<b>BM</b>	<b>Finance</b>	<b>AS Financiering</b>	<b>Spb Øst Eiendom</b>	<b>Undistributed</b>	<b>Elimination</b>	<b>Group</b>
Net interest and commission income, external	587,1	280,7	86,0	155,4	0,0	-544,7	0,0	564,5
Net interest and commission income, internal	-307,3	-67,1	-131,9	-35,5	-14,5	555,5	0,8	0,0
<b>Net interest and commission income</b>	<b>279,8</b>	<b>213,6</b>	<b>-45,9</b>	<b>119,9</b>	<b>-14,5</b>	<b>10,8</b>	<b>0,8</b>	<b>564,5</b>
Total net other income, external	54,1	16,9	0,1	-24,5	50,4	37,4	0,0	134,4
Total net other income, internal	0,0	0,0	0,0	0,0	7,7	0,3	-8,0	0,0
<b>Total income</b>	<b>333,9</b>	<b>230,5</b>	<b>-45,8</b>	<b>95,4</b>	<b>43,6</b>	<b>48,5</b>	<b>-7,2</b>	<b>698,9</b>
Payroll and general administration costs	66,4	24,2	0,0	26,7	6,8	96,8	0,0	220,9
Depreciation	0,0	0,0	0,0	2,2	9,0	6,7	0,0	17,9
Other operating expenses, external	1,1	0,7	0,0	5,5	7,9	39,8	0,0	55,0
Other operating expenses, internal	0,0	0,0	0,0	0,6	0,3	7,0	-7,9	0,0
<b>Total operating expenses</b>	<b>67,5</b>	<b>24,9</b>	<b>0,0</b>	<b>35,0</b>	<b>24,0</b>	<b>150,3</b>	<b>-7,9</b>	<b>293,8</b>
<b>Profit before losses</b>	<b>266,4</b>	<b>205,6</b>	<b>-45,8</b>	<b>60,4</b>	<b>19,6</b>	<b>-101,8</b>	<b>0,7</b>	<b>405,1</b>
Losses on loans, guarantees, etc.	1,0	0,8	0,0	14,4	0,0	0,0	0,0	16,2
<b>Profit before tax</b>	<b>265,4</b>	<b>204,8</b>	<b>-45,8</b>	<b>46,0</b>	<b>19,6</b>	<b>-101,8</b>	<b>0,7</b>	<b>388,9</b>
Tax expenses	0,0	0,0	0,0	13,3	4,1	88,6	0,2	106,2
<b>Profit after tax</b>	<b>265,4</b>	<b>204,8</b>	<b>-45,8</b>	<b>32,7</b>	<b>15,5</b>	<b>-190,4</b>	<b>0,5</b>	<b>282,7</b>
<b>31.12.2014</b>	<b>PM</b>	<b>BM</b>	<b>Finance</b>	<b>AS Financiering</b>	<b>Spb Øst Eiendom</b>	<b>Undistributed</b>	<b>Elimination</b>	<b>Group</b>
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
<b>Total assets</b>	<b>21.717,6</b>	<b>4.874,3</b>	<b>4.591,0</b>	<b>1.661,5</b>	<b>572,2</b>	<b>3.618,9</b>	<b>-2.029,4</b>	<b>35.006,1</b>
Deposits from and debt 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
Inter-company accounts	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
<b>Total liabilities and equity</b>	<b>21.717,6</b>	<b>4.874,3</b>	<b>4.591,0</b>	<b>1.661,5</b>	<b>572,2</b>	<b>3.618,9</b>	<b>-2.029,4</b>	<b>35.006,1</b>
<b>31.12.2013</b>	<b>PM</b>	<b>BM</b>	<b>Finance</b>	<b>AS Financiering</b>	<b>Spb Øst Eiendom</b>	<b>Undistributed</b>	<b>Elimination</b>	<b>Group</b>
Loans to and receivables from customers	18.427,3	5.257,5	0,0	1.639,7	0,0	755,2	-308,1	25.771,6
Other assets	14,1	0,3	4.125,5	19,4	491,5	2.666,7	-1.930,6	5.386,9
<b>Total assets</b>	<b>18.441,4</b>	<b>5.257,8</b>	<b>4.125,5</b>	<b>1.659,1</b>	<b>491,5</b>	<b>3.421,9</b>	<b>-2.238,7</b>	<b>31.158,5</b>
Deposits from and debt to customers	7.744,8	3.472,1	1.228,6	17,0	0,0	111,5	-27,2	12.546,8
Other liabilities	276,3	207,3	-24,0	1.456,3	363,0	15.790,1	-1.985,2	16.083,8
Inter-company accounts	10.420,3	1.578,4	2.920,9	0,0	0,0	-14.919,6	0,0	0,0
Total liabilities per segment	18.441,4	5.257,8	4.125,5	1.473,3	363,0	982,0	-2.012,4	28.630,6
Total equity	0,0	0,0	0,0	185,8	128,5	2.439,9	-226,3	2.527,9
<b>Total liabilities and equity</b>	<b>18.441,4</b>	<b>5.257,8</b>	<b>4.125,5</b>	<b>1.659,1</b>	<b>491,5</b>	<b>3.421,9</b>	<b>-2.238,7</b>	<b>31.158,5</b>

