

175th year  
QUARTERLY REPORT  
Q2 2017

(unaudited)



Sparebanken  
Øst

## Interim Report Q2 2017

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## Key figures - group

Income Statement (Amounts in NOK millions)	Q2 2017	Q2 2016	1.01.-30.06.2017	1.01.-30.06.2016	Full year 2016
Net interest income	141,1	147,4	273,3	284,3	545,8
Net commission income	10,5	10,3	21,3	20,4	42,7
Net result from financial assets	22,5	51,8	36,9	59,5	102,7
Other operating income	18,7	6,1	41,6	12,8	27,2
<b>Total net income</b>	<b>192,8</b>	<b>215,6</b>	<b>373,1</b>	<b>377,0</b>	<b>718,4</b>
<b>Total operating costs</b>	<b>62,8</b>	<b>77,6</b>	<b>138,8</b>	<b>151,4</b>	<b>284,3</b>
<b>Profit/loss before losses</b>	<b>130,0</b>	<b>138,0</b>	<b>234,3</b>	<b>225,6</b>	<b>434,1</b>
Losses on loans and guarantees	3,8	4,4	5,1	2,0	6,7
<b>Profit/loss before tax costs</b>	<b>126,2</b>	<b>133,6</b>	<b>229,2</b>	<b>223,6</b>	<b>427,4</b>
Tax costs	25,7	27,3	50,7	50,1	96,2
<b>Profit/loss after tax</b>	<b>100,5</b>	<b>106,3</b>	<b>178,5</b>	<b>173,5</b>	<b>331,2</b>
<b>Key figures</b>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>1.01.-30.06.2017</b>	<b>1.01.-30.06.2016</b>	<b>Full year 2016</b>
<b>Profitability</b>					
Return on equity	12,68	14,42	11,46	11,91	11,23
Net interest income as % of average total assets	1,55	1,67	1,52	1,63	1,54
Profit/loss after tax as a % of average total assets	1,10	1,21	0,99	0,99	0,94
Costs as % of average total assets	0,69	0,88	0,77	0,87	0,80
Costs as % of income (before losses on loans/guarantees)	32,57	35,99	37,20	40,16	39,57
Costs as % of income (excl. return on financial investments)	36,88	47,37	41,28	47,69	46,18
<b>Balance sheet figures</b>					
Net lending to customers	30.088,7	29.095,5	30.088,7	29.095,5	29.695,7
Lending growth (quarter/12 months)	1,14	3,16	3,41	5,49	6,15
Deposits	14.038,1	14.213,7	14.038,1	14.213,7	13.887,4
Deposit growth (quarter/12 months)	3,78	6,45	-1,24	3,89	5,53
Average equity	3.179,9	2.964,2	3.140,9	2.930,6	2.950,1
Average total assets	36.565,1	35.452,4	36.308,3	35.138,0	35.420,3
<b>Write-downs of impaired and non-performing loans</b>					
Losses as % of net loans to customers (OB)	0,05	0,06	0,03	0,01	0,02
Write-downs as a % of gross lending to customers	0,35	0,38	0,35	0,38	0,36
Net impaired and non-performing commitments as a % of net loans	0,35	0,45	0,35	0,45	0,47
<b>Financial strength</b>					
CET1 capital ratio incl. 50% of retained profit (%)	17,62	16,19	17,62	16,19	17,21
CET1 capital ratio (%)	17,12	15,71	17,12	15,71	17,21
Tier 1 capital ratio (%)	19,08	17,65	19,08	17,65	19,19
Capital adequacy ratio (%)	21,05	19,58	21,05	19,58	21,17
Risk-weighted volume (calculation basis)	17.795,3	18.036,5	17.795,3	18.036,5	17.696,7
Tier 1 leverage ratio incl. 50% of retained profit (%)	9,27	8,88	9,27	8,88	9,24
Tier 1 leverage ratio (%)	9,03	8,65	9,03	8,65	9,24
<b>Liquidity</b>					
Deposit coverage ratio	46,66	48,85	46,66	48,85	46,77
LCR (%)	295,15	263,83	295,15	263,83	284,00
<b>Branches and full-time equivalents</b>					
No. of branches	25	23	25	23	25
Full-time equivalents	197	219	197	219	209
<b>Equity certificates</b>					
Ownership fraction (parent bank) (%)*	36,21	37,67	36,21	37,67	37,67
No. of equity certificates	20.731.183	20.731.183	20.731.183	20.731.183	20.731.183
Book equity per equity certificate	56,41	54,74	56,14	54,74	57,30
Earnings per equity certificate	1,76	1,93	3,12	3,15	6,02
Dividend per equity certificate	0,00	0,00	0,00	0,00	4,00
Turnover rate	22,27	7,86	21,19	9,02	12,04
Price	53,00	44,00	53,00	44,00	52,00

\* For ownership fraction at 01.01.2017, see note 19  
For definition of key figures, see page 43

## Board of Directors' Report

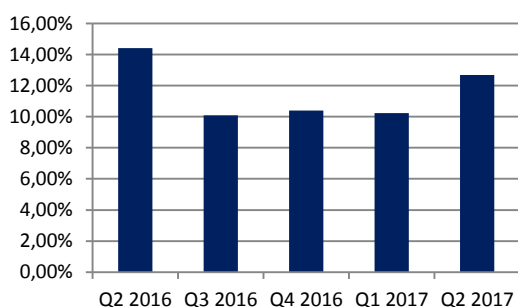
Sparebanken Øst achieved profit after tax of NOK 100.5 million for the second quarter of 2017. The results for the quarter are very good with a return on equity this quarter of 12.68 per cent and earnings per equity certificate of NOK 1.76. The portfolio of impaired and non-performing commitments remains very low and at the end of the quarter amounts to 0.35 per cent of net lending. Losses on loans are modest and amounted to NOK 3.8 million for the quarter. Growth in lending to customers was 1.14 per cent this quarter, while customer deposits grew by 3.78 per cent in the same period.

The profit after tax for the first half of the year amounted to NOK 178.5 million, which corresponds to a return on equity of 11.46 per cent. Earnings per equity certificate were NOK 3.12. Sparebanken Øst has recorded gains in the first half of 2017 from the sale of properties totalling NOK 27.4 million before tax. The bank's CET1 capital ratio is very solid (incl. 50 per cent of the retained profit), at 17.62 per cent. Net lending to customers has grown by 3.41 per cent in the last 12 months, while deposits have reduced by 1.24 per cent in the same period. Losses on lending to customers in the first half of the year were low and amounted to only NOK 5.1 million.

### Profit for the quarter

Sparebanken Øst Group posted a profit for the second quarter of 2017 of NOK 100.5 million after tax. The corresponding profit after tax for the second quarter of 2016 was NOK 106.3 million.

The return on equity in the quarter was 12.68 per cent, compared with 14.42 per cent for the same quarter in 2016. The table below shows the return on equity in the last five quarters.

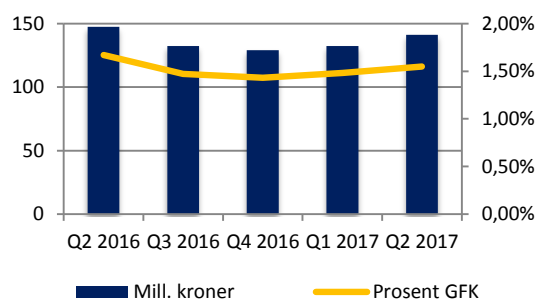


### Net interest income

Net interest income amounted to NOK 141.1 million in the second quarter of 2017, compared with NOK 147.4 million in the same

quarter in 2016. Compared with the first quarter of 2017, net interest income increased by NOK 8.9 million from NOK 132.2 million. Net interest income amounted to 1.55 per cent of average total assets in the second quarter of 2017. The corresponding figure for the same quarter in 2016 was 1.67 per cent and the figure for the first quarter of 2017 seen in isolation was 1.48 per cent. The Norwegian Banks Guarantee Fund levy for 2017 is periodically accrued throughout the year, while in 2016 it was recognised in full during the first quarter. During the second quarter of 2017, NOK 2.8 million was recognised in lieu of the levy.

The figure below shows net interest income in per cent and NOK in the last five quarters.



### Net operating income

Net operating income encompasses commission income and costs, dividends, net value changes and gains/losses from financial instruments and other income. Net operating income amounted to NOK 51.7 million in the second quarter of 2017, compared with NOK 68.2 million in the same quarter in 2016.

- Net commission income amounted to NOK 10.5 million, an increase of NOK 0.2 million compared with the same quarter last year.
- NOK 16.0 million in dividends were recognised as income in the second quarter of 2017, and relate primarily to dividends issued by Frende Holding AS. By comparison, during the second quarter of 2016 the bank received dividends from Frende Holding AS worth NOK 10.6 million and payments of cash remuneration from Visa Norge FLI totalling NOK 15.6 million.
- Net value changes and gains/losses from financial instruments amounted to NOK 6.5 million, compared with NOK 25.2 million in the same period last year. In the second quarter of 2016, NOK 15.7 million was recognised as income in the quarter from changes to the bank's guarantee liability with respect to Eksportfinans ASA.
- Other operating income increased by NOK 12.6 million and amounted to NOK 18.7 million in the second quarter of 2017, compared with NOK 6.1 million in the same quarter in 2016. Proceeds from the sale of property in the second quarter of 2017 produced a profit of NOK 14.0 million.

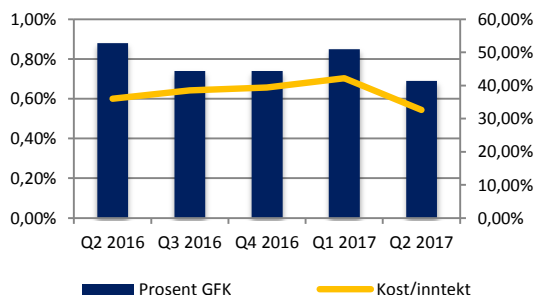
### Operating costs

The bank exercises good costs control and total operating costs amounted to NOK 62.8 million in the second quarter of 2017, compared with NOK 77.6 million in the same quarter in 2016. During the second quarter of 2016, a write-down worth NOK 10.0 million was carried out on a property held by one of

the bank's subsidiaries. Costs as a percentage of average total assets amounted to 0.69 per cent for the second quarter of 2017, compared with 0.88 per cent for the second quarter of 2016.

- Payroll costs amounted to NOK 32.5 million in the second quarter of 2017, compared with NOK 36.6 million in the same quarter last year. The number of full-time equivalents in this period has been reduced by 22 to 197 at the end of the second quarter of 2017. The provision for profit sharing with employees was NOK 1.0 million in the second quarter of 2017 compared with NOK 1.4 million in the second quarter of 2016. Additionally, pension and social security costs have both been reduced.
- Administrative costs amounted to NOK 12.8 million in the second quarter of 2017, compared with NOK 11.4 million in the same quarter in 2016. The increase is linked to IT costs.
- Depreciation and write-downs amounted to NOK 4.9 million compared with NOK 14.4 million in the second quarter of 2016. During the second quarter of 2016, a write-down worth NOK 10.0 million was carried out on a property held by one of the bank's subsidiaries.
- Other operating costs amounted to NOK 12.6 million in the second quarter of 2017, compared with NOK 15.2 million in the same quarter in 2016. This reduction is primarily attributable to operating costs - real estate including the rental of premises as well as the acquisition of external services.

The figure below shows total operating costs as a percentage of average total assets and costs as a percentage of income before losses on loans and guarantees in the last five quarters.



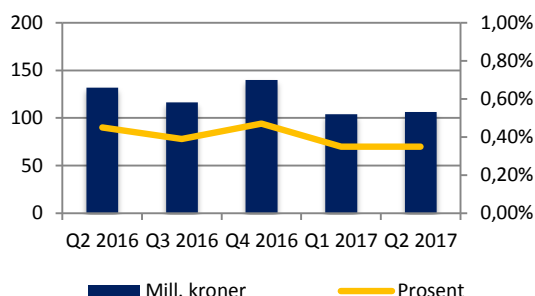
### Non-performance and losses

Net impaired and non-performing commitments have been reduced and amounted to 0.35 per cent of net lending at the end of the second quarter of 2017, compared with 0.45 per cent for the second quarter of 2016.

Losses on loans to customers amounted to NOK 3.8 million in the second quarter of 2017. By comparison, losses on loans amounted to NOK 4.4 million in the second quarter of 2016.

Individual write-downs on loans and guarantees amounted to NOK 65.3 million at the end of the second quarter of 2017, compared with NOK 66.2 million at the end of the second quarter of 2016. Collective write-downs of loans to customers amounted to NOK 40.3 million at the end of the second quarter of 2017 compared with NOK 43.4 million for the second quarter of 2016.

The figure below shows net impaired and non-performing commitments in NOK and as a percentage of net lending in the last five quarters.



### Tax

Tax costs in the second quarter of 2017 amounted to NOK 25.7 million, compared with

NOK 27.3 million for the same quarter last year. The low effective rate of tax in this quarter is due to dividends from Frende Holding AS, as well as gains on the sales of property (through the sale of shares in subsidiaries).

### Profit for the first half year

The profit after tax for the first half of 2017 was NOK 178.5 million, which represents an increase of NOK 5.0 million compared with the first half of 2016. Return on equity in the first half of 2017 was 11.46 per cent, compared with 11.91 per cent for the same period last year.

Net interest income decreased by NOK 11.0 million compared with the first half of 2016 and amounted to NOK 273.3 million for the first half of 2017. Sparebanken Øst recognised the entire levy for the Norwegian Banks Guarantee Fund in the first quarter of 2016, which amounted to NOK 11.7 million. In 2017, the levy for the Norwegian Banks Guarantee Fund is subject to accrual accounting throughout the year and NOK 5.7 million has been recognised as a cost in the first half of 2017. The recognition of interest not previously recognised as income contributed to higher net interest income in the first half of 2016.

Net commission income amounted to NOK 21.3 million in the first half of 2017, which represents an increase of NOK 0.9 million compared with the first half of 2016. The increase was primarily attributable to increased ordinary income from customer fees.

Dividends received in the first half of 2017 totalled NOK 16.0 million and related primarily to dividends received from Frende Holding AS. By comparison, dividends received in the first half of 2016 totalled NOK 26.6 million and consisted primarily of NOK 10.6 million in dividends received from Frende Holding AS and payments of cash remuneration from Visa Norge FLI totalling NOK 15.6 million.

Net value changes and gains/losses from financial instruments amounted to NOK 20.9 million, compared with NOK 32.9 million in the same period last year. In the first half of 2016, NOK 15.7 million was recognised as income in relation to changes to the bank's guarantee liability with respect to Eksportfinans ASA.