## Customer deposits by sector and industry

(Figures in NOK million)	Parent bank 31.12.2014	Parent bank 31.12.2013	Group 31.12.2014	Konsern 31.12.2013
Salaried employees	8.558,5	7.828,3	8.570,3	7.837,5
Public administration	270,9	228,5	270,9	228,5
Agriculture, forestry, fishing, etc.	128,7	130,2	128,7	130,2
Industry and mining, power and water	493,0	478,9	493,0	478,9
Construction and civil engineering	359,7	401,9	361,7	403,0
Retail/hotels and restaurants	400,6	412,5	400,7	412,7
Transport/communication	143,2	154,3	143,3	154,6
Commercial financial services	1.352,1	1.400,1	1.355,7	1.403,8
Other service industries	686,6	573,3	688,0	574,7
Sale and operation of real estate	920,4	841,7	878,4	812,9
Abroad	106,3	110,0	106,3	110,0
<b>Total</b>	<b>13.420,0</b>	<b>12.559,7</b>	<b>13.397,0</b>	<b>12.546,8</b>

## Gross loans to customers by sector and industry

(Figures in NOK million)	Parent bank 31.12.2014	Parent bank 31.12.2013	Group 31.12.2014	Konsern 31.12.2013
Salaried employees	14.631,7	12.479,7	24.693,4	21.511,4
Agriculture, forestry, fishing, etc.	135,7	165,3	136,3	167,4
Industry and mining, power and water	102,8	97,5	105,9	101,3
Construction and civil engineering	575,3	499,0	587,4	515,0
Retail/hotels and restaurants	312,0	346,0	335,4	376,4
Transport/communication	48,6	65,0	60,3	81,9
Commercial financial services	79,2	133,4	90,3	142,8
Other service industries	436,4	452,0	450,3	469,9
Sale and operation of real estate	2.718,1	2.823,3	2.347,7	2.528,1
Abroad	17,8	13,0	28,0	17,8
<b>Total</b>	<b>19.057,6</b>	<b>17.074,2</b>	<b>28.835,0</b>	<b>25.912,0</b>

## Geographical breakdown of gross lending

(Figures in NOK million)	Parent bank 31.12.2014	Parent bank 31.12.2013	Group 31.12.2014	Konsern 31.12.2013
Drammen	3.638,2	3.650,9	4.398,4	4.488,9
Nedre Eiker	1.744,7	1.695,9	2.420,7	2.385,6
Øvre Eiker	1.423,6	1.420,0	1.878,2	1.892,7
Other parts of Buskerud	1.767,9	1.573,3	2.287,4	2.097,2
Oslo	3.470,1	2.843,4	5.528,1	4.534,2
Akershus	3.300,2	2.755,4	5.336,7	4.563,1
Vestfold	1.638,2	1.460,8	2.324,6	2.156,2
Østfold	688,3	511,3	1.228,2	1.069,0
Rest of the country	1.368,6	1.150,2	3.404,7	2.707,3
Abroad	17,8	13,0	28,0	17,8
<b>Total</b>	<b>19.057,6</b>	<b>17.074,2</b>	<b>28.835,0</b>	<b>25.912,0</b>

## Classification of financial assets and liabilities

(Figures in NOK million)

31.12.2014 - Group	Fair value recognised in the income statement					Total
	Held for trading	Designated at fair value	Available for sale	Held to maturity	Amortised cost*	
Cash and balances with central banks	0,0	0,0	0,0	0,0	481,5	481,5
Net loans to and receivables from credit 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
Shares, units and other variable-yield securities	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
<b>Total financial assets</b>	<b>4.103,6</b>	<b>434,0</b>	<b>428,0</b>	<b>205,8</b>	<b>29.186,8</b>	<b>34.358,2</b>
Debt to credit institutions	0,0	0,0	0,0	0,0	210,5	210,5
Deposits from and debt to customers	0,0	0,0	0,0	0,0	13.397,0	13.397,0
Liabilities incurred on the issuance of securities	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
Subordinate loan capital	0,0	0,0	0,0	0,0	703,1	703,1
<b>Total financial debt</b>	<b>56,8</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>31.860,5</b>	<b>31.917,3</b>

\*Includes secured debt

\*\*Includes derivatives for which hedge accounting is used

31.12.2013 - Group	Fair value recognised in the income statement					Total
	Held for trading	Designated at fair value	Available for sale	Held to maturity	Amortised cost*	
Cash and balances with central banks	0,0	0,0	0,0	0,0	357,5	357,5
Net loans to and receivables from credit institutions	0,0	0,0	0,0	0,0	8,6	8,6
Net loans to and receivables from customers	0,0	0,0	0,0	0,0	25.771,6	25.771,6
Certificates, bonds, etc. at fair value	2.599,5	714,8	0,0	0,0	0,0	3.314,3
Shares, units and other variable-yield securities	23,5	0,0	627,4	0,0	0,0	650,9
Financial derivatives**	270,2	0,0	0,0	0,0	0,0	270,2
Certificates and bonds, held to maturity	0,0	0,0	0,0	206,0	0,0	206,0
<b>Total financial assets</b>	<b>2.893,2</b>	<b>714,8</b>	<b>627,4</b>	<b>206,0</b>	<b>26.137,7</b>	<b>30.579,1</b>
Debt to credit institutions	0,0	0,0	0,0	0,0	775,6	775,6
Deposits from and debt to customers	0,0	0,0	0,0	0,0	12.546,8	12.546,8
Liabilities incurred on the issuance of securities	0,0	0,0	0,0	0,0	14.156,2	14.156,2
Financial derivatives**	27,2	0,0	0,0	0,0	0,0	27,2
Subordinate loan capital	0,0	0,0	0,0	0,0	864,1	864,1
<b>Total financial debt</b>	<b>27,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>28.342,7</b>	<b>28.369,9</b>

\*Includes secured debt

\*\*Includes derivatives for which hedge accounting is used

## Securities debt and subordinate loan capital

(Figures in NOK million)

	Parent bank 31.12.2014	Parent bank 31.12.2013	Group 31.12.2014	Group 31.12.2013
<b>Securities debt</b>				
Certificates, nominal value	0,0	0,0	0,0	0,0
Bonds, nominal value	9.990,5	7.748,0	16.933,4	13.902,2
Value adjustments	257,1	110,7	449,9	138,8
Premium/discount	4,3	2,9	-1,2	-4,0
Accrued interest	123,8	93,8	167,8	119,2
<b>Total securities debt</b>	<b>10.375,7</b>	<b>7.955,4</b>	<b>17.549,9</b>	<b>14.156,2</b>

Changes to securities debt, Group	31.12.2014	Matured/redeemed Issued	Change in holdings	Other changes including currency	31.12.2013
Certificates, nominal value	0,0	0,0	0,0	0,0	0,0
Bonds, nominal value	9.990,5	3.685,0	1.442,5	0,0	7.748,0
Covered bonds, nominal value, NOK	6.655,0	1.300,0	515,0	0,0	5.870,0
Covered bonds, nominal value, SEK (converted to NOK)	287,9	0,0	0,0	3,7	284,2
Value adjustments	449,9	0,0	0,0	311,1	138,8
Premium/discount	-1,2	0,0	0,0	2,8	-4,0
Accrued interest	167,8	0,0	0,0	48,6	119,2
<b>Total securities debt</b>	<b>17.549,9</b>	<b>4.985,0</b>	<b>1.957,5</b>	<b>366,2</b>	<b>14.156,2</b>

The difference between the parent bank and the Group consists of covered bonds for a nominal value of NOK 6,942.9 million.

Changes in subordinate loan capital and subordinate bond loans	31.12.2014	Matured/redeemed Issued	Changes in exchange rates	31.12.2013
Ordinary subordinate loan capital, nominal value	350,0	0,0	0,0	350,0
Subordinate bond loans, nominal value	350,0	150,0	300,0	500,0
Value adjustments	0,0	0,0	-3,0	3,0
Premium/discount	-1,6	0,0	0,1	-1,7
Accrued interest	4,7	0,0	-8,1	12,8
<b>Total subordinate debt and subordinate bond loans</b>	<b>703,1</b>	<b>150,0</b>	<b>300,0</b>	<b>864,1</b>



## Financial derivatives

31.12.2014

(Figures in NOK million)

Fair value recognised in the income statement	Parent bank Contracts	Parent bank Assets	Parent bank Liabilities	Group Contracts	Group Assets	Group Liabilities
<i>Currency instruments</i>						
Currency exchange contracts (forwards)	3,1	0,1	0,0	3,1	0,1	0,0
Currency swap contracts (currency swaps)	100,2	0,0	23,5	100,2	0,0	23,5
<b>Total currency instruments</b>	<b>103,3</b>	<b>0,1</b>	<b>23,5</b>	<b>103,3</b>	<b>0,1</b>	<b>23,5</b>
<i>Interest rate instruments</i>						
Interest rate swap contracts (interest rate)	727,9	0,0	33,3	727,9	0,0	33,3
Interest rate swap contracts (FRA)	500,0	0,1	0,0	500,0	0,1	0,0
Standard interest rate swap contracts (future)	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total interest rate instruments</b>	<b>1.227,9</b>	<b>0,1</b>	<b>33,3</b>	<b>1.227,9</b>	<b>0,1</b>	<b>33,3</b>
Guarantee to Eksportfinans ASA*)	242,0	10,0	0,0	242,0	10,0	0,0
<b>Total other derivatives</b>	<b>242,0</b>	<b>10,0</b>	<b>0,0</b>	<b>242,0</b>	<b>10,0</b>	<b>0,0</b>

### Used for hedge accounting

<i>Currency instruments</i>						
Currency exchange contracts (forwards)	0,0	0,0	0,0	0,0	0,0	0,0
Currency swap contracts (currency swaps)	0,0	0,0	0,0	252,1	35,8	0,0
<b>Total currency instruments</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>252,1</b>	<b>35,8</b>	<b>0,0</b>
<i>Interest rate instruments</i>						
Interest rate swap contracts (interest rate)	4.745,0	342,5	0,0	6.245,0	558,1	0,0
Interest rate swap contracts (FRA)	0,0	0,0	0,0	0,0	0,0	0,0
Standard interest rate swap contracts (future)	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total interest rate instruments</b>	<b>4.745,0</b>	<b>342,5</b>	<b>0,0</b>	<b>6.245,0</b>	<b>558,1</b>	<b>0,0</b>
<b>Total derivatives</b>		<b>352,7</b>	<b>56,8</b>		<b>604,1</b>	<b>56,8</b>

\*) The amount of NOK 10.0 million is the net positive value adjustment of the guaranteed portfolio as at 31.12.14 after deduction of an annual swap amount. The value of the derivative without taking the swap amount into account was positive at NOK 41.4 million as at 31.12.14.