Other operating income amounted to NOK 41.6 million in the first half of 2017, compared with NOK 12.8 million in the same period in 2016. Profit from the sale of properties in the first half of 2017 amounted to NOK 27.4 million.

Operating costs were reduced by NOK 12.6 million in the first half of 2017 compared with the same period in 2016 and amounted to NOK 138.8 million for the first half of 2017. The largest single item relates to a write-down in 2016 of NOK 10.0 million on a property held by one of the bank's subsidiaries. In addition to this, the decline in costs is connected to salaries, operating costs - real estate including the rental of premises and acquisition of external services.

Losses on loans to customers amounted to NOK 5.1 million in the first half of 2017, compared with NOK 2.0 million in the first half of 2016.

Individual write-downs on loans and guarantees amounted to NOK 65.3 million at the end of the first half of 2017, compared with NOK 66.2 million at the end of the first half of 2016.

Collective write-downs of loans to customers amounted to NOK 40.3 million at the end of the second quarter of 2017 compared with NOK 43.4 million for the second quarter of 2016.

### Balance sheet as at 30.06.2017

Total assets have increased by NOK 862.5 million compared with the second quarter of 2016, and amount to NOK 36,665.1 million at the end of the second quarter of 2017.

### Assets

- Cash and receivables at central banks amounted to NOK 536.5 million as at 30/06/2017, compared with NOK 276.4 million as at 30/06/2016.
- Net loans to financial institutions amounted to NOK 109.6 million as at 30/06/2017, compared with NOK 10.9 million as at 30/06/2016. The increase applies to the deposit of NOK 100.0 million in F-deposits. Lending to financial institutions in Norway applies to interbank loans.
- Net lending to customers amounted to NOK 30,088.7 million as at 30.06.2017, compared with NOK 29,095.5 million as at 30.06.2016. The increase of NOK 993.2 million is equivalent to 12-month growth of 3.41 per cent. Net lending to retail customers has increased by 4.11 per cent in the last 12 months, while net lending to business customers has decreased by 0.80 per cent in the same period. Gross lending to retail customers accounted for 86.35 per cent of total lending to customers. The risk in the business loans portfolio has been reduced in the last few years. Together with a significant reduction in impaired and non-performing loans, this provides a good basis for growth in business loans in 2017 and subsequent years.
- The holding of certificates and bonds amounted to NOK 4,671.0 million as at 30.06.2017, compared with NOK 4,932.1 million as at 30.06.2016. The holding consists in its entirety of the liquidity portfolio. For the liquidity portfolio, the weighted average maturity until the agreed maturity has been calculated as 2.55 years.
- The bank's shares in Frende Holding AS are classified as 'available for sale' and were valued at NOK 220.0 million at the end of the second quarter of 2017.

- The bank's shares in Eksportfinans ASA are also classified as 'available for sale' and were valued at NOK 195.0 million at the end of the second quarter of 2017. The bank has, since 2008, together with the other shareholders in the company, pledged guarantees for changes in the value of Eksportfinans ASA's liquidity portfolio. Sparebanken Øst issued a guarantee from 30 April 2016 for NOK 72.7 million of the total guarantee limit for Eksportfinans ASA.
- The bank's membership in Visa Norge FLI was valued at NOK 6.5 million as at 30.06.2017. This value primarily consists of cash settlement and rights to shares in Visa Inc. The final settlement for the sale of Nets shares in 2014 also gives the bank rights to further shares in Visa Inc. These were valued at NOK 6.3 million at the end of the second quarter of 2017. The bank is also entitled to a future cash settlement worth a total of NOK 1.6 million in connection with the final settlement for the sale of Nets shares.
- Sparebanken Øst subscribed to shares in Balder Betaling AS in 2017. The company is owned by a number of independent banks. Balder Betaling AS's main purpose is to own shares in Vipps AS.

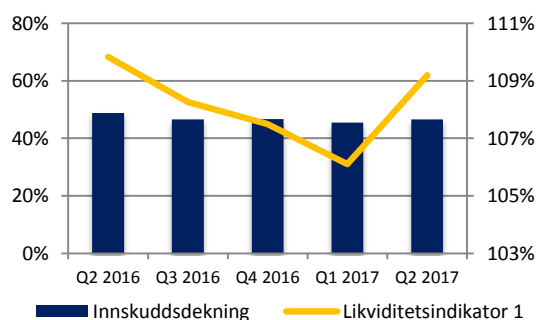
#### Liabilities and equity

- Deposits from customers amounted to NOK 14,038.1 million as at 30.06.2017, compared with NOK 14,213.7 million as at 30.06.2016. This is a reduction in the last 12 months of NOK 175.6 million or 1.24 per cent. The deposit coverage ratio in the group at the end of the second quarter of 2017 was 46.66 per cent, compared with 48.85 per cent at the end of the second quarter of 2016.
- Securities issued amounted to NOK 18,346.9 million as at 30.06.2017, compared with NOK 17,451.8 million as at 30.06.2016. The liquidity situation measured as long-term funding as a

percentage of liquid assets (Liquidity Indicator 1) amounted to 109.2 per cent at the end of the quarter, compared with 109.8 per cent in the same point in 2016. LCR amounted to 295.2 per cent at the end of the second quarter of 2017 compared with 263.8 per cent as at 30.06.2016. A conservative investment policy means that a high proportion of securities count in the LCR calculation. The maturity structure significantly affects LCR.

- Other long-term borrowing amounted to NOK 61.1 million at the end of the second quarter of 2017, compared with NOK 121.6 million as at 30.06.2016.
- Short-term borrowing (defined as borrowing with a remaining term to maturity of less than 1 year) amounted to NOK 2,447.0 million.

The figure below shows long-term liquidity as a percentage of illiquid assets (yellow/left) and the deposit coverage ratio (blue/right) in the last five quarters.



#### Capital adequacy

- The capital adequacy ratio measured as CET1 capital inclusive of 50 per cent of profit in the year-to-date amounted to 17.62 per cent at the end of the second quarter of 2017, which represents an increase from 16.19 per cent at the end of the second quarter of 2016.
- The Financial Supervisory Authority of Norway has, based on its legal authority under section 13-6 of the Financial

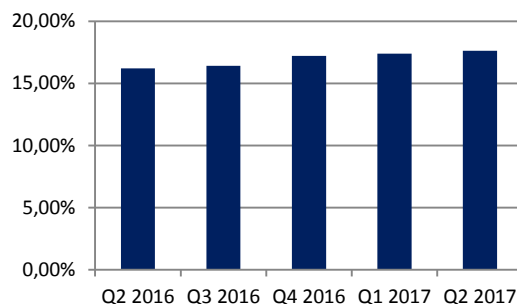


Institutions Act, decided that the bank's Pillar 2 requirement will be set at 2.3 per cent of the calculation basis. The Pillar 2 requirement is linked to risk factors that are not covered by Pillar 1 and which must be covered by CET1 capital. The requirement comes into effect on 30 June 2017.

Given the current level of the countercyclical buffer of 1.5 per cent, this entails a total requirement for CET1 capital of at least 13.8 per cent. Sparebanken Øst's CET1 capital target is a minimum of 14.5 per cent.

- Net primary capital at the end of the second quarter of 2017 amounted to NOK 3,745.6, of which NOK 3,395.8 million constituted the group's tier 2 capital. With a calculation basis of NOK 17,795.3 million, this corresponds to a capital adequacy ratio of 21.05 per cent, of which 19.08 per cent constitutes the tier 1 capital ratio. The bank uses the standardised approach when calculating minimum requirements for subordinated capital for credit risk.
- The tier 1 leverage ratio inclusive of 50 per cent of retained earnings) was 9.27 per cent at the end of the second quarter of 2017 compared with 8.88 per cent of the second quarter of 2016. The Ministry of Finance resolved on 20 December 2016 to require unweighted tier 1 capital for banks amounting to 5.00 per cent. This requirement will apply as of 30 June 2017.

The figure below shows the development of CET1 capital (incl. 50 per cent of retained profit) in the last five quarters.



## Macroeconomic developments

Growth in the Norwegian economy is beginning to recover after the fall in oil prices, and appears to be higher than previously estimated. Oil prices have been lower in the last quarter than at the turn of the year, and have contributed to weakening to the Norwegian krone. Registered unemployment is on the way down. After several years of very strong house price growth in Eastern Norway, we have seen a nominal decline in the last two months in Oslo, partly due to the tightening of mortgage regulations. The Board is following developments closely. The key rate is expected to remain unchanged going forward.

## Risk

### 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 should also help the bank to establish a credit portfolio of a quality and composition that ensures the bank's profitability in the short and long term, and

ensures that the bank's management of credit risk is in accordance with the requirements stipulated by laws, regulations, directives from the authorities and other regulatory conditions.

The principles in the strategy document are detailed in the bank's credit manuals and established instructions.

Within the retail and business markets, the capacity and willingness to pay are key aspects of credit assessment. Measurement of risk when lending to customers is done by classifying customers according to risk. Risk classification has been established as an integral element of the credit process, and the requirement for the annual reclassification of loan commitments is met.

Credit risk trends are continuously monitored through reports to the management and quarterly reports to the bank's board. The bank's geographic coverage provides access to a large market area with flexibility with regard to customers and segments. The bank's loan portfolio is primarily spread across the central Eastern Norway area.

The low proportion of lending to the business market contributes to a low concentration risk for the bank. Exposure to commercial property represents a relatively large proportion of the business portfolio but a limited proportion of the bank's total loan portfolio. Indirect commercial exposure through the rental and use of commercial property shows a diversified portfolio with exposure to businesses in areas such as retail, industry and housing.

Loans and credits to the retail market are generally only granted against home mortgages. The bank's exposure to loans and credit without associated security is low.

The bank also takes credit risks in managing liquidity reserves and excess liquidity. The bank intends to retain interest-bearing securities with low credit risk for liquidity purposes (reserve for disposal when needed), as a deposit basis for borrowing facilities at the central bank, or both.

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

### **Market risk**

Sparebanken Øst has a financial strategy that is intended to help to ensure that the bank's activities in the area of finance are in line with the

framework conditions and guidelines in the bank's overall business concept, strategic plans and budgets, as well as ensure that the activities are prudent in relation to the bank's capacity and willingness to bear risk.

The financial 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. Sparebanken Øst has a liquidity portfolio comprising interest-bearing securities that are primarily issued by Nordic credit institutions, Norwegian banks, municipalities, the government and government-guaranteed companies. Through this, the bank takes credit spread risk.

The interest rate risk is kept within fixed limits and limited in that assets and liabilities mainly have variable rates or are swapped to variable rates. Currency risk is reduced by entering into futures or basis swaps. The bank has very little interest and currency risk on its balance sheet. Exposure to equity instruments beyond the bank's subsidiaries and strategic investments is limited.

### **Liquidity risk**

Sparebanken Øst aims to practise a conservative approach to liquidity risk and manage it according to fixed limits. The group shall ensure proper liquidity management so that the company has sufficient liquid assets to meet its obligations at maturity at all times, and illiquid assets are financed long term. Sparebanken Øst issues covered bonds through the bank's wholly owned mortgage credit company. Covered bonds with long maturities are generally issued, whereas senior hybrid tier 1 loans are issued with maturities that fit into the existing maturity profile at any given time.

### Operational risk

Operational risk is monitored through annual reviews of the group's key processes, established internal controls with semi-annual managerial confirmation of implemented internal controls, and quarterly reporting of events recorded and risk assessments to the board. The group has not registered significant losses due to the failure of internal processes, systems, human error or unforeseen events in the first half of 2017.

### Rating

In April 2016, Sparebanken Øst was awarded an issuer rating of A3 with a stable outlook by Moody's Investor Service. This rating is additional to the existing bank deposit rating of A3 (stable) from Moody's.

### 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, 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 the second quarter of 2017, the loan-to-value ratio (LTV) of the security portfolio was 44.6 per cent. In comparison, the equivalent figure was 47.5 per cent at the end of the second quarter of 2016.

The company's total assets as at 30.06.2017 amounted to NOK 11,365.7 million and mainly consist of first priority home mortgages, which are funded through covered bonds and drawing rights from 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. The result after tax was a profit of NOK 33.1 million for the first half of 2017, compared with NOK 36.6 million for the same period last year. The company

has no employees, but procures services from Sparebanken Øst. Bonds issued by Sparebanken Øst Boligkreditt AS have been rated AAA by Moody's since the first quarter of 2011.

AS Financiering is a wholly owned financing subsidiary of Sparebanken Øst. Its main product is debenture financing for used cars. The company posted a profit after tax of NOK 21.9 million in the first half of 2017, compared with NOK 21.6 million for the same period last year. Total assets amounted to NOK 1,822.6 million. At the end of second quarter, the company had 20 employees, corresponding to 20 full-time equivalents.

Sparebanken Øst Eiendom AS is a wholly owned subsidiary of Sparebanken Øst and is tasked with actively maintaining properties belonging to the Sparebanken Øst group. Operating costs amounted to NOK 41.2 million in the first half of 2017, compared with NOK 14.3 million in the first half of 2016. NOK 27.4 million in profit from the sale of properties was recognised as income in the first half of 2017. The result after tax was a profit of NOK 25.7 million in the first half of 2017 compared with NOK 1.4 million for the same period last year. The company has 5 employees, corresponding to 4.6 full-time equivalents. The company has recently appointed a new General Manager, who has been hired in from Sparebanken Øst. Its share capital amounts to NOK 35.1 million.

Øst Prosjekt AS is a wholly owned subsidiary of Sparebanken Øst and its 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 the share capital amounts to NOK 12.1 million. The result after tax was a loss of NOK 1.7 million in the first half of 2017, compared with a loss of NOK 8.0 million in the first half of 2016. The deficit in the first half of 2016 was linked to the writing down of property. In 2017, the company took over assets valued at NOK 46.6 million on the takeover date as part of the hedging for one commitment in the bank.

Øst Inkasso AS was established on 18 April 2016 and received a licence to carry out debt collection activities on 5 August 2016. The company is a wholly owned subsidiary company of Sparebanken Øst. The company commenced operations on 1 October 2016. The company's objective is to engage in debt collection operations and other activities naturally associated with this, including reminder services and long-term monitoring of debt collection portfolios. The company's operating income in the first half of 2017 was NOK 4.3 million, with a profit after tax of NOK 0.6 million. The company currently has six employees.

### Frende Forsikring

Frende Holding AS owns Frende Skade AS and Frende Liv AS (Frende Forsikring). The bank owns a 13.19 per cent stake in the holding company. Frende Forsikring is owned by 15 savings banks. Sparebanken Vest is the largest shareholder and Sparebanken Øst is the second largest. The company offers P&C and life insurance products to business and retail customers and has more than 200,000 customers. Frende Forsikring's head office is in Bergen.