31.12.2013

(Figures in NOK million)

Fair value recognised in the income statement	Parent bank Contracts	Parent bank Assets	Parent bank Liabilities	Group Contracts	Group Assets	Group Liabilities
<i>Currency instruments</i>						
Currency exchange contracts (forwards)	0,0	0,0	0,0	0,0	0,0	0,0
Currency swap contracts (currency swaps)	38,5	0,0	6,6	38,5	0,0	6,6
<b>Total currency instruments</b>	<b>38,5</b>	<b>0,0</b>	<b>6,6</b>	<b>38,5</b>	<b>0,0</b>	<b>6,6</b>
<i>Interest rate instruments</i>						
Interest rate swap contracts (interest rate)	527,4	0,0	14,8	527,4	0,0	14,8
Interest rate swap contracts (FRA)	0,0	0,0	0,0	0,0	0,0	0,0
Standard interest rate swap contracts (future)	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total interest rate instruments</b>	<b>527,4</b>	<b>0,0</b>	<b>14,8</b>	<b>527,4</b>	<b>0,0</b>	<b>14,8</b>
Guarantee to Eksportfinans ASA*)	242,0	10,3	0,0	242,0	10,3	0,0
<b>Total other derivatives</b>	<b>242,0</b>	<b>10,3</b>	<b>0,0</b>	<b>242,0</b>	<b>10,3</b>	<b>0,0</b>

### Used for hedge accounting

<i>Currency instruments</i>						
Currency exchange contracts (forwards)	0,0	0,0	0,0	0,0	0,0	0,0
Currency swap contracts (currency swaps)	292,1	4,3	3,0	544,2	36,4	3,0
<b>Total currency instruments</b>	<b>292,1</b>	<b>4,3</b>	<b>3,0</b>	<b>544,2</b>	<b>36,4</b>	<b>3,0</b>
<i>Interest rate instruments</i>						
Interest rate swap contracts (interest rate)	4.295,5	187,3	2,8	5.195,5	223,5	2,8
Interest rate swap contracts (FRA)	0,0	0,0	0,0	0,0	0,0	0,0
Standard interest rate swap contracts (future)	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total interest rate instruments</b>	<b>4.295,5</b>	<b>187,3</b>	<b>2,8</b>	<b>5.195,5</b>	<b>223,5</b>	<b>2,8</b>
<b>Total derivatives</b>		<b>201,9</b>	<b>27,2</b>		<b>270,2</b>	<b>27,2</b>

\*) The amount of NOK 10.3 million is the net positive value adjustment of the guaranteed portfolio as at 31.12.13 after deduction of an annual swap amount. The value of the derivative without taking the swap amount into account was positive at NOK 22.4 million as at 31.12.13.

## Financial assets and liabilities

The bank uses the following valuation 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 either directly or indirectly observable input.

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

Reference is made to note 23: Financial assets and liabilities in the Annual Report for 2013 for further details regarding the individual items.

### 31.12.2014 - Group

(Figures in NOK million)

	Level 1	Level 2	Level 3	Fair value	Book value
<b>Amortised cost</b>					
Cash and balances with central banks	481,5	0,0	0,0	481,5	481,5
Net loans to and receivables from credit 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
<b>Total assets at amortised cost</b>	<b>481,5</b>	<b>221,4</b>	<b>28.710,9</b>	<b>29.413,8</b>	<b>29.392,6</b>
Debt to credit institutions	0,0	210,5	0,0	210,5	210,5
Deposits from and debt to customers	0,0	13.397,0	0,0	13.397,0	13.397,0
Liabilities incurred on the issuance of securities	0,0	17.746,2	0,0	17.746,2	17.549,9
Subordinate loan capital	0,0	709,2	0,0	709,2	703,1
<b>Total liabilities at amortised cost</b>	<b>0,0</b>	<b>32.062,9</b>	<b>0,0</b>	<b>32.062,9</b>	<b>31.860,5</b>
<b>Fair value</b>					
Certificates, bonds and other interest-bearing securities	0,0	3.904,0	0,0	3.904,0	3.904,0
Shares, units and other securities					
- at fair value recognised in the income statement	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
<b>Total assets at fair value</b>	<b>10,0</b>	<b>4.527,6</b>	<b>428,0</b>	<b>4.965,6</b>	<b>4.965,6</b>
Financial derivatives	0,0	56,8	0,0	56,8	56,8
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>56,8</b>	<b>0,0</b>	<b>56,8</b>	<b>56,8</b>

### Movements in level 3

	Fair value
<b>Balance as at 01.01.14</b>	627,4
Net gains	147,0
Purchase of shares	0,7
Disposals/realisation	256,8
Change in value	-90,2
Transferred from level 1 and 2	0,0
<b>Balance as at 31.12.14</b>	<b>428,0</b>

### Shares and units in level 3

The decrease in level 3 in 2014 comprises the sale of the bank's holding in Nets Holding AS and the sale of shares in Frende Holding AS, both classified as available for sale. The total consideration for the bank's holding in Nets Holding AS was NOK 231.1 million. The realised gain amounts to NOK 134.7 million and is included in "Net value change and gain/loss on financial investments" in the ordinary result, while the value change previously accumulated in comprehensive income has been reclassified. The total consideration for the sale of shares in Frende Holding AS was NOK 25.1 million. The realised gain amounts to NOK 11.7 million is included in "Net value change and gain/loss on financial investments" in the ordinary result, while the corresponding amount is reversed in comprehensive income. At the end of Q4 2014, Frende Holding AS was valued at a total of NOK 200.8 million and Eksportfinans ASA at NOK 208.3 million.

31.12.2013 - Group	Level 1	Level 2	Level 3	Fair value	Book value
<b>Amortised cost</b>					
Cash and balances with central banks	357,5	0,0	0,0	357,5	357,5
Net loans to and receivables from credit institutions	0,0	0,0	8,6	8,6	8,6
Net loans to and receivables from customers	0,0	0,0	25.781,0	25.781,0	25.771,6
Certificates, bonds and other interest-bearing securities	0,0	220,9	0,0	220,9	206,0
<b>Total assets at amortised cost</b>	<b>357,5</b>	<b>220,9</b>	<b>25.789,6</b>	<b>26.368,0</b>	<b>26.343,7</b>
Debt to credit institutions	0,0	775,6	0,0	775,6	775,6
Deposits from and debt to customers	0,0	12.546,8	0,0	12.546,8	12.546,8
Liabilities incurred on the issuance of securities	0,0	14.316,0	0,0	14.316,0	14.156,2
Subordinate loan capital	0,0	864,7	0,0	864,7	864,1
<b>Total liabilities at amortised cost</b>	<b>0,0</b>	<b>28.503,1</b>	<b>0,0</b>	<b>28.503,1</b>	<b>28.342,7</b>
<b>Fair value</b>					
Certificates, bonds and other interest-bearing securities	0,0	3.314,3	0,0	3.314,3	3.314,3
Shares, units and other securities					
- at fair value recognised in the income statement	6,8	16,7	0,0	23,5	23,5
- available for sale	0,0	0,0	627,4	627,4	627,4
Financial derivatives	0,0	270,2	0,0	270,2	270,2
<b>Total assets at fair value</b>	<b>6,8</b>	<b>3.601,2</b>	<b>627,4</b>	<b>4.235,4</b>	<b>4.235,4</b>
Financial derivatives	0,0	27,2	0,0	27,2	27,2
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>27,2</b>	<b>0,0</b>	<b>27,2</b>	<b>27,2</b>

Movements in level 3	Fair value
<b>Balance as at 01.01.14</b>	454,6
Purchase of shares	0,0
Disposal	4,0
Change in value	176,8
Transferred from level 1 and 2	0,0
<b>Balance as at 31.12.13</b>	<b>627,4</b>

#### Shares and units

Disposals in level 3 in 2013 of NOK 4 million are related to the repayment of paid-up capital concerning the liquidation of a company. The positive value change of NOK 176.8 million is classified in the "available for sale" category. The amount includes an impairment loss of NOK 1.9 million, recognised in "Net value change and gain/loss on financial investments" in the income statement, while NOK 178.8 million is a positive net value adjustment, recognised in "Changes in fair value of available-for-sale investments" in comprehensive income. The two largest individual items concern value adjustment for Frende Holding AS of NOK 105.2 million to NOK 226.9 million, and for Nets Holding AS of NOK 78.5 million to NOK 174.9 million.

## Netting of financial instruments

The Group's access to netting complies with the general rules in Norwegian legislation. Standardised and mainly bilateral ISDA agreements have been entered into with financial institutions that give the parties netting rights in the event of any default. Furthermore, additional agreements regarding the provision of collateral (CSA) have been entered into. No set-off has been made to amounts recognised in the balance sheet in accordance with the netting disclosure requirement. The parent bank has no agreements concerning netting rights in the event of default or CSA agreements concluded.

Group (Figures in NOK million)

	Gross amount	Set-off	Balance sheet value	Amount subject to net settlement	Amount after possible net settlement
<b>As at 31.12.14, the exposure was as follows:</b>					
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
<b>As at 31.12.13, the exposure was as follows:</b>					
Financial derivatives, assets	68,3	0,0	68,3	0,0	68,3
Financial derivatives, liabilities	0,0	0,0	0,0	0,0	0,0

## Capital adequacy

Regulations for the calculation of subordinate capital and capital adequacy requirements have been amended in response to the introduction of CRD IV with effect from 30.09.14. Comparative figures for prior periods have not been restated. The figures are therefore not directly comparable. Figures as at 31.12.14 are calculated using transitional rules, which means that the fund for unrealised gains on items classified as available-for-sale still cannot be included in CET 1 capital adequacy. The bank uses the standardised approach to calculate the minimum subordinate capital requirement for credit risk and the basic indicator approach for operational risk. 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 Group's capital must at all times meet the minimum capital adequacy requirement, with the addition of a buffer that corresponds to the company's accepted risk