### Accounting policies

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

### Dividend policy

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

Uncertainty in the Norwegian economy is expected to continue, although the economy and employment are both expected to see some growth in future. Low oil prices are still affecting the business sector in some regions of Norway and thus employment rates, as well as companies' profitability and ability to service debt. Sparebanken Øst's customer portfolio is generally not directly affected by lower activity in the oil sector. It is expected that low interest rates will continue to strengthen the ability of households and businesses to service debt despite lower incomes. The Norwegian krone is generally expected to strengthen in 2017, meaning the competitive advantage for Norwegian businesses abroad may decline.

Unemployment could lessen the payment capacity of affected households. Sparebanken Øst is not expecting any major changes in the macroeconomic situation in Eastern Norway where it primarily operates. During the last two months, there has been a nominal decline in house prices in Oslo. Further decline in house prices cannot be excluded, which may create challenges in some households. Some companies could be affected by the generally lower level of demand and by the situation in the oil sector in particular.

The bank has a very sound capital situation that satisfies the authorities' requirements, including increased requirements for

countercyclical buffers in 2017. This provides the bank with room for manoeuvre and not least security in a period of continued 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 106 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 over time.

Growth in lending to and deposits from customers 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. Growth in lending to retail customers will primarily come from home mortgages. Growth is expected in loans for financing used cars with sales liens (AS Financiering). The growth in lending to business customers will primarily occur in the bank's defined market areas. Repayment loans with security in real estate are the bank's main product in the business market. Differing capital requirements between banks domiciled in Norway and other countries, and between banks in Norway, affects the competitive situation in terms of lending to businesses to a significant degree and may distort competition in favour of Norwegian IRB banks and banks with capital requirements set by, among others, the Swedish and Danish authorities.

Banking involves risk and non-performance and losses on loans and guarantees to

customers cannot be excluded. The bank does not anticipate any significant increase in non-performing and doubtful commitments and lending losses going forward. The group has substantial in-house expertise that will work to resolve any problem commitments that might arise in the future. This includes expertise within recovery, as well as property 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 are expected. Eksportfinans ASA is in the process of winding up, but the winding-up date is not yet finally decided. 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. The bank therefore expects continued pressure on margins on loans to retail customers and as a result of persistent low interest rates. Margins on loans to businesses are expected to remain stable. Low interest rates are challenging for the bank's interest rate difference 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 are sources of uncertainty with respect to the bank's earnings and return on equity.

Sparebanken Øst has, together with 105 other banks, signed an agreement to develop Vipps as a joint Norwegian mobile payments solution.

This collaboration will enable us to face increased international competition head on and is an important step in ensuring Norway has a financial industry that can offer simple, cost-effective and secure solutions for mobile payments.

Hokksund, 30 June 2017

Drammen, 13 July 2017

Øivind Andersson  
Chair

Knut Smedsrud  
Deputy chair

Morten André Yttreide  
Board member

Hanne Margrete Lenes Solem  
Board member

Elly Therese Thoresen  
Board member

Kari Solberg Økland  
Board member

Ole-Martin Solberg  
Employee representative

Inger Helen Pettersen  
Employee representative

Pål Strand  
CEO

## Income Statement - Group

(Amounts in NOK millions)	Q2 2017	Q2 2016	1.01.-30.06.2017	1.01.-30.06.2016	Full year 2016
Interest income	256,9	267,3	511,2	537,7	1.037,4
Interest costs	115,8	119,9	237,9	253,4	491,6
<b>Net interest income</b>	<b>141,1</b>	<b>147,4</b>	<b>273,3</b>	<b>284,3</b>	<b>545,8</b>
Commission income and income from banking services	20,3	20,2	41,3	39,7	82,4
Commission expenses and expenses for banking services	9,8	9,9	20,0	19,3	39,7
Dividend	16,0	26,6	16,0	26,6	26,9
Net value change and gains/losses on financial instruments	6,5	25,2	20,9	32,9	75,8
Other operating income	18,7	6,1	41,6	12,8	27,2
<b>Net other operating income</b>	<b>51,7</b>	<b>68,2</b>	<b>99,8</b>	<b>92,7</b>	<b>172,6</b>
Payroll, etc.	32,5	36,6	77,1	79,9	156,8
Administration costs	12,8	11,4	25,2	23,4	48,0
Depreciation/write-downs/value change for non-financial assets	4,9	14,4	9,9	18,8	28,7
Other operating costs	12,6	15,2	26,6	29,3	50,8
<b>Total operating costs</b>	<b>62,8</b>	<b>77,6</b>	<b>138,8</b>	<b>151,4</b>	<b>284,3</b>
<b>Profit/loss before losses</b>	<b>130,0</b>	<b>138,0</b>	<b>234,3</b>	<b>225,6</b>	<b>434,1</b>
Losses on loans and guarantees	3,8	4,4	5,1	2,0	6,7
<b>Profit/loss before tax costs</b>	<b>126,2</b>	<b>133,6</b>	<b>229,2</b>	<b>223,6</b>	<b>427,4</b>
Tax costs	25,7	27,3	50,7	50,1	96,2
<b>Profit/loss after tax</b>	<b>100,5</b>	<b>106,3</b>	<b>178,5</b>	<b>173,5</b>	<b>331,2</b>
Earnings per equity certificate	1,76	1,93	3,12	3,15	6,02
Diluted earnings per equity certificate	1,76	1,93	3,12	3,15	6,02

## Total income - Group

(Amounts in NOK millions)	Q2 2017	Q2 2016	1.01.-30.06.2017	1.01.-30.06.2016	Full year 2016
<b>Profit/loss after tax</b>	<b>100,5</b>	<b>106,3</b>	<b>178,5</b>	<b>173,5</b>	<b>331,2</b>
<b>Items that will not be reclassified to the statement of income</b>					
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	2,9
Tax related to items that cannot be reclassified	0,0	0,0	0,0	0,0	-0,7
<b>Items that may later be reclassified to the statement of income</b>					
Changes in fair value of investments available for sale	0,0	-9,5	0,0	-9,5	-5,9
Tax related to items that may be reclassified	0,0	0,1	0,0	0,1	0,1
<b>Other comprehensive income</b>	<b>100,5</b>	<b>96,9</b>	<b>178,5</b>	<b>164,1</b>	<b>327,6</b>

## Balance Sheet - Group

(Amounts in NOK millions)	Note	30.06.2017	30.06.2016	31.12.2016
<b>Assets</b>				
Cash and receivables from central banks	10, 11	536,5	276,4	311,9
Loans to and receivables from financial institutions	10, 11	109,6	10,9	9,5
Loans to and receivables from customers	4, 7, 8, 10, 11	30.088,7	29.095,5	29.695,7
Certificates, bonds, etc. at fair value	10, 11	4.671,0	4.730,9	4.285,1
Stocks and units	10, 11	448,7	460,2	460,1
Financial derivatives	10, 11, 13, 14	361,6	565,8	369,6
Certificates and bonds, held to maturity	10, 11	0,0	201,2	205,4
Investment properties		211,2	284,7	284,3
Tangible fixed assets		136,0	127,5	131,4
Other assets		86,4	25,6	27,0
Prepaid non-accrued costs and earned but not received income		15,4	23,9	14,7
<b>Total assets</b>		<b>36.665,1</b>	<b>35.802,6</b>	<b>35.794,7</b>
<b>Liabilities and equity</b>				
Liabilities to financial institutions	10, 11	61,1	121,6	90,2
Deposits from and liabilities to customers	6, 10, 11	14.038,1	14.213,7	13.887,4
Financial derivatives	10, 11, 13, 14	26,2	32,8	47,5
Securities issued	10, 11, 12	18.346,9	17.451,8	17.614,6
Other liabilities		162,1	166,9	183,6
Accruals and deferred income		31,7	31,9	30,5
Provisions for accrued costs and liabilities		38,6	59,7	38,6
Deferred tax liability		26,8	8,7	22,7
Subordinated loan capital	10, 11, 12	703,5	702,9	703,5
<b>Total debt</b>		<b>33.435,0</b>	<b>32.790,0</b>	<b>32.618,6</b>
Paid-up equity		595,1	595,1	595,1
Retained earnings		2.456,5	2.244,0	2.581,0
Retained ordinary profit		178,5	173,5	0,0
<b>Total equity</b>		<b>3.230,1</b>	<b>3.012,6</b>	<b>3.176,1</b>
<b>Total liabilities and equity</b>		<b>36.665,1</b>	<b>35.802,6</b>	<b>35.794,7</b>



## Changes in Equity - Group

(Amounts in NOK millions)	Paid-up equity			Retained earnings					
	Total equity	Equity certificates	Share premium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity	Retained profit
<b>Q2 2017</b>									
<b>Equity as at 31.12.2016</b>	<b>3.176,1</b>	<b>207,3</b>	<b>387,8</b>	<b>379,0</b>	<b>1.573,7</b>	<b>38,1</b>	<b>174,7</b>	<b>415,5</b>	<b>0,0</b>
Profit/loss	178,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	178,5
Changes in fair value of investments in JV/AC	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income</b>	<b>178,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>178,5</b>
Dividend to equity certificates holders 2016 - approved	-82,9	0,0	0,0	-82,9	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2016 - approved	-41,5	0,0	0,0	0,0	-41,5	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 30/06/2017.</b>	<b>3.230,1</b>	<b>207,3</b>	<b>387,8</b>	<b>296,1</b>	<b>1.532,1</b>	<b>38,1</b>	<b>174,7</b>	<b>415,5</b>	<b>178,5</b>

Q2 2016	Paid-up equity			Retained earnings					
	Total equity	Equity certificates	Share premium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity	Retained profit
<b>Equity as at 31.12.2015</b>	<b>2.951,1</b>	<b>207,3</b>	<b>387,8</b>	<b>341,2</b>	<b>1.432,1</b>	<b>38,1</b>	<b>180,5</b>	<b>364,1</b>	<b>0,0</b>
Profit/loss	173,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	173,5
Changes in fair value of investments in JV/AC	-9,4	0,0	0,0	0,0	0,0	0,0	-9,4	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income</b>	<b>164,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>-9,4</b>	<b>0,0</b>	<b>173,5</b>
Dividend to equity certificates holders 2015 - approved	-68,4	0,0	0,0	-68,4	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2015 - approved	-34,2	0,0	0,0	0,0	-34,2	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 30.06.2016</b>	<b>3.012,6</b>	<b>207,3</b>	<b>387,8</b>	<b>272,8</b>	<b>1.397,9</b>	<b>38,1</b>	<b>171,1</b>	<b>364,1</b>	<b>173,5</b>

2016	Paid-up equity			Retained earnings					
	Total equity	Equity certificates	Share premium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity	Retained profit
<b>Equity as at 31.12.2015</b>	<b>2.951,1</b>	<b>207,3</b>	<b>387,8</b>	<b>341,2</b>	<b>1.432,1</b>	<b>38,1</b>	<b>180,5</b>	<b>364,1</b>	<b>0,0</b>
Profit/loss	331,2	0,0	0,0	105,3	174,4	0,0	0,0	51,5	0,0
Changes in fair value of investments in JV/AC	-5,8	0,0	0,0	0,0	0,0	0,0	-5,8	0,0	0,0
Actuarial gains and losses on defined-benefit plans	2,2	0,0	0,0	0,9	1,4	0,0	0,0	-0,1	0,0
<b>Other comprehensive income</b>	<b>327,6</b>	<b>0,0</b>	<b>0,0</b>	<b>106,2</b>	<b>175,8</b>	<b>0,0</b>	<b>-5,8</b>	<b>51,4</b>	<b>0,0</b>
Dividend to equity certificates holders 2015 - approved	-68,4	0,0	0,0	-68,4	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2015 - approved	-34,2	0,0	0,0	0,0	-34,2	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 31.12.2016</b>	<b>3.176,1</b>	<b>207,3</b>	<b>387,8</b>	<b>379,0</b>	<b>1.573,7</b>	<b>38,1</b>	<b>174,7</b>	<b>415,5</b>	<b>0,0</b>

## Cash Flow Statement

(Amounts in NOK millions)		30.06.2017	30.06.2016	31.12.2016
<b>Operating activities</b>				
Profit/loss before tax costs		229,2	223,6	427,4
Adjusted for:				
Change in net interest income earned and accrued interest costs		34,1	31,2	-2,3
Net receipts/payments of loans to customers		-395,7	-1.103,5	-1.700,4
Change in certificates and bonds at fair value		-386,5	-176,8	268,3
Change in other assets in connection with operations		-49,2	-49,7	-47,8
Net receipts/disbursement of borrowing from financial institutions		0,9	1,3	0,0
Net receipts/disbursement of deposits from customers		118,6	1.023,0	729,0
Change in other operating liabilities		-17,1	12,9	-26,1
Non-cash items included in profit before tax costs		9,2	5,9	15,5
Net gain/loss from investing activities		-30,6	-0,3	-17,9
Net gain/loss from financing activities		4,8	-1,6	-0,1
Taxes paid for the period		-91,4	-101,7	-98,4
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>-573,7</b>	<b>-135,7</b>	<b>-452,8</b>
<b>Investing activities</b>				
Payments on purchases of fixed assets		-15,3	-50,2	-63,9
Proceeds from sale of fixed assets		101,3	1,1	1,2
Net proceeds/costs on the sale/purchase of financial investments		215,2	0,0	9,7
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>301,2</b>	<b>-49,1</b>	<b>-53,0</b>
<b>Financing activities</b>				
Net incoming/outgoing payments for loans to/from financial institutions		-30,0	-30,0	-60,0
Payments on repayment of securities		-2.094,9	-3.013,4	-4.386,4
Proceeds on issuance of securities		2.805,0	3.197,8	4.955,9
Payment of dividend		-82,9	-68,4	-68,4
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>597,2</b>	<b>86,0</b>	<b>441,1</b>
Net change in cash and cash equivalents	<b>A+B+C</b>	324,7	-98,8	-64,7
Cash and cash equivalents as at 01.01.		321,4	386,1	386,1
<b>Holding of cash and cash equivalents at the end of the period</b>		<b>646,1</b>	<b>287,3</b>	<b>321,4</b>

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

## Note 1 - Basis for the preparation of the report

### Accounting principles

The interim financial statements for the group and parent bank were prepared in accordance with IFRS (including IAS 34 Interim Financial Reporting).

A description of the accounting policies applied when preparing the financial statements appears in the annual report for 2016.

The accounting policies and calculation methods remain largely unchanged from the annual financial statements for 2016.

All amounts are stated in NOK millions and relate to the group unless otherwise specified.

The interim financial statements have not been audited.

### Assessments and use of estimates

Preparation of the consolidated financial statements involves the executive management team making estimates and discretionary valuations, and making assumptions that affect the application of accounting policies and thus recognised amounts for assets, liabilities, income and costs.

For further details, see the annual report for 2016, Note 3 - Assessments and use of estimates.

## Note 2 - Operating 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.

### Profit/loss

30.06.2017	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom AS				
Net interest and commission income	160,6	54,1	-13,4	60,7	-2,6	13,6	0,3	273,3	
Other operating income	30,4	4,9	20,8	-11,8	41,2	23,8	-9,5	99,8	
Operating costs	26,0	7,8	0,0	16,7	7,7	83,5	-2,9	138,8	
<b>Profit/loss before losses</b>	<b>165,0</b>	<b>51,2</b>	<b>7,4</b>	<b>32,2</b>	<b>30,9</b>	<b>-46,1</b>	<b>-6,3</b>	<b>234,3</b>	
Losses on loans and guarantees	-0,1	2,2	0,0	3,0	0,0	0,0	0,0	5,1	
<b>Profit/loss before tax costs</b>	<b>165,1</b>	<b>49,0</b>	<b>7,4</b>	<b>29,2</b>	<b>30,9</b>	<b>-46,1</b>	<b>-6,3</b>	<b>229,2</b>	
Tax costs	0,0	0,0	0,0	7,3	5,2	39,8	-1,6	50,7	
<b>Profit/loss after tax</b>	<b>165,1</b>	<b>49,0</b>	<b>7,4</b>	<b>21,9</b>	<b>25,7</b>	<b>-85,9</b>	<b>-4,7</b>	<b>178,5</b>	

30.06.2016	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom AS				
Net interest and commission income	152,9	83,1	-14,5	59,2	-3,1	7,3	-0,6	284,3	
Other operating income	27,9	5,5	16,3	-10,2	14,3	48,0	-9,1	92,7	
Operating costs	27,3	9,3	0,0	16,0	9,4	93,7	-4,3	151,4	
<b>Profit/loss before losses</b>	<b>153,5</b>	<b>79,3</b>	<b>1,8</b>	<b>33,0</b>	<b>1,8</b>	<b>-38,4</b>	<b>-5,4</b>	<b>225,6</b>	
Losses on loans and guarantees	0,0	-2,2	0,0	4,2	0,0	0,0	0,0	2,0	
<b>Profit/loss before tax costs</b>	<b>153,5</b>	<b>81,5</b>	<b>1,8</b>	<b>28,8</b>	<b>1,8</b>	<b>-38,4</b>	<b>-5,4</b>	<b>223,6</b>	
Tax costs	0,0	0,0	0,0	7,2	0,4	43,8	-1,3	50,1	
<b>Profit/loss after tax</b>	<b>153,5</b>	<b>81,5</b>	<b>1,8</b>	<b>21,6</b>	<b>1,4</b>	<b>-82,2</b>	<b>-4,1</b>	<b>173,5</b>	

31.12.2016	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom AS				
Net interest and commission income	296,5	137,9	-25,1	117,6	-6,3	25,8	-0,6	545,8	
Other operating income	58,5	10,7	36,3	-21,4	27,6	76,2	-15,3	172,6	
Operating costs	62,7	20,7	0,0	31,3	16,0	162,1	-8,5	284,3	
<b>Profit/loss before losses</b>	<b>292,3</b>	<b>127,9</b>	<b>11,2</b>	<b>64,9</b>	<b>5,3</b>	<b>-60,1</b>	<b>-7,4</b>	<b>434,1</b>	
Losses on loans and guarantees	-0,1	-2,7	0,0	9,5	0,0	0,0	0,0	6,7	
<b>Profit/loss before tax costs</b>	<b>292,4</b>	<b>130,6</b>	<b>11,2</b>	<b>55,4</b>	<b>5,3</b>	<b>-60,1</b>	<b>-7,4</b>	<b>427,4</b>	
Tax costs	0,0	0,0	0,0	14,0	0,2	83,8	-1,8	96,2	
<b>Profit/loss after tax</b>	<b>292,4</b>	<b>130,6</b>	<b>11,2</b>	<b>41,4</b>	<b>5,1</b>	<b>-143,9</b>	<b>-5,6</b>	<b>331,2</b>	

### Balance sheet

30.06.2017	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom AS				
Loans to and receivables from customers	23.913,2	3.961,1	0,0	1.800,0	0,0	515,4	-101,0	30.088,7	
Other assets	7,2	0,0	5.143,4	22,6	262,6	2.886,3	-1.745,7	6.576,4	
<b>Total assets</b>	<b>23.920,4</b>	<b>3.961,1</b>	<b>5.143,4</b>	<b>1.822,6</b>	<b>262,6</b>	<b>3.401,7</b>	<b>-1.846,7</b>	<b>36.665,1</b>	
Deposits from and liabilities to customers	9.818,1	2.721,5	1.394,7	13,5	0,0	114,9	-24,6	14.038,1	
Other liabilities/offsetting	14.102,3	1.239,6	3.748,7	1.553,1	137,9	250,6	-1.635,3	19.396,9	
Equity	0,0	0,0	0,0	256,0	124,7	3.036,2	-186,8	3.230,1	
<b>Total liabilities and equity</b>	<b>23.920,4</b>	<b>3.961,1</b>	<b>5.143,4</b>	<b>1.822,6</b>	<b>262,6</b>	<b>3.401,7</b>	<b>-1.846,7</b>	<b>36.665,1</b>	

30.06.2016	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom AS				
Loans to and receivables from customers	22.877,1	4.045,5	0,0	1.705,1	0,0	654,3	-186,5	29.095,5	
Other assets	7,9	0,0	5.662,0	23,3	343,3	2.859,9	-2.189,3	6.707,1	
<b>Total assets</b>	<b>22.885,0</b>	<b>4.045,5</b>	<b>5.662,0</b>	<b>1.728,4</b>	<b>343,3</b>	<b>3.514,2</b>	<b>-2.375,8</b>	<b>35.802,6</b>	
Deposits from and liabilities to customers	10.292,6	2.310,6	1.509,0	17,9	0,0	118,0	-34,4	14.213,7	
Other liabilities/offsetting	12.592,4	1.734,9	4.153,0	1.471,2	228,0	557,8	-2.161,0	18.576,3	
Equity	0,0	0,0	0,0	239,3	115,3	2.838,4	-180,4	3.012,6	
<b>Total liabilities and equity</b>	<b>22.885,0</b>	<b>4.045,5</b>	<b>5.662,0</b>	<b>1.728,4</b>	<b>343,3</b>	<b>3.514,2</b>	<b>-2.375,8</b>	<b>35.802,6</b>	

31.12.2016	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom AS				
Loans to and receivables from customers	23.638,3	3.895,8	0,0	1.721,0	0,0	627,2	-186,6	29.695,7	
Other assets	8,5	0,0	4.637,6	22,4	324,0	2.776,4	-1.669,9	6.099,0	
<b>Total assets</b>	<b>23.646,8</b>	<b>3.895,8</b>	<b>4.637,6</b>	<b>1.743,4</b>	<b>324,0</b>	<b>3.403,6</b>	<b>-1.856,5</b>	<b>35.794,7</b>	
Deposits from and liabilities to customers	9.809,4	2.478,9	1.495,0	17,3	0,0	98,5	-11,7	13.887,4	
Other liabilities/offsetting	13.837,4	1.416,9	3.142,6	1.492,0	225,1	280,2	-1.663,0	18.731,2	
Equity	0,0	0,0	0,0	234,1	98,9	3.024,9	-181,8	3.176,1	
<b>Total liabilities and equity</b>	<b>23.646,8</b>	<b>3.895,8</b>	<b>4.637,6</b>	<b>1.743,4</b>	<b>324,0</b>	<b>3.403,6</b>	<b>-1.856,5</b>	<b>35.794,7</b>	

## Note 3 - Capital adequacy

The group uses the standardised approach when calculating minimum requirements for subordinated capital 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 group'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.

	30.06.2017	30.06.2016	31.12.2016
<b>CET1 capital</b>			
Book equity	3.051,6	2.839,1	3.176,1
<b>Deduction items in CET1 capital</b>			
Additional value adjustments (prudent valuation requirement) (AVA)	-5,5	-5,8	-5,1
Dividends	0,0	0,0	-124,4
Intangible assets	0,0	0,0	0,0
CET1 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
CET1 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
<b>Total CET1 capital</b>	<b>3.046,1</b>	<b>2.833,3</b>	<b>3.046,5</b>
<b>Other tier 1 capital</b>			
Hybrid tier 1 capital	349,7	349,4	349,6
<b>Deductions from other tier 1 capital</b>			
Other tier 1 capital instruments other fin. inst. (not significant)	0,0	0,0	0,0
Other tier 1 capital instruments other fin. inst. (significant)	0,0	0,0	0,0
<b>Total other tier 1 capital</b>	<b>349,7</b>	<b>349,4</b>	<b>349,6</b>
<b>Total tier 1 capital</b>	<b>3.395,8</b>	<b>3.182,7</b>	<b>3.396,0</b>
<b>Tier 2 capital</b>			
Subordinated loans	349,8	349,6	349,7
<b>Deductions from tier 2 capital</b>			
Tier 2 capital instruments in other fin. inst. (not significant)	0,0	0,0	0,0
Tier 2 capital instruments in other fin. inst. (significant)	0,0	0,0	0,0
<b>Total tier 2 capital</b>	<b>349,8</b>	<b>349,6</b>	<b>349,7</b>
<b>Net primary capital</b>	<b>3.745,6</b>	<b>3.532,3</b>	<b>3.745,7</b>

## Note 3 - Capital adequacy (cont.)

	30.06.2017	30.06.2016	31.12.2016
Governments and central banks	0,0	0,0	0,0
Local and regional authorities	47,4	160,5	135,8
Publicly owned companies	0,0	0,0	0,0
Multilateral development banks	0,0	0,0	0,0
Institutions	185,4	291,4	202,4
Companies	361,7	392,9	454,8
Mass market accounts	1.511,8	1.537,1	1.522,3
Accounts secured against property	12.434,0	12.146,4	12.077,9
Accounts due	113,6	163,5	171,4
Covered bonds	311,2	251,8	232,3
Shares in securities fund	0,0	0,0	0,0
Equity positions	798,8	797,1	810,1
Other exposures	457,4	476,8	480,3
Securitisation	36,1	98,0	62,4
<b>Calculation basis for credit and counterparty risk</b>	<b>16.257,3</b>	<b>16.315,5</b>	<b>16.149,7</b>
<b>Basis of calculation for currency risk</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Basis of calculation for operational risk</b>	<b>1.289,7</b>	<b>1.283,5</b>	<b>1.283,5</b>
<b>Basis of calculation for weakened counterparty credit value (CVA)</b>	<b>248,3</b>	<b>437,5</b>	<b>263,5</b>
<b>Total basis for calculation</b>	<b>17.795,3</b>	<b>18.036,5</b>	<b>17.696,7</b>
CET1 capital ratio	17,12 %	15,71 %	17,21 %
Tier 1 capital ratio	19,08 %	17,65 %	19,19 %
Capital adequacy ratio	21,05 %	19,58 %	21,17 %
<b>Buffers</b>			
Capital conservation buffer	444,9	450,9	442,4
Countercyclical buffer	266,9	180,4	265,5
Systemic risk buffer	533,9	541,1	530,9
Buffer for systemically important banks	0,0	0,0	0,0
<b>Total buffer requirements</b>	<b>1.245,7</b>	<b>1.172,4</b>	<b>1.238,8</b>
<b>Available buffer capital</b>	<b>2.245,3</b>	<b>2.021,6</b>	<b>2.250,1</b>
<b>Tier 1 leverage ratio*)</b>	<b>9,03 %</b>	<b>8,65 %</b>	<b>9,24 %</b>

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

## Note 4 - Losses on loans and guarantees, customers

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	31.12.2016
<b>Individual write-downs</b>					
Individual write-downs at the start of the period	66,7	64,3	67,3	81,0	81,0
- Actual losses for the period, where there have previously been individual write-downs	3,4	1,5	5,6	11,7	14,9
+ Increased individual write-downs for the period	0,9	4,4	2,0	7,8	8,5
+ New individual write-downs for the period	4,5	2,3	9,2	4,6	10,6
- Reversed individual write-downs for the period	3,4	3,3	7,6	15,5	17,9
= <b>Individual write-downs at the end of the period</b>	<b>65,3</b>	<b>66,2</b>	<b>65,3</b>	<b>66,2</b>	<b>67,3</b>
<b>Collective write-downs of loans</b>					
Collective write-downs of loans at the start of the period	40,3	43,4	40,3	43,4	43,4
+/- Change in collective write-downs of loans for the period	0,0	0,0	0,0	0,0	-3,1
= <b>Collective write-downs of loans at the end of the period</b>	<b>40,3</b>	<b>43,4</b>	<b>40,3</b>	<b>43,4</b>	<b>40,3</b>
<b>Loss costs for the period</b>					
Change in individual write-downs for the period	-1,4	1,9	-2,0	-14,8	-13,7
+/- Change in collective write-downs of loans for the period	0,0	0,0	0,0	0,0	-3,1
+ Actual losses for the period, where there have previously been individual write-downs	12,9	1,8	19,1	16,3	22,3
+ Actual losses for the period, where there have previously not been individual write-downs	0,1	1,7	0,2	4,0	8,6
- Recovery of previously identified losses during the period	7,8	1,4	12,9	5,4	11,0
+/- Amortisation cost of write-downs during the period	0,0	0,4	0,7	1,9	3,6
= <b>Losses on loans and guarantees</b>	<b>3,8</b>	<b>4,4</b>	<b>5,1</b>	<b>2,0</b>	<b>6,7</b>

## Note 5 - Non-performing and doubtful commitments, customers

	30.06.2017	30.06.2016	31.12.2016
<b>Gross non-performing commitments (over 90 days)</b>			
Business	16,5	70,1	62,4
+ Retail	153,5	126,6	141,6
= Gross non-performing commitments	170,0	196,7	204,0
- Individual write-downs	65,3	66,0	66,4
= <b>Net non-performing commitments</b>	<b>104,7</b>	<b>130,7</b>	<b>137,6</b>
<b>Impaired (not non-performing) commitments</b>			
Business	1,3	0,0	3,0
+ Retail	0,1	1,3	0,1
= Gross impaired commitments	1,4	1,3	3,1
- Individual write-downs	0,0	0,2	0,9
= <b>Net impaired commitments</b>	<b>1,4</b>	<b>1,1</b>	<b>2,2</b>
<b>Gross non-performing and impaired commitments</b>			
Business	17,8	70,1	65,4
+ Retail	153,6	127,9	141,7
= Gross non-performing and impaired commitments	171,4	198,0	207,1
- Individual write-downs	65,3	66,2	67,3
= <b>Net impaired and non-performing commitments</b>	<b>106,1</b>	<b>131,8</b>	<b>139,8</b>