	Parent bank 31.12.2014	Parent bank 31.12.2013	Group 31.12.2014	Group 31.12.2013
<b>CET1 capital ratio</b>				
Book equity	2.477,3	2.304,8	2.765,7	2.527,9
<b>Deductions from CET1 capital</b>				
Additional value adjustments (prudent valuation requirement) (AVA)	-4,8	0,0	-5,0	0,0
Dividend	-103,7	-62,2	-103,7	-62,2
Intangible assets	-0,4	-0,7	-0,4	-0,7
Deferred tax	0,0	-4,0	0,0	0,0
CET1 capital instruments in other fin. inst. (not significant)	0,0	0,0	0,0	0,0
CET1 capital instruments in other fin. inst. (significant)	0,0	0,0	0,0	0,0
50/50 deduction from Tier 1 capital	0,0	-154,8	0,0	-162,9
Fund for unrealised gains (transitional scheme)	-162,4	-252,6	-162,4	-252,6
Other deductions from CET1 capital	0,0	0,0	0,0	0,0
<b>Total CET1 capital</b>	<b>2.206,1</b>	<b>1.830,5</b>	<b>2.494,2</b>	<b>2.049,6</b>
<b>Other Tier 1 capital</b>				
Subordinate bond loans	349,1	502,1	349,1	502,1
<b>Deductions from other Tier 1 capital</b>				
Other Tier 1 capital instruments in other fin. inst. (not significant)	0,0	0,0	0,0	0,0
Other Tier 1 capital instruments in other fin. inst. (significant)	0,0	0,0	0,0	0,0
Other deductions from other Tier 1 capital	0,0	0,0	0,0	0,0
<b>Total other Tier 1 capital</b>	<b>349,1</b>	<b>502,1</b>	<b>349,1</b>	<b>502,1</b>
<b>Total Tier 1 capital</b>	<b>2.555,2</b>	<b>2.332,6</b>	<b>2.843,3</b>	<b>2.551,7</b>
<b>Tier 2 capital</b>				
Subordinate loans	349,3	349,1	349,3	349,1
Fund for unrealised gains (transitional scheme)	58,5	113,7	58,5	113,7
<b>Deductions from Tier 2 capital</b>				
Tier 2 capital instruments in other fin. inst. (not significant)	0,0	0,0	0,0	0,0
Tier 2 capital instruments in other fin. inst. (significant)	0,0	0,0	0,0	0,0
50/50 deduction from Tier 2 capital	0,0	-154,8	0,0	-162,9
Other deductions from Tier 2 capital	0,0	0,0	0,0	0,0
<b>Total Tier 2 capital</b>	<b>407,8</b>	<b>308,0</b>	<b>407,8</b>	<b>299,9</b>
<b>Net subordinate capital</b>	<b>2.963,0</b>	<b>2.640,7</b>	<b>3.251,2</b>	<b>2.851,6</b>
<b>Calculation base</b>				
Governments and central banks	0,0	0,0	0,0	0,0
Local and regional authorities	109,6	64,2	109,6	64,2
Publicly-owned companies	0,0	25,1	0,0	25,1
Multilateral development banks	0,0	0,0	0,0	0,0
Institutions	2.293,2	2.980,0	310,1	443,9
Companies	3.421,5	3.258,5	3.040,4	2.950,4
Mass market accounts	658,0	522,1	1.866,4	1.738,4
Accounts secured on property	5.793,3	5.221,9	8.954,9	7.894,3
Accounts due	344,7	409,0	381,7	440,5
Covered bonds	241,2	230,4	241,2	206,2
Units in securities funds	0,0	0,0	0,0	0,0
Equity positions	1.527,5	0,0	595,0	0,0
Other exposures	124,5	589,8	645,2	1.011,5
Securitisation	112,0	55,4	112,0	55,4
<b>Risk-weighted assets, credit and counterparty risk</b>	<b>14.625,4</b>	<b>13.356,4</b>	<b>16.256,4</b>	<b>14.829,9</b>
<b>Risk-weighted assets, exchange-rate risk</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Risk-weighted assets, operational risk</b>	<b>952,9</b>	<b>982,4</b>	<b>1.184,5</b>	<b>1.167,1</b>
<b>Risk-weighted assets, impaired c/party credit rating (CVA)</b>	<b>178,2</b>	<b>0,0</b>	<b>450,8</b>	<b>0,0</b>
<b>Deductions from the risk-weighted assets</b>	<b>0,0</b>	<b>-488,5</b>	<b>0,0</b>	<b>-508,1</b>
<b>Total risk-weighted assets</b>	<b>15.756,5</b>	<b>13.850,2</b>	<b>17.891,6</b>	<b>15.488,8</b>
CET1 capital ratio	14,00 %	13,22 %	13,94 %	13,23 %
Tier 1 capital adequacy	16,22 %	16,84 %	15,89 %	16,47 %
Capital adequacy	18,80 %	19,07 %	18,17 %	18,41 %
<b>Buffers</b>				
Maintenance buffer	393,9	346,3	447,3	387,2
Countercyclical buffer	0,0	0,0	0,0	0,0
Systemic risk buffer	472,7	277	536,7	309,8
Buffer for systemically important banks	0,0	0,0	0,0	0,0
<b>Combined buffer requirement</b>	<b>866,6</b>	<b>623,3</b>	<b>984,0</b>	<b>697,0</b>
<b>Available buffer capital</b>	<b>1.497,0</b>	<b>1.207,2</b>	<b>1.689,1</b>	<b>1.352,6</b>
<b>Unweighted Tier 1 capital share*)</b>	<b>7,02 %</b>	<b>6,99 %</b>	<b>7,93 %</b>	<b>7,87 %</b>

\*) Unweighted Tier 1 capital share calculated as of the end of the quarter.

## Guarantee liabilities and other off-balance-sheet items

(Figures in NOK million)	Parent bank	Parent bank	Group	Konsern
<b>Guarantee liabilities</b>	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Payment guarantees	77,9	67,9	78,7	68,6
Contract guarantees	64,8	92,6	64,8	92,6
Loan guarantees	5,8	2,2	5,8	2,2
Other guarantee liabilities	17,2	19,0	17,2	19,0
<b>Total customer guarantees</b>	<b>165,7</b>	<b>181,7</b>	<b>166,5</b>	<b>182,4</b>
Guarantee to Eksportfinans ASA*)	100,0	100,0	100,0	100,0
<b>Total guarantee liabilities</b>	<b>265,7</b>	<b>281,7</b>	<b>266,5</b>	<b>282,4</b>

\* The bank has provided a guarantee to Eksportfinans ASA. The 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 41.4 million as at 31.12.14 compared with NOK 22.4 million as at 31.12.13.

In connection with the rating process for Sparebanken Øst Boligkreditt AS, the bank has issued a guarantee for all covered bond commitments in the mortgage credit company. The nominal amount of the covered bond commitments is NOK 6,942.9 million as at 31.12.14 and NOK 6,154.2 million as at 31.12.13.