## Note 6 - Deposits from customers by sector and industry

	30.06.2017	30.06.2016	31.12.2016
Salaried employees	8.796,1	9.398,2	8.927,3
Public administration	393,3	351,5	408,7
Agriculture, forestry and fishing	116,6	123,1	119,1
Industry and mining, power and water supply	822,6	584,3	583,7
Building and construction	375,9	322,3	406,8
Wholesale and retail trade, hotels and restaurants	437,8	433,3	470,3
Transport and communications	202,5	175,3	182,2
Business financial services	1.088,0	1.149,4	1.169,2
Other service industries	744,2	703,3	709,0
Real estate sales and operation	968,3	855,9	816,2
Abroad	92,8	117,1	94,9
<b>Total</b>	<b>14.038,1</b>	<b>14.213,7</b>	<b>13.887,4</b>

## Note 7 - Gross lending to customers by sector and industry

	30.06.2017	30.06.2016	31.12.2016
Salaried employees	26.043,3	25.007,9	25.771,4
Agriculture, forestry and fishing	105,3	96,6	111,2
Industry and mining, power and water supply	89,6	93,1	94,0
Building and construction	364,1	616,2	474,4
Wholesale and retail trade, hotels and restaurants	162,0	262,8	242,3
Transport and communications	51,9	55,3	53,1
Business financial services	129,2	98,4	119,1
Other service industries	707,4	575,1	628,2
Real estate sales and operation	2.512,3	2.365,5	2.276,6
Abroad	29,2	34,2	33,0
<b>Total</b>	<b>30.194,3</b>	<b>29.205,1</b>	<b>29.803,3</b>

## Note 8 - Geographical distribution of gross lending, customers

	30.06.2017	30.06.2016	31.12.2016
Drammen	4.592,5	4.379,9	4.513,1
Nedre Eiker	2.379,2	2.349,9	2.373,0
Øvre Eiker	1.993,0	1.880,1	1.907,9
Rest of Buskerud	2.789,9	2.277,3	2.522,0
Oslo	5.922,6	5.909,6	5.977,3
Akershus	5.567,9	5.727,7	5.668,5
Vestfold	2.712,0	2.447,6	2.569,7
Østfold	1.526,8	1.420,5	1.523,9
Rest of Norway	2.681,2	2.778,3	2.714,9
Abroad	29,2	34,2	33,0
<b>Total</b>	<b>30.194,3</b>	<b>29.205,1</b>	<b>29.803,3</b>

## Note 9 - Credit risk

The risk classification systems are used for decision-making support, monitoring and reporting. The classification systems' risk parameters form 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 various parameters linked to capacity to service debt, payment history and information from an external credit information provider.

The parent bank and Sparebanken Øst Boligkreditt AS's portfolios are based on risk classification consisting of eleven categories: from A to K. Risk class A represents the lowest risk class and risk class K represents the highest risk. In the parent bank and Sparebanken Øst Boligkreditt AS, risk classes J and K consist of commitments for which objective evidence of a default/loss exists and the commitments are subject to special monitoring. As at 30.06.17, the portfolio of AS Financiering has been classified in 11 categories. In previous periods, the portfolio of AS Financiering has been classified in 5 categories and the criteria for classification differ from the parent bank and from Sparebanken Øst Boligkreditt AS. For comparative figures as at 30.06.2016 and 31.12.2016, the classification for the group has therefore been presented as is shown in the below table.

30.06.2017	Gross loans	liability	facilities	write-downs	Commitments	%
A	11.205,8	1,9	1.027,4	0,0	12.235,1	38,4
B	4.975,9	13,0	188,1	0,0	5.177,0	16,3
C	5.572,5	31,3	121,3	0,0	5.725,1	18,0
D	3.627,9	45,5	93,4	0,0	3.766,8	11,8
E	2.752,5	17,8	50,7	0,0	2.821,0	8,9
F	997,5	4,8	22,2	0,0	1.024,5	3,2
G	325,7	0,7	4,9	0,0	331,3	1,0
H	228,7	0,8	1,6	0,0	231,1	0,7
I	115,0	0,0	0,5	0,0	115,5	0,4
J	151,3	1,3	0,0	31,5	152,6	0,5
K	102,0	1,5	0,0	33,8	103,5	0,3
Unallocated	139,5	0,8	7,2	0,0	147,5	0,5
<b>Total</b>	<b>30.194,3</b>	<b>119,4</b>	<b>1.517,3</b>	<b>65,3</b>	<b>31.831,0</b>	<b>100,0</b>

30.06.2016	Gross loans	liability	facilities	write-downs	Commitments	%
A-B (A)	15.808,1	19,7	1.124,1	2,2	16.951,9	55,0
C-D (B)	8.347,0	68,0	191,5	2,6	8.606,5	27,9
E-F (C)	3.809,9	57,9	102,4	22,6	3.970,2	12,9
G-I (D)	900,0	1,2	13,0	24,7	914,2	3,0
J-K (E)	194,3	0,3	0,4	13,1	195,0	0,6
Unallocated	145,8	12,8	35,4	1,0	194,0	0,6
<b>Total</b>	<b>29.205,1</b>	<b>159,9</b>	<b>1.466,8</b>	<b>66,2</b>	<b>30.831,8</b>	<b>100,0</b>

31.12.2016	Gross loans	liability	facilities	write-downs	Commitments	%
A-B (A)	16.329,6	16,1	1.161,2	4,8	17.506,9	55,6
C-D (B)	8.704,3	95,6	251,5	2,6	9.051,4	28,7
E-F (C)	3.675,8	30,8	86,3	21,9	3.792,9	12,0
G-I (D)	795,0	1,5	8,5	20,6	805,0	2,6
J-K (E)	183,5	2,3	0,4	17,3	186,2	0,6
Unallocated	115,1	7,9	29,5	0,1	152,5	0,5
<b>Total</b>	<b>29.803,3</b>	<b>154,2</b>	<b>1.537,4</b>	<b>67,3</b>	<b>31.494,9</b>	<b>100,0</b>

## Note 10 - Classification of financial assets and liabilities

30.06.2017	Fair value		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	536,5	536,5
Net loans to and receivables from financial institutions	0,0	0,0	0,0	0,0	109,6	109,6
Net loans to and receivables from customers	0,0	0,0	0,0	0,0	30.088,7	30.088,7
Certificates and bonds at fair value	4.617,3	53,7	0,0	0,0	0,0	4.671,0
Shares and units	15,0	0,0	433,7	0,0	0,0	448,7
Financial derivatives**	361,6	0,0	0,0	0,0	0,0	361,6
Certificates and bonds, held to maturity	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total financial assets</b>	<b>4.993,9</b>	<b>53,7</b>	<b>433,7</b>	<b>0,0</b>	<b>30.734,8</b>	<b>36.216,1</b>
Liabilities to financial institutions	0,0	0,0	0,0	0,0	61,1	61,1
Deposits from and liabilities to customers	0,0	0,0	0,0	0,0	14.038,1	14.038,1
Financial derivatives**	26,2	0,0	0,0	0,0	0,0	26,2
Securities issued	0,0	0,0	0,0	0,0	18.346,9	18.346,9
Subordinated loan capital	0,0	0,0	0,0	0,0	703,5	703,5
<b>Total financial liabilities</b>	<b>26,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>33.149,6</b>	<b>33.175,8</b>

\* Includes secured debt.

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

30.06.2016	Fair value		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	276,4	276,4
Net loans to and receivables from financial institutions	0,0	0,0	0,0	0,0	10,9	10,9
Net loans to and receivables from customers	0,0	0,0	0,0	0,0	29.095,5	29.095,5
Certificates and bonds at fair value	4.649,6	81,3	0,0	0,0	0,0	4.730,9
Shares and units	24,4	0,0	435,8	0,0	0,0	460,2
Financial derivatives**	565,8	0,0	0,0	0,0	0,0	565,8
Certificates and bonds, held to maturity	0,0	0,0	0,0	201,2	0,0	201,2
<b>Total financial assets</b>	<b>5.239,8</b>	<b>81,3</b>	<b>435,8</b>	<b>201,2</b>	<b>29.382,8</b>	<b>35.340,9</b>
Liabilities to financial institutions	0,0	0,0	0,0	0,0	121,6	121,6
Deposits from and liabilities to customers	0,0	0,0	0,0	0,0	14.213,7	14.213,7
Financial derivatives**	32,8	0,0	0,0	0,0	0,0	32,8
Securities issued	0,0	0,0	0,0	0,0	17.451,8	17.451,8
Subordinated loan capital	0,0	0,0	0,0	0,0	702,9	702,9
<b>Total financial liabilities</b>	<b>32,8</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>32.490,0</b>	<b>32.522,8</b>

\* Includes secured debt.

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

## Note 10 - Classification of financial assets and liabilities (cont.)

31.12.2016	Fair value		Available for sale	Held to maturity	Amortised cost*	Total
	Held for trading	through profit or loss Designated at fair value				
Cash and receivables from central banks	0,0	0,0	0,0	0,0	311,9	311,9
Net loans to and receivables from financial institutions	0,0	0,0	0,0	0,0	9,5	9,5
Net loans to and receivables from customers	0,0	0,0	0,0	0,0	29.695,7	29.695,7
Certificates and bonds at fair value	4.229,7	55,4	0,0	0,0	0,0	4.285,1
Shares and units	14,4	0,0	445,7	0,0	0,0	460,1
Financial derivatives**	369,6	0,0	0,0	0,0	0,0	369,6
Certificates and bonds, held to maturity	0,0	0,0	0,0	205,4	0,0	205,4
<b>Total financial assets</b>	<b>4.613,7</b>	<b>55,4</b>	<b>445,7</b>	<b>205,4</b>	<b>30.017,1</b>	<b>35.337,3</b>
Liabilities to financial institutions	0,0	0,0	0,0	0,0	90,2	90,2
Deposits from and liabilities to customers	0,0	0,0	0,0	0,0	13.887,4	13.887,4
Financial derivatives**	47,5	0,0	0,0	0,0	0,0	47,5
Securities issued	0,0	0,0	0,0	0,0	17.614,6	17.614,6
Subordinated loan capital	0,0	0,0	0,0	0,0	703,5	703,5
<b>Total financial liabilities</b>	<b>47,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>32.295,7</b>	<b>32.343,2</b>

\* Includes secured debt.

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

## Note 11 - Financial assets and liabilities

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

Level 1: Observable market prices in active markets.

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

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

See Note 22 in the annual report for 2016 for further details on individual accounting items.

30.06.2017	Level 1	Level 2	Level 3	Fair value	Book value
<b>Amortised cost</b>					
Cash and receivables from central banks	536,5	0,0	0,0	536,5	536,5
Net loans to and receivables from financial institutions	0,0	0,0	109,6	109,6	109,6
Net loans to and receivables from customers	0,0	0,0	30.089,7	30.089,7	30.088,7
Certificates and bonds	0,0	0,0	0,0	0,0	0,0
<b>Total assets at amortised cost</b>	<b>536,5</b>	<b>0,0</b>	<b>30.199,3</b>	<b>30.735,8</b>	<b>30.734,8</b>
Liabilities to financial institutions	0,0	61,1	0,0	61,1	61,1
Deposits from and liabilities to customers	0,0	14.038,1	0,0	14.038,1	14.038,1
Securities issued	0,0	18.519,9	0,0	18.519,9	18.346,9
Subordinated loan capital	0,0	708,7	0,0	708,7	703,5
<b>Total liabilities at amortised cost</b>	<b>0,0</b>	<b>33.327,8</b>	<b>0,0</b>	<b>33.327,8</b>	<b>33.149,6</b>
<b>Fair value</b>					
Certificates and bonds	0,0	4.671,0	0,0	4.671,0	4.671,0
Shares and units					
- at fair value through profit or loss	15,0	0,0	0,0	15,0	15,0
- available for sale	0,0	0,0	433,7	433,7	433,7
Financial derivatives	0,0	361,6	0,0	361,6	361,6
<b>Total assets at fair value</b>	<b>15,0</b>	<b>5.032,6</b>	<b>433,7</b>	<b>5.481,3</b>	<b>5.481,3</b>
Financial derivatives	0,0	26,2	0,0	26,2	26,2
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>26,2</b>	<b>0,0</b>	<b>26,2</b>	<b>26,2</b>
<b>30.06.2016</b>					
	Level 1	Level 2	Level 3	Fair value	Book value
<b>Amortised cost</b>					
Cash and receivables from central banks	276,4	0,0	0,0	276,4	276,4
Net loans to and receivables from financial institutions	0,0	0,0	10,9	10,9	10,9
Net loans to and receivables from customers	0,0	0,0	29.097,8	29.097,8	29.095,5
Certificates and bonds	0,0	207,5	0,0	207,5	201,2
<b>Total assets at amortised cost</b>	<b>276,4</b>	<b>207,5</b>	<b>29.108,7</b>	<b>29.592,6</b>	<b>29.584,0</b>
Liabilities to financial institutions	0,0	121,6	0,0	121,6	121,6
Deposits from and liabilities to customers	0,0	14.213,7	0,0	14.213,7	14.213,7
Securities issued	0,0	17.431,4	0,0	17.431,4	17.451,8
Subordinated loan capital	0,0	682,9	0,0	682,9	702,9
<b>Total liabilities at amortised cost</b>	<b>0,0</b>	<b>32.449,6</b>	<b>0,0</b>	<b>32.449,6</b>	<b>32.490,0</b>

## Note 11 - Financial assets and liabilities (cont.)

(cont.)	Level 1	Level 2	Level 3	Fair value	Book value
<b>Fair value</b>					
Certificates and bonds	0,0	4.730,9	0,0	4.730,9	4.730,9
Shares and units					
- at fair value through profit or loss	12,2	12,2	0,0	24,4	24,4
- available for sale	0,0	0,0	435,8	435,8	435,8
Financial derivatives	0,0	565,8	0,0	565,8	565,8
<b>Total assets at fair value</b>	<b>12,2</b>	<b>5.308,9</b>	<b>435,8</b>	<b>5.756,9</b>	<b>5.756,9</b>
Financial derivatives	0,0	32,8	0,0	32,8	32,8
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>32,8</b>	<b>0,0</b>	<b>32,8</b>	<b>32,8</b>