The parent company's holdings of covered bonds for a nominal amount of NOK 240.0 million as at 31.12.13 have been deducted. As at 31.12.14 the parent bank has no covered bond holdings in the mortgage credit company.

### Pledges and preferential rights

Bonds, nominal value, pledged as security for access to loans at Norges Bank	1.195,0	1.620,0	1.195,0	1.620,0
<b>Pledges</b>	<b>1.195,0</b>	<b>1.620,0</b>	<b>1.195,0</b>	<b>1.620,0</b>
<b>Pledges in swap scheme</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Preferential claims (Sect. 2-35, Financial Inst. Act)*</b>	<b>0,0</b>	<b>0,0</b>	<b>6.942,9</b>	<b>6.394,2</b>

\* Including holdings owned by the parent bank at a nominal value of NOK 0.0 million as at 31.12.14 and NOK 240.0 million as at 31.12.13.

## Transactions with related parties

### Parent bank

These are transactions between the parent bank and wholly-owned subsidiaries. The transactions are eliminated in the consolidated accounts.

(Figures in NOK million)

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Profit or loss</b>		
Interest income from subsidiaries	68,4	72,2
Interest income, certificates and covered bonds, from subsidiaries	10,2	17,3
Interest expenses to subsidiaries	4,1	2,9
Received dividend/Group contributions from subsidiaries	60,0	71,0
Management remuneration, etc. from Sparebanken Øst Boligkreditt AS	14,8	13,9
Rent to subsidiaries	7,8	7,3
Other costs to subsidiaries	0,2	0,2
<b>Balance sheet</b>		
Loans to subsidiaries	2.708,5	2.402,4
Investments in covered bonds in subsidiaries	0,0	242,5
Other receivables from subsidiaries	1,1	0,0
Deposits from subsidiaries	302,7	245,7
Other liabilities to subsidiaries	4,0	1,1

In Q1 2014, the parent bank received dividend from subsidiaries amounting to NOK 60 million. In Q1 2013, the parent bank received Group contributions of NOK 71 million from subsidiaries and provided equivalent Group contributions to subsidiaries.

### Group

Apart from loans and deposits and related interest income and interest costs concerning corporate management, the Board of Directors and the Control Committee, the Group has no other related parties. Reference is made to Note 32 to the annual financial statements.

## Events after the balance sheet date

In January 2015 the bank signed an agreement on the sale of Engenekvartalet in Drammen. Engenekvartalet is a modern commercial property in the centre of Drammen and is classified as an investment property in the accounts. Under the sales agreement, the to the new owner on 22 January 2015. The sale is expected to realise a gain after tax of around NOK 31 million at Group level in Q1 2015. property was transferred

## Additional cash flow statement information

Group 31.12.2014	Group 31.12.2013	(Figures in NOK million)	Parent bank 31.12.2014	Parent bank 31.12.2013
<b>Cash and cash equivalents</b>				
481,5	357,5	Cash and balances with central banks	481,5	357,5
7,5	8,6	Loans to and receivables from credit institutions relating to actual investments	7,5	8,6
<b>489,0</b>	<b>366,1</b>	<b>Total</b>	<b>489,0</b>	<b>366,1</b>
<b>Changes in other assets in connection with operations</b>				
-6,0	503,8	Net changes in financial assets held for trading purposes	-6,0	503,8
33,4	31,3	Net changes in financial derivatives (net assets and liabilities)	33,5	31,4
-68,6	2,7	Net changes in other assets	3,7	12,4
<b>-41,2</b>	<b>537,8</b>	<b>Total</b>	<b>31,2</b>	<b>547,6</b>
<b>Non-cash items included in the profit before tax</b>				
19,8	17,9	Depreciation of fixed assets	8,8	6,7
0,2	0,6	Amortisation of financial investments held to maturity	0,2	0,6
-3,2	-5,4	Write-downs on financial assets	-7,1	-10,1
1,6	10,5	Amortisation of financing activities measured at amortised cost	-0,1	6,9
<b>18,4</b>	<b>23,6</b>	<b>Total</b>	<b>1,8</b>	<b>4,1</b>

## Earnings per equity certificate

Earnings per equity certificate are calculated by dividing the part of the profit after tax which falls to the equity capital certificate owners by a weighted average of the number of outstanding equity certificates during the year. If the annual result is a loss, this is covered by a pro rata transfer from the primary capital fund, the endowment fund and the equalisation fund, respectively. In such a situation, the earnings per equity certificate are calculated on the basis of the proportion of the loss that is charged to the equalisation fund.

Sparebanken Øst has not issued options or other instruments that may lead to the dilution of earnings per equity certificate. Diluted earnings per equity certificate are therefore not equivalent to earnings per equity certificate.