31.12.2016	Level 1	Level 2	Level 3	Fair value	Book value
<b>Amortised cost</b>					
Cash and receivables from central banks	311,9	0,0	0,0	311,9	311,9
Net loans to and receivables from financial institutions	0,0	0,0	9,5	9,5	9,5
Net loans to and receivables from customers	0,0	0,0	29.696,2	29.696,2	29.695,7
Certificates and bonds	0,0	208,1	0,0	208,1	205,4
<b>Total assets at amortised cost</b>	<b>311,9</b>	<b>208,1</b>	<b>29.705,7</b>	<b>30.225,7</b>	<b>30.222,5</b>
Liabilities to financial institutions	0,0	90,2	0,0	90,2	90,2
Deposits from and liabilities to customers	0,0	13.887,4	0,0	13.887,4	13.887,4
Securities issued	0,0	17.677,0	0,0	17.677,0	17.614,6
Subordinated loan capital	0,0	699,8	0,0	699,8	703,5
<b>Total liabilities at amortised cost</b>	<b>0,0</b>	<b>32.354,4</b>	<b>0,0</b>	<b>32.354,4</b>	<b>32.295,7</b>
<b>Fair value</b>					
Certificates and bonds	0,0	4.285,1	0,0	4.285,1	4.285,1
Shares and units					
- at fair value through profit or loss	12,8	1,6	0,0	14,4	14,4
- available for sale	0,0	0,0	445,7	445,7	445,7
Financial derivatives	0,0	369,6	0,0	369,6	369,6
<b>Total assets at fair value</b>	<b>12,8</b>	<b>4.656,3</b>	<b>445,7</b>	<b>5.114,8</b>	<b>5.114,8</b>
Financial derivatives	0,0	47,5	0,0	47,5	47,5
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>47,5</b>	<b>0,0</b>	<b>47,5</b>	<b>47,5</b>

Movements in level 3 for items valued at fair value	30.06.2017	30.06.2016	31.12.2016
<b>Balance sheet as at 01.01.</b>	445,7	445,2	445,2
Net gains	2,4	0,0	0,0
Purchase of shares	0,7	0,0	6,3
Disposals	15,1	0,0	0,0
Changes in value	0,0	-9,5	-5,9
Transferred from levels 1 and 2	0,0	0,0	0,0
<b>Balance sheet at end of period</b>	<b>433,7</b>	<b>435,8</b>	<b>445,7</b>

Movement in level 3 in the first half of 2017 relates to items classified as available for sale. Access to NOK 0.7 million concerns the acquisition of shares in Balder Betaling AS. Access in level 3 in the first half of 2017 concerns the sale of shares in Eiendoms kreditt AS. The remuneration was NOK 15.1 million, which resulted in a realised gain of NOK 2.4 million. At the end of the first half of 2017, the investment in Frende Holding AS was valued at NOK 220 million and the investment in Eksportfinans ASA at NOK 195 million.

## Note 12 - Securities issued and subordinated loan capital

Securities issued	30.06.2017	30.06.2016	31.12.2016
Bonds, nominal value	17.949,8	16.861,1	17.228,3
Value adjustments (incl. excess/deficit value)	258,3	451,1	270,2
Accrued interest	138,8	139,6	116,1
<b>Total securities issued</b>	<b>18.346,9</b>	<b>17.451,8</b>	<b>17.614,6</b>

Change in securities issued	30.06.2017	Issued	Due/ redeemed	Change in own holdings	Other changes incl currency	31.12.2016
Bonds, nominal value	8.271,0	300,0	1.093,0	0,0	0,0	9.064,0
Covered bonds, nominal value in NOK	9.381,0	2.500,0	998,0	0,0	0,0	7.879,0
Covered bonds, nominal value in SEK (converted to NOK)	297,8	0,0	0,0	0,0	12,5	285,3
Value adjustments (incl. excess/deficit value)	258,3	0,0	0,0	0,0	-11,9	270,2
Accrued interest	138,8	0,0	0,0	0,0	22,7	116,1
<b>Total securities issued</b>	<b>18.346,9</b>	<b>2.800,0</b>	<b>2.091,0</b>	<b>0,0</b>	<b>23,3</b>	<b>17.614,6</b>

Change in subordinated loan capital and hybrid tier 1 capital loan:	30.06.2017	Issued	Due/ redeemed	Change in own holdings	Other changes incl currency	31.12.2016
Ordinary subordinated loan capital, nominal value	350,0	0,0	0,0	0,0	0,0	350,0
Hybrid tier 1 capital loans, nominal value	350,0	0,0	0,0	0,0	0,0	350,0
Value adjustments (incl. excess/deficit value)	-0,5	0,0	0,0	0,0	0,2	-0,7
Accrued interest	4,0	0,0	0,0	0,0	-0,2	4,2
<b>Total subordinated loan capital and hybrid tier 1 capital loans</b>	<b>703,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>703,5</b>

## Note 13 - Financial derivatives

30/06/2017.			
Fair value through profit or loss	Contract sum	Assets	Liabilities
<b>Currency instruments</b>			
Forward exchange contracts	7,0	0,0	0,0
Currency swap agreements	0,0	0,0	0,0
<b>Total currency instruments</b>	<b>7,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Interest rate instruments</b>			
Interest rate swaps	615,5	0,0	16,1
Interest rate swaps (FRA)	0,0	0,0	0,0
Standardised interest rate swaps (futures)	0,0	0,0	0,0
<b>Total interest instruments</b>	<b>615,5</b>	<b>0,0</b>	<b>16,1</b>
Guarantee to Eksportfinans ASA *)	72,7	1,2	0,0
<b>Total other derivatives</b>	<b>72,7</b>	<b>1,2</b>	<b>0,0</b>
<b>Used for hedge accounting</b>			
	Contract sum	Assets	Liabilities
<b>Currency instruments</b>			
Forward exchange contracts	0,0	0,0	0,0
Currency swap agreements	304,9	0,0	7,5
<b>Total currency instruments</b>	<b>304,9</b>	<b>0,0</b>	<b>7,5</b>
<b>Interest rate instruments</b>			
Interest rate swaps	5.615,0	360,4	2,6
Interest rate swaps (FRA)	0,0	0,0	0,0
Standardised interest rate swaps (futures)	0,0	0,0	0,0
<b>Total interest instruments</b>	<b>5.615,0</b>	<b>360,4</b>	<b>2,6</b>
<b>Total derivatives</b>		<b>361,6</b>	<b>26,2</b>

\*) The amount NOK 1.2 million is the net positive development in guaranteed portfolio as at 30/06/2017 after the annual exchange amount is deducted. The underlying value of the derivative, exclusive of the swap settlement, was positive at NOK 44.2 million as at 30/06/2017.

30.06.2016			
Fair value through profit or loss	Contract sum	Assets	Liabilities
<b>Currency instruments</b>			
Forward exchange contracts	7,0	0,2	0,0
Currency swap agreements	0,0	0,0	0,0
<b>Total currency instruments</b>	<b>7,0</b>	<b>0,2</b>	<b>0,0</b>
<b>Interest rate instruments</b>			
Interest rate swaps	792,6	0,0	23,5
Interest rate swaps (FRA)	0,0	0,0	0,0
Standardised interest rate swaps (futures)	0,0	0,0	0,0
<b>Total interest instruments</b>	<b>792,6</b>	<b>0,0</b>	<b>23,5</b>
Guarantee to Eksportfinans ASA *)	72,7	2,6	0,0
<b>Total other derivatives</b>	<b>72,7</b>	<b>2,6</b>	<b>0,0</b>



## Note 13 - Financial derivatives (cont.)

Used for hedge accounting	Contract		
	sum	Assets	Liabilities
<b>Currency instruments</b>			
Forward exchange contracts	0,0	0,0	0,0
Currency swap agreements	304,9	0,0	9,3
<b>Total currency instruments</b>	<b>304,9</b>	<b>0,0</b>	<b>9,3</b>
<b>Interest rate instruments</b>			
Interest rate swaps	5.715,0	563,0	0,0
Interest rate swaps (FRA)	0,0	0,0	0,0
Standardised interest rate swaps (futures)	0,0	0,0	0,0
<b>Total interest instruments</b>	<b>5.715,0</b>	<b>563,0</b>	<b>0,0</b>
<b>Total derivatives</b>		<b>565,8</b>	<b>32,8</b>

\*) The amount NOK 2.6 million is the net positive development in guaranteed portfolio as at 30.06.2016 after deduction of an annual swap amount. The underlying value of the derivative, exclusive of the swap settlement, was positive at NOK 35.7 million as at 30.06.2016.

31.12.2016 Fair value through profit or loss	Contract		
	sum	Assets	Liabilities
<b>Currency instruments</b>			
Forward exchange contracts	7,0	0,0	0,2
Currency swap agreements	0,0	0,0	0,0
<b>Total currency instruments</b>	<b>7,0</b>	<b>0,0</b>	<b>0,2</b>
<b>Interest rate instruments</b>			
Interest rate swaps	707,6	0,6	11,6
Interest rate swaps (FRA)	0,0	0,0	0,0
Standardised interest rate swaps (futures)	0,0	0,0	0,0
<b>Total interest instruments</b>	<b>707,6</b>	<b>0,6</b>	<b>11,6</b>
Guarantee to Eksportfinans ASA *)	72,7	7,8	0,0
<b>Total other derivatives</b>	<b>72,7</b>	<b>7,8</b>	<b>0,0</b>
<b>Used for hedge accounting</b>			
<b>Currency instruments</b>			
Forward exchange contracts	0,0	0,0	0,0
Currency swap agreements	304,9	0,0	20,1
<b>Total currency instruments</b>	<b>304,9</b>	<b>0,0</b>	<b>20,1</b>
<b>Interest rate instruments</b>			
Interest rate swaps	6.215,0	361,2	15,6
Interest rate swaps (FRA)	0,0	0,0	0,0
Standardised interest rate swaps (futures)	0,0	0,0	0,0
<b>Total interest instruments</b>	<b>6.215,0</b>	<b>361,2</b>	<b>15,6</b>
<b>Total derivatives</b>		<b>369,6</b>	<b>47,5</b>

\*) The amount NOK 7.8 million is the net positive development in guaranteed portfolio as at 31.12.2016 after the annual exchange amount is deducted. The underlying value of the derivative, exclusive of the swap settlement, was positive at NOK 41.0 million as at 31.12.2016.

## Note 14 - Netting rights of financial instruments

The group's netting rights comply with the general rules in Norwegian legislation. Standardised and primarily bilateral ISDA agreements have been entered into with financial institutions that give the parties the right to offset in the event of any non-performance. 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.

	Gross amount	Offset	Book value amount	Amount subject to net settlement	Amount following any net settlement
<b>Exposure as at 30/06/2017.</b>					
Financial derivatives, assets	184,4	0,0	184,4	-7,5	176,9
Financial derivatives, liabilities	7,5	0,0	7,5	-7,5	0,0
<b>Exposure as at 30.06.2016</b>					
Financial derivatives, assets	264,2	0,0	264,2	-9,3	254,9
Financial derivatives, liabilities	9,3	0,0	9,3	-9,3	0,0
<b>Exposure as at 31.12.2016</b>					
Financial derivatives, assets	183,1	0,0	183,1	-20,1	163,0
Financial derivatives, liabilities	20,1	0,0	20,1	-20,1	0,0

## Note 15 - Net interest income

	Q2 2017	Q2 2016	'01.01.- 30.06.2017	'01.01.- 30.06.2016	Full year 2016
Interest income from loans to and receivables from financial institutions	0,4	0,4	0,8	1,2	1,9
Interest income from loans to customers	238,3	246,3	471,8	494,7	955,8
Interest income from certificates and bonds	18,2	20,6	38,6	41,8	79,7
<b>Total interest income</b>	<b>256,9</b>	<b>267,3</b>	<b>511,2</b>	<b>537,7</b>	<b>1.037,4</b>
Interest costs on liabilities to financial institutions	0,8	1,9	1,6	3,8	6,8
Interest on deposits from customers	29,1	34,9	58,7	68,7	132,1
Interest on securities issued	76,5	76,5	158,8	155,8	314,2
Interest on subordinated loan capital	6,5	6,6	13,1	13,4	26,8
Norwegian Banks Guarantee Fund levy*	2,9	0,0	5,7	11,7	11,7
<b>Total interest costs</b>	<b>115,8</b>	<b>119,9</b>	<b>237,9</b>	<b>253,4</b>	<b>491,6</b>
<b>Net interest income</b>	<b>141,1</b>	<b>147,4</b>	<b>273,3</b>	<b>284,3</b>	<b>545,8</b>

\*The Norwegian Banks Guarantee Fund levy will accrue on a monthly basis in 2017. In 2016, the levy was charged in its entirety in the first quarter.

## Note 16 - Net value change and gains/losses on financial instruments

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	2016
Net value change and gains/losses on certificates and bonds	3,6	7,0	13,0	13,0	18,9
Net value change and gains/losses on shares and equity derivatives	0,6	-0,4	5,4	-1,5	17,0
Net value change and gains/losses on basis swaps	0,0	-1,4	0,0	-1,0	-1,0
Net value change and gains/losses on other financial instruments	2,3	20,0	2,5	22,4	40,9
<b>Net value change and gains/losses on financial instruments</b>	<b>6,5</b>	<b>25,2</b>	<b>20,9</b>	<b>32,9</b>	<b>75,8</b>

## Note 17 - Operating costs

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	2016
Payroll, incl. AGA *)	28,2	31,1	67,1	68,7	137,6
Pension costs	3,0	3,5	6,7	7,3	11,2
Other personnel-related costs	1,3	2,0	3,3	3,9	8,0
IT costs	8,4	7,4	17,0	15,2	31,8
Other administrative costs	4,4	4,0	8,2	8,2	16,2
Depreciation/write-downs/value change for non-financial assets	4,9	14,4	9,9	18,8	28,7
Operating costs properties and premises	4,7	5,7	10,1	11,2	19,7
Fees	3,5	4,6	6,9	8,1	12,4
Other operating costs	4,4	4,9	9,6	10,0	18,7
<b>Total operating costs</b>	<b>62,8</b>	<b>77,6</b>	<b>138,8</b>	<b>151,4</b>	<b>284,3</b>

\*) Includes financial tax in 2017.

## Note 18 - Guarantee liability and other items not on the balance sheet

<b>Guarantee liability</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>31.12.2016</b>
Payment guarantees	34,6	73,7	70,1
Contract guarantees	55,4	55,7	55,1
Loan guarantees	14,0	14,0	13,9
Other guarantee liabilities	15,4	16,5	15,1
<b>Total guarantees to customers</b>	<b>119,4</b>	<b>159,9</b>	<b>154,2</b>
Guarantee to Eksportfinans ASA *	72,7	72,7	72,7
<b>Total guarantee liabilities</b>	<b>192,1</b>	<b>232,7</b>	<b>226,9</b>

\* The bank has issued a guarantee to Eksportfinans ASA. The guarantee is a derivative. The value of the derivative exclusive of the swap settlement was positive at NOK 44.2 million as at 30/06/2017 against NOK 41.0 million as at 31.12.2016. As at 30/06/2016, it was positive, amounting to NOK 35.7 million.

<b>Pledges</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>31.12.2016</b>
Bonds, nominal value, pledged as security for borrowing facilities at Norges Bank	481,0	590,0	415,0
<b>Total pledges</b>	<b>481,0</b>	<b>590,0</b>	<b>415,0</b>

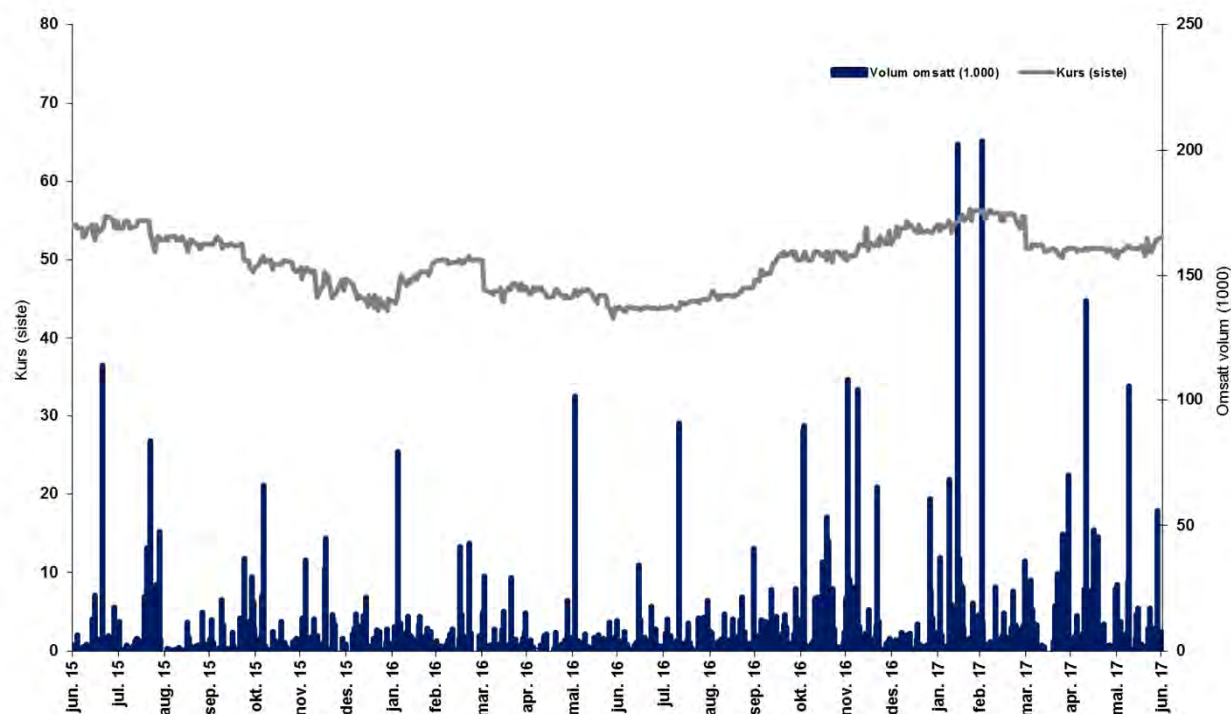
The bank has issued a guarantee for all covered bond commitments in the mortgage credit company in connection the rating process for Sparebanken Øst Boligkreditt AS. Covered bonds amount to a nominal value of NOK 9,678.9 million as at 30.06.2017, NOK 8,164.4 million as at 31.12.2016, and NOK 8,104.1 million as at 30.06.2016. The parent bank's holdings of covered bonds with a nominal value of NOK 500 million as at 30.06.2016 have been withdrawn. At 30.06.17 and 31.12.16, the parent bank has no holdings of covered bonds in Sparebanken Øst Boligkreditt AS.

<b>Preferential rights</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>31.12.2016</b>
Preferential rights in accordance with section 11-15 of the Financial Institutions Act (nominal value)*	9.678,9	8.604,1	8.164,4
<b>Total preferential rights</b>	<b>9.678,9</b>	<b>8.604,1</b>	<b>8.164,4</b>

\* This includes holdings owned by the parent bank with a nominal value of NOK 500 million as at 30.06.2016.

## Note 19 - Equity certificates

Sparebanken Øst (SPOG)



The twenty largest equity certificate holders as at 30.06.2017

Name	Number	%	Name	Number	%
1 MP Pensjon	1.807.105	8,72 %	11 Pareto AS	315.476	1,52 %
2 Directmarketing Invest AS	999.500	4,82 %	12 Profond AS	298.141	1,44 %
3 Verdipapirfondet Eika Utbytte	619.459	2,99 %	13 Wenaasgruppen AS	273.000	1,32 %
4 Storetind AS	574.445	2,77 %	14 Bergen Kommunale Pensjonskass	265.000	1,28 %
5 Hansen, Asbjørn Rudolf	496.443	2,39 %	15 Jal Holding AS	198.104	0,96 %
6 Citibank NA New York (NOM.)	460.987	2,22 %	16 Danske Bank AS (NOM.)	156.842	0,76 %
7 Cape Invest AS	431.609	2,08 %	17 Nordenfjelske Bykreditts Stiftelse	156.318	0,75 %
8 Jag Holding AS	425.900	2,05 %	18 DnB Markets	152.000	0,73 %
9 Foretakskonsulenter AS	385.100	1,86 %	19 Løkke, Helge Arnfinn	148.433	0,72 %
10 AS Andersen Eiendomsselskap	354.500	1,71 %	20 Tomtefeste 1 AS	140.278	0,68 %

### Ownership fraction, parent bank

	01.01.2017	01.01.2016
Equity certificate capital	207,3	207,3
Share premium reserve	387,8	387,8
Equalisation fund (excl. dividend)	296,1	272,8
Proportion available for sale reserve	63,3	68,0
Total numerator (A)	954,5	935,9
Total equity (dividend provisions for the year excluded)	2.636,1	2.484,4
Total denominator (B)	2.636,1	2.484,4
<b>Ownership fraction (A/B) in %</b>	<b>36,21</b>	<b>37,67</b>

## Income Statement - Parent Bank

(Amounts in NOK millions)	Q2 2017	Q2 2016	'01.01.- 30.06.2017	'01.01.- 30.06.2016	Full year 2016
Interest income	160,0	179,8	324,2	361,5	689,4
Interest costs	80,1	88,1	166,6	189,3	357,3
<b>Net interest income</b>	<b>79,9</b>	<b>91,7</b>	<b>157,6</b>	<b>172,2</b>	<b>332,1</b>
Commission income and income from banking services	23,9	23,3	48,1	45,7	94,1
Commission expenses and expenses for banking services	3,1	3,8	7,0	7,7	15,3
Dividend	16,0	26,6	16,0	26,6	81,9
Net value change and gains/losses on financial instruments	10,2	28,6	31,6	35,3	71,1
Other operating income	1,4	1,3	2,9	3,1	5,3
<b>Net other operating income</b>	<b>48,4</b>	<b>76,0</b>	<b>91,6</b>	<b>103,0</b>	<b>237,1</b>
Payroll, etc.	28,2	32,2	64,8	68,0	131,6
Administration costs	10,6	9,7	20,6	19,6	40,7
Depreciation/write-downs/value change for non-financial assets	3,2	2,8	6,3	5,7	11,4
Other operating costs	10,2	12,5	22,6	23,9	43,4
<b>Total operating costs</b>	<b>52,2</b>	<b>57,2</b>	<b>114,3</b>	<b>117,2</b>	<b>227,1</b>
<b>Profit/loss before losses</b>	<b>76,1</b>	<b>110,5</b>	<b>134,9</b>	<b>158,0</b>	<b>342,1</b>
Losses on loans and guarantees	1,2	2,3	2,1	-2,2	-2,8
<b>Profit/loss before tax costs</b>	<b>74,9</b>	<b>108,2</b>	<b>132,8</b>	<b>160,2</b>	<b>344,9</b>
Tax costs	15,2	20,9	29,1	34,2	65,2
<b>Profit/loss after tax</b>	<b>59,7</b>	<b>87,3</b>	<b>103,7</b>	<b>126,0</b>	<b>279,7</b>
Earnings per equity certificate	1,04	1,59	1,81	2,29	5,08
Diluted earnings per equity certificate	1,04	1,59	1,81	2,29	5,08

## Other Comprehensive Income - Parent Bank

(Amounts in NOK millions)	Q2 2017	Q2 2016	'01.01.- 30.06.2017	'01.01.- 30.06.2016	Full year 2016
<b>Profit/loss after tax</b>	<b>59,7</b>	<b>87,3</b>	<b>103,7</b>	<b>126,0</b>	<b>279,7</b>
<b>Items that will not be reclassified to the statement of income</b>					
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	3,1
Tax related to items that cannot be reclassified	0,0	0,0	0,0	0,0	-0,8
<b>Items that may later be reclassified to the statement of income</b>					
Changes in fair value of investments available for sale	0,0	-9,5	0,0	-9,5	-5,9
Tax related to items that can be reclassified	0,0	0,1	0,0	0,1	0,1
<b>Other comprehensive income</b>	<b>59,7</b>	<b>77,9</b>	<b>103,7</b>	<b>116,6</b>	<b>276,2</b>

## Balance Sheet - Parent Bank

(Amounts in NOK millions)	30.06.2017	30.06.2016	31.12.2016
<b>Assets</b>			
Cash and receivables from central banks	536,5	276,4	311,9
Loans to and receivables from financial institutions	2.122,0	2.383,2	1.740,2
Loans to and receivables from customers	17.704,3	17.469,4	19.156,6
Certificates and bonds at fair value	4.514,7	5.178,5	4.129,1
Shares and units	448,7	460,2	460,1
Financial derivatives	177,3	301,6	186,5
Certificates and bonds, held to maturity	0,0	201,2	205,4
Ownership interests in group companies	890,9	888,5	888,5
Deferred tax asset	0,0	15,0	0,0
Tangible fixed assets	76,5	73,1	72,6
Other assets	3,7	4,1	4,2
Prepaid non-accrued costs and earned but not received income	15,7	23,2	15,1
<b>Total assets</b>	<b>26.490,3</b>	<b>27.274,4</b>	<b>27.170,2</b>
<b>Liabilities and equity</b>			
Liabilities to financial institutions	297,7	410,1	325,7
Deposits from and liabilities to customers	14.059,7	14.233,9	13.896,2
Financial derivatives	18,7	23,4	27,4
Securities issued	8.461,4	9.076,3	9.249,5
Other liabilities	140,1	141,6	140,9
Accruals and deferred income	28,5	27,6	25,5
Provisions for accrued costs and liabilities	37,3	57,6	37,3
Deferred tax liability	3,6	0,0	3,6
Subordinated loan capital	703,5	702,9	703,5
<b>Total liabilities</b>	<b>23.750,5</b>	<b>24.673,4</b>	<b>24.409,6</b>
Paid-up equity	595,1	595,1	595,1
Retained earnings	2.041,0	1.879,9	2.165,5
Retained ordinary profit	103,7	126,0	0,0
<b>Total equity</b>	<b>2.739,8</b>	<b>2.601,0</b>	<b>2.760,6</b>
<b>Total liabilities and equity</b>	<b>26.490,3</b>	<b>27.274,4</b>	<b>27.170,2</b>

## Changes in Equity - Parent Bank

(Amounts in NOK millions)	Paid-up equity			Retained earnings					Retained profit
	Total equity	Equity certificates	Share premium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity	
<b>Q2 2017</b>									
<b>Equity as at 31.12.2016</b>	<b>2.760,6</b>	<b>207,3</b>	<b>387,8</b>	<b>379,0</b>	<b>1.573,7</b>	<b>38,1</b>	<b>174,7</b>	<b>0,0</b>	<b>0,0</b>
Profit/loss	103,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	103,7
Changes in fair value of investments in JV/AC	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income</b>	<b>103,7</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>103,7</b>
Dividend to equity certificates holders 2016 - approved	-82,9	0,0	0,0	-82,9	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2016 - approved	-41,5	0,0	0,0	0,0	-41,5	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 30/06/2017.</b>	<b>2.739,8</b>	<b>207,3</b>	<b>387,8</b>	<b>296,1</b>	<b>1.532,1</b>	<b>38,1</b>	<b>174,7</b>	<b>0,0</b>	<b>103,7</b>

Q2 2016	Paid-up equity			Retained earnings					Retained profit
	Total equity	Equity certificates	Share premium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity	
<b>Equity as at 31.12.2015</b>	<b>2.587,0</b>	<b>207,3</b>	<b>387,8</b>	<b>341,2</b>	<b>1.432,1</b>	<b>38,1</b>	<b>180,5</b>	<b>0,0</b>	<b>0,0</b>
Profit/loss	126,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	126,0
Changes in fair value of investments in JV/AC	-9,4	0,0	0,0	0,0	0,0	0,0	-9,4	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income</b>	<b>116,6</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>-9,4</b>	<b>0,0</b>	<b>126,0</b>
Dividend to equity certificates holders 2015 - approved	-68,4	0,0	0,0	-68,4	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2015 - approved	-34,2	0,0	0,0	0,0	-34,2	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 30.06.2016</b>	<b>2.601,0</b>	<b>207,3</b>	<b>387,8</b>	<b>272,8</b>	<b>1.397,9</b>	<b>38,1</b>	<b>171,1</b>	<b>0,0</b>	<b>126,0</b>

2016	Paid-up equity			Retained earnings					Retained profit
	Total equity	Equity certificates	Share premium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity	
<b>Equity as at 31.12.2015</b>	<b>2.587,0</b>	<b>207,3</b>	<b>387,8</b>	<b>341,2</b>	<b>1.432,1</b>	<b>38,1</b>	<b>180,5</b>	<b>0,0</b>	<b>0,0</b>
Profit/loss	279,7	0,0	0,0	105,3	174,4	0,0	0,0	0,0	0,0
Changes in fair value of investments in JV/AC	-5,8	0,0	0,0	0,0	0,0	0,0	-5,8	0,0	0,0
Actuarial gains and losses on defined-benefit plans	2,3	0,0	0,0	0,9	1,4	0,0	0,0	0,0	0,0
<b>Other comprehensive income</b>	<b>276,2</b>	<b>0,0</b>	<b>0,0</b>	<b>106,2</b>	<b>175,8</b>	<b>0,0</b>	<b>-5,8</b>	<b>0,0</b>	<b>0,0</b>
Dividend to equity certificates holders 2015 - approved	-68,4	0,0	0,0	-68,4	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2015 - approved	-34,2	0,0	0,0	0,0	-34,2	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 31.12.2016</b>	<b>2.760,6</b>	<b>207,3</b>	<b>387,8</b>	<b>379,0</b>	<b>1.573,7</b>	<b>38,1</b>	<b>174,7</b>	<b>0,0</b>	<b>0,0</b>