(Figures in NOK million)	Parent bank 31.12.2014	Group 31.12.2014
Profit after tax	360,6	428,7
Ownership ratio	41,44 %	41,44 %
Profit after tax allocated to equity certificate owners	149,4	177,7
Weighted average of the number of outstanding equity certificates	20,7	20,7
Earnings per equity certificate	7,21	8,57

## Ownership ratio, parent bank

(Figures in NOK million)	01.01.2015	01.01.2014
Equity certificate capital	207,3	207,3
Premium reserve	387,8	387,8
Equalisation fund (excl. dividends)	262,6	229,5
Amount available for sale reserve	63,0	104,7
Total numerator (A)	920,7	929,3
Total equity (excluding the year's allocation for dividends)	2.373,6	2.242,6
Total denominator (B)	2.373,6	2.242,6
<b>Ownership ratio (A/B) in %</b>	<b>38,79</b>	<b>41,44</b>

## Equity certificates

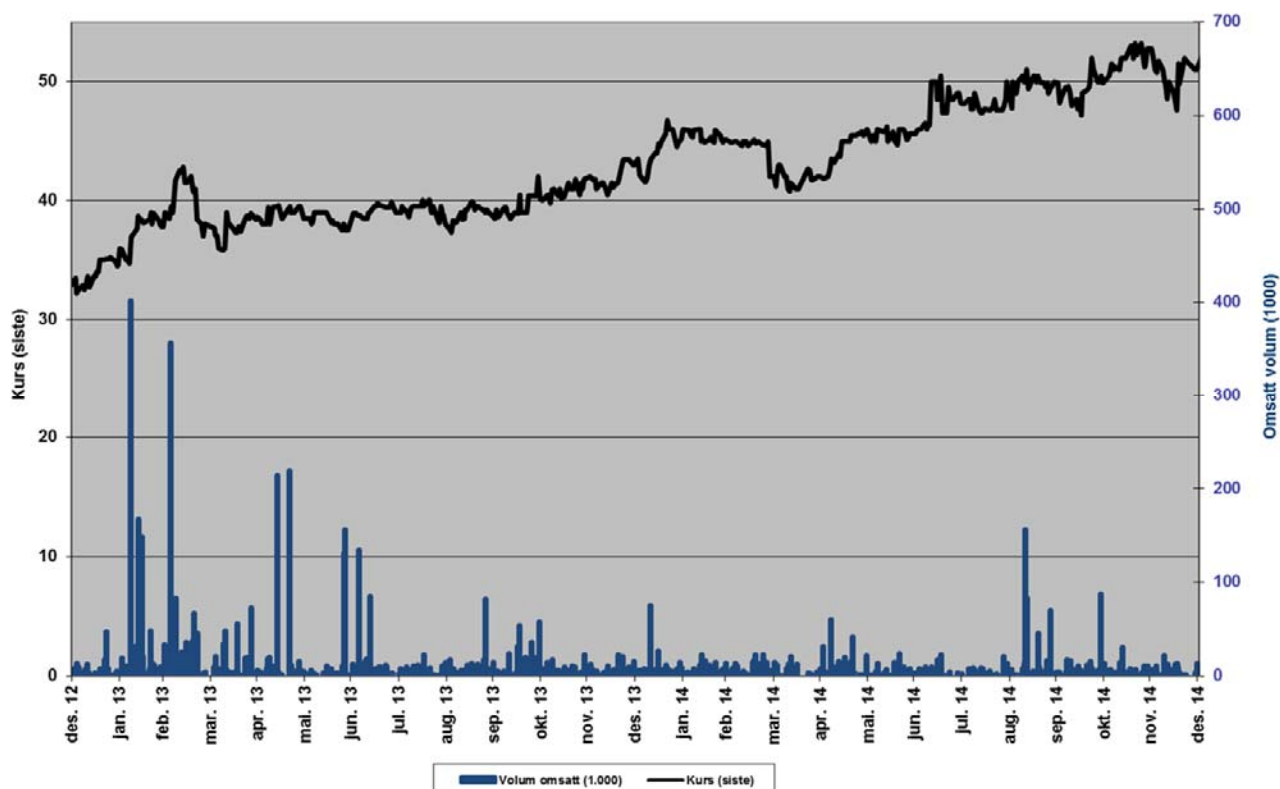
### Miscellaneous key figures, equity certificates:

	2014	2013	2012	2011	2010
Ownership ratio 1)	41,44 %	43,28 %	44,98 %	46,04 %	49,05 %
No. of equity certificates (millions)	20,73	20,73	20,73	20,73	20,73
Book equity per certificate NOK 2)	49,81	49,29	43,22	40,49	39,14
Dividend, NOK	5,00	3,00	3,00	2,00	5,00
Circulation velocity (sold/issued)	10,46 %	21,81 %	11,69 %	21,61 %	45,09 %

1) Equity share capital+equalisation fund+share premium account as a percentage of the parent bank's total equity excluding the year's allocation for dividend.

2) Equity share capital (Group) divided by the number of equity certificates. This year's allocation for dividends is excluded from the calculation.

## Sparebanken Øst (SPOG)



## The 20 largest equity certificate holders as at 31.12.2014

Name	Number	%	Name	Number	%
1 MP Pensjon	2.049.218	9,88 %	11 Profond AS	269.741	1,30 %
2 Skagen Vekst VPF	1.124.204	5,42 %	12 Hustadliitt AS	264.040	1,27 %
3 Directmarketing Invest AS	999.500	4,82 %	13 Foretakskonsulenter AS	243.600	1,18 %
4 Pareto AS	677.070	3,27 %	14 Jag Holding AS	239.665	1,16 %
5 Storetind AS	587.000	2,83 %	15 Citybank NA New York	204.468	0,99 %
6 Hansen, Asbjørn Rudolf	466.443	2,25 %	16 Wenaasgruppen AS	200.000	0,96 %
7 AS Andersen Eiendomsselskap	354.500	1,71 %	17 Danske Bank AS	179.683	0,87 %
8 Sparebankstiftelsen DNB	308.320	1,49 %	18 Citybank NA New York	176.779	0,85 %
9 Verdipapirfondet Eika Utbytte	283.894	1,37 %	19 Atlas Absolutt	175.000	0,84 %
10 Jag Holding AS	272.000	1,31 %	20 RWA Invest AS	150.875	0,73 %