## Cash Flow Statement - Parent Bank

		30.06.2017	30.06.2016	31.12.2016
<b>Operating activities</b>				
Profit/loss before tax costs		132,8	160,2	344,9
Adjusted for:				
Change in net interest income earned and accrued interest costs		39,5	31,6	-3,1
Net payment/disbursement of loans to financial institutions		-281,9	-279,1	362,6
Net receipts/payments of loans to customers		1.450,3	264,7	-1.418,4
Change in certificates and bonds at fair value		-386,2	-624,1	424,2
Change in other assets in connection with operations		10,9	-48,3	-46,2
Net receipts/disbursement of borrowing from financial institutions		1,1	14,1	-39,0
Net receipts/disbursement of deposits from customers		131,5	1.023,2	717,6
Change in other operating liabilities		-20,6	22,3	-13,6
Non-cash items included in profit before tax costs		1,7	-8,3	-4,6
Net gain/loss from investing activities		-3,4	-0,3	-17,9
Net gain/loss from financing activities		0,4	0,6	0,9
Net change in relation to investing activities		0,0	0,0	10,0
Taxes paid for the period		-47,9	-54,2	-51,4
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>1.028,2</b>	<b>502,4</b>	<b>266,0</b>
<b>Investing activities</b>				
Payments on purchases of fixed assets		-10,2	-1,4	-6,8
Proceeds from sale of fixed assets		0,2	0,8	0,9
Net proceeds/costs on the sale/purchase of financial investments		215,2	0,0	9,7
Net payment/disbursement concerning investments in subsidiaries		-2,4	-1,0	-11,0
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>202,8</b>	<b>-1,6</b>	<b>-7,2</b>
<b>Financing activities</b>				
Net incoming/outgoing payments for loans to/from financial institutions		-30,0	-30,0	-60,0
Payments on repayment of securities		-1.093,3	-1.400,7	-1.844,1
Proceeds on issuance of securities		299,9	899,5	1.649,0
Payment of dividend		-82,9	-68,4	-68,4
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>-906,3</b>	<b>-599,6</b>	<b>-323,5</b>
Net change in cash and cash equivalents	<b>A+B+C</b>	324,7	-98,8	-64,7
Cash and cash equivalents as at 01.01.		321,4	386,1	386,1
<b>Holding of cash and cash equivalents at the end of the period</b>		<b>646,1</b>	<b>287,3</b>	<b>321,4</b>

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

## Key figures – Group

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Profitability</b>					
1. Return on equity	12,68	10,24	10,40	10,09	14,42
2. Net interest income as % of average total assets	1,55	1,48	1,43	1,47	1,67
3. Profit/loss after tax as a % of average total assets	1,10	0,88	0,89	0,86	1,21
4. Costs as % of average total assets	0,69	0,85	0,74	0,74	0,88
5. Costs as % of income (before losses on loans/guarantees)	32,57	42,15	39,35	38,52	35,99
6. Costs as % of income (excl. return on financial investments)	36,88	45,81	44,54	44,59	47,37
<b>Balance sheet figures</b>					
7. Net lending to customers	30.088,7	29.749,8	29.695,7	29.713,4	29.095,5
8. Lending growth (quarter)	1,14	0,18	-0,06	2,12	3,16
9. Deposits	14.038,1	13.526,7	13.887,4	13.869,6	14.213,7
10. Deposit growth (quarter)	3,78	-2,60	0,13	-2,42	6,45
11. Average equity	3.179,9	3.090,7	3.070,9	3.051,3	2.964,2
12. Average total assets	36.565,1	36.129,9	35.843,8	35.847,8	35.452,4
<b>Write-downs of impaired and non-performing loans</b>					
13. Losses as % of net loans to customers (OB)	0,05	0,02	0,02	0,04	0,06
14. Write-downs as % of gross lending to customers	0,35	0,36	0,36	0,37	0,38
15. Net impaired and non-performing commitments as % of net loans	0,35	0,35	0,47	0,39	0,45
<b>Financial strength</b>					
16. CET1 capital ratio incl. 50% of retained profit (%)	17,62	17,39	17,21	16,40	16,19
17. CET1 capital ratio (%)	17,12	17,17	17,21	15,70	15,71
18. Tier 1 capital ratio (%)	19,08	19,14	19,19	17,64	17,65
19. Capital adequacy ratio (%)	21,05	21,11	21,17	19,58	19,58
20. Risk-weighted volume (calculation basis)	17.795,3	17.742,1	17.696,7	18.043,9	18.036,5
21. Tier 1 leverage ratio incl. 50% of retained profit (%)	9,27	9,18	9,24	8,97	8,88
22. Tier 1 leverage ratio (%)	9,03	9,08	9,24	8,63	8,65
<b>Liquidity</b>					
23. Deposit coverage ratio	46,66	45,47	46,77	46,68	48,85
24. LCR (%)	295,15	211,58	284,00	217,07	263,83
<b>Branches and full-time equivalents</b>					
25. No. of branches	25	25	25	24	23
26. Full-time equivalents	197	204	209	214	219
<b>Equity certificates</b>					
27. Ownership fraction (parent bank) (%)	36,21	36,21	37,67	37,67	37,67
28. No. of equity certificates	20.731.183	20.731.183	20.731.183	20.731.183	20.731.183
29. Book equity per equity certificate	56,41	54,66	57,30	56,15	54,74
30. Earnings per equity certificate	1,76	1,36	1,46	1,41	1,93
31. Dividend per equity certificate	0,00	0,00	4,00	0,00	0,00
32. Turnover rate	22,27	20,22	20,70	9,28	7,86
33. Price	53,00	51,50	52,00	47,50	44,00

## Key figures description

### Profitability

1. Return on equity	Profit/loss after tax as % of average equity
2. Net interest income as % of average total assets	Net interest income as a % of average total assets
3. Profit/loss after tax as a % of average total assets	Profit/loss after tax as % of average total assets
4. Costs as % of average total assets	Payroll, etc., administrative costs, amortisation and other operating costs as % of average total assets
5. Costs as % of income (before losses on loans/guarantees)	Payroll, etc., administrative costs, amortisation and other operating costs as % of net interest income, dividends, net commission income, net value changes and gains/losses on financial instruments and other operating income
6. Costs as % of income (excl. return on financial investments)	Payroll, etc., administrative costs, amortisation and other operating costs as % of net interest income, net commission income and other operating income

### Balance sheet figures

7. Net lending to customers	Gross lending less write-downs
8. Lending growth (quarter/12 months)	Change in net lending as % of OB net lending. Quarter's figures show growth in the quarter, while the other figure shows the 12-month growth.
9. Deposits	Customer deposits
10. Deposit growth (quarter/12 months)	Change in deposits as % of OB deposits. Quarter's figures show growth in the quarter, while the other figure shows the 12-month growth.
11. Average equity	$(OB \text{ equity less proposed dividends} + CB \text{ equity less proposed dividends}) / 2$
12. Average total assets	Average total assets based on quarterly balance sheet figures

### Write-downs of impaired and non-performing loans

13. Losses as % of net loans to customers (OB)	Losses as a % of OB net loans to customers for the period
14. Write-downs as % of gross lending to customers	Total specified and unspecified write-downs as a % of gross lending to customers
15. Net impaired and non-performing commitments as % of net loans	Net impaired and non-performing commitments as a % of net loans to customers

### Financial strength

16. CET1 capital ratio incl. 50% of retained profit (%)	CET1 capital incl. 50% of retained profit as % of the risk-weighted volume (calculation basis)
17. CET1 capital ratio (%)	CET1 capital as % of the risk-weighted volume (calculation basis)
18. Tier 1 capital ratio (%)	Tier 1 capital as % of the risk-weighted volume (calculation basis)
19. Capital adequacy ratio (%)	Total primary capital as % of the risk-weighted volume (calculation basis)
20. Risk-weighted volume (calculation basis)	Total credit and counterparty risk, currency risk, operational risk and calculation basis for impaired counterparty credit rating (CVA)
21. Tier 1 leverage ratio incl. 50% retained profit (%)	Tier 1 capital incl. 50% of retained profit as % of unweighted calculation basis
22. Tier 1 leverage ratio (%)	Tier 1 capital as % of unweighted calculation basis.

### Liquidity

23. Deposit coverage ratio	Deposits as % of net loans to customers
24. LCR (%)	Liquid assets as % of net payments in a stress scenario lasting 30 days

### Branches and full-time equivalents

25. No. of branches	
26. Full-time equivalents	

### Equity certificates

27. Ownership fraction (parent bank) (%)	Equity certificate holders' proportional of total equity (less proposed dividends) as a % (Basis as at 01.01, time-weighted by issue).
28. No. of equity certificates	Total no. of outstanding equity certificates
29. Book equity per equity certificate	Equity share capital divided by no. of equity certificates. Year's allocation for dividends is included in the calculation.
30. Earnings per equity certificate	Equity share capital's proportion of the group's profit/loss after tax per outstanding equity certificate as at 31 Dec
31. Dividend per equity certificate	Dividend in NOK per equity certificate
32. Turnover rate	Annual turnover rate (traded as % of issued)
33. Price	Last traded

## Financial Performance - Group

(Amounts in NOK millions)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Interest income	256,9	254,3	249,3	250,4	267,3
Interest costs	115,8	122,1	120,2	118,0	119,9
<b>Net interest income</b>	<b>141,1</b>	<b>132,2</b>	<b>129,1</b>	<b>132,4</b>	<b>147,4</b>
Commission income and income from banking services	20,3	21,0	21,3	21,4	20,2
Commission expenses and expenses for banking services	9,8	10,2	10,3	10,1	9,9
Dividend	16,0	0,0	0,0	0,3	26,6
Net value change and gains/losses on financial instruments	6,5	14,4	19,7	23,2	25,2
Other operating income	18,7	22,9	9,2	5,2	6,1
<b>Net operating income</b>	<b>51,7</b>	<b>48,1</b>	<b>39,9</b>	<b>40,0</b>	<b>68,2</b>
Payroll, etc.	32,5	44,6	35,7	41,2	36,6
Administration costs	12,8	12,4	12,3	12,3	11,4
Depreciation/write-downs/value change for non-financial assets	4,9	5,0	5,6	4,3	14,4
Other operating costs	12,6	14,0	12,9	8,6	15,2
<b>Total operating costs</b>	<b>62,8</b>	<b>76,0</b>	<b>66,5</b>	<b>66,4</b>	<b>77,6</b>
<b>Profit/loss before losses</b>	<b>130,0</b>	<b>104,3</b>	<b>102,5</b>	<b>106,0</b>	<b>138,0</b>
Losses on loans and guarantees	3,8	1,3	1,7	3,0	4,4
<b>Profit/loss before tax costs</b>	<b>126,2</b>	<b>103,0</b>	<b>100,8</b>	<b>103,0</b>	<b>133,6</b>
Tax costs	25,7	25,0	20,5	25,6	27,3
<b>Profit/loss after tax</b>	<b>100,5</b>	<b>78,0</b>	<b>80,3</b>	<b>77,4</b>	<b>106,3</b>
Earnings per equity certificate	1,76	1,36	1,46	1,41	1,93
Diluted earnings per equity certificate	1,76	1,36	1,46	1,41	1,93

## Other comprehensive income performance - Group

(Amounts in NOK millions)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Profit/loss after tax</b>	<b>100,5</b>	<b>78,0</b>	<b>80,3</b>	<b>77,4</b>	<b>106,3</b>
<b>Items that will not be reclassified to the statement of income</b>					
Actuarial gains and losses on defined-benefit plans	0,0	0,0	2,9	0,0	0,0
Tax related to items that cannot be reclassified	0,0	0,0	-0,7	0,0	0,0
<b>Items that may later be reclassified to the statement of income</b>					
Changes in fair value of investments available for sale	0,0	0,0	3,6	0,0	-9,5
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,1
<b>Other comprehensive income</b>	<b>100,5</b>	<b>78,0</b>	<b>86,1</b>	<b>77,4</b>	<b>96,9</b>

## Balance sheet performance - Group

(Amounts in NOK millions)	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
<b>Assets</b>					
Cash and receivables from central banks	536,5	313,1	311,9	256,6	276,4
Loans to and receivables from financial institutions	109,6	24,8	9,5	10,1	10,9
Loans to and receivables from customers	30.088,7	29.749,8	29.695,7	29.713,4	29.095,5
Certificates and bonds	4.671,0	4.821,9	4.285,1	4.292,5	4.730,9
Shares and units	448,7	448,1	460,1	460,7	460,2
Financial derivatives	361,6	363,8	369,6	498,6	565,8
Certificates and bonds, held to maturity	0,0	207,4	205,4	203,2	201,2
Investment properties	211,2	241,1	284,3	284,1	284,7
Tangible fixed assets	136,0	135,7	131,4	129,5	127,5
Other assets	86,4	138,9	27,0	22,1	25,6
Prepaid non-accrued costs and earned but not received income	15,4	20,5	14,7	22,1	23,9
<b>Total assets</b>	<b>36.665,1</b>	<b>36.465,1</b>	<b>35.794,7</b>	<b>35.892,9</b>	<b>35.802,6</b>
<b>Liabilities and equity</b>					
Liabilities to financial institutions	61,1	93,2	90,2	121,6	121,6
Deposits from and liabilities to customers	14.038,1	13.526,7	13.887,4	13.869,6	14.213,7
Financial derivatives	26,2	43,9	47,5	44,3	32,8
Securities issued	18.346,9	18.528,5	17.614,6	17.772,8	17.451,8
Other liabilities	162,1	348,9	183,6	178,1	166,9
Accruals and deferred income	31,7	34,9	30,5	45,4	31,9
Provisions for accrued costs and liabilities	38,6	38,6	38,6	59,7	59,7
Deferred tax liability	26,8	17,4	22,7	8,2	8,7
Subordinated loan capital	703,5	703,4	703,5	703,2	702,9
<b>Total liabilities</b>	<b>33.435,0</b>	<b>33.335,5</b>	<b>32.618,6</b>	<b>32.802,9</b>	<b>32.790,0</b>
Paid-up equity	595,1	595,1	595,1	595,1	595,1
Retained earnings	2.456,5	2.456,5	2.581,0	2.244,0	2.244,0
Retained ordinary profit	178,5	78,0	0,0	250,9	173,5
<b>Total equity</b>	<b>3.230,1</b>	<b>3.129,6</b>	<b>3.176,1</b>	<b>3.090,0</b>	<b>3.012,6</b>
<b>Total liabilities and equity</b>	<b>36.665,1</b>	<b>36.465,1</b>	<b>35.794,7</b>	<b>35.892,9</b>	<b>35.802,6</b>