

# QUARTERLY REPORT Q4 2016

( unaudited)



## Interim Report Q4 2016

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## Key figures - Group

Income Statement (Amounts in NOK millions)	4. kvartal 2016	4. kvartal 2015	Full year 2016	Full year 2015
Net interest income	129,1	147,3	545,8	586,7
Net commission income	11,0	11,3	42,7	40,6
Net result from financial assets	19,7	-7,9	102,7	-41,4
Other operating income	9,2	8,0	27,2	61,0
<b>Total net income</b>	<b>169,0</b>	<b>158,7</b>	<b>718,4</b>	<b>646,9</b>
<b>Total operating costs</b>	<b>66,5</b>	<b>76,6</b>	<b>284,3</b>	<b>289,1</b>
<b>Profit/loss before losses</b>	<b>102,5</b>	<b>82,1</b>	<b>434,1</b>	<b>357,8</b>
Losses on loans and guarantees	1,7	4,9	6,7	18,1
<b>Profit/loss before tax costs</b>	<b>100,8</b>	<b>77,2</b>	<b>427,4</b>	<b>339,7</b>
Tax costs	20,5	20,6	96,2	83,7
<b>Profit/loss after tax</b>	<b>80,3</b>	<b>56,6</b>	<b>331,2</b>	<b>256,0</b>

Key figures	4. kvartal 2016	4. kvartal 2015	Året 2016	Året 2015
<b>Profitability</b>				
Return on equity	10,40	7,87	11,23	9,29
Net interest income as % of average total assets	1,43	1,72	1,54	1,72
Profit/loss after tax as % of average total assets	0,89	0,66	0,94	0,75
Costs as % of average total assets	0,74	0,89	0,80	0,85
Costs as % of income (before losses on loans/guarantees)	39,35	48,27	39,57	44,69
Costs as % of income (excl. return on financial investments)	44,54	45,98	46,18	42,00
<b>Balance sheet figures</b>				
Net lending to customers	29.695,7	27.975,8	29.695,7	27.975,8
Lending growth (quarter/12 months)	-0,06	0,96	6,15	-2,52
Deposits	13.887,4	13.159,3	13.887,4	13.159,3
Deposit growth (quarter/12 months)	0,13	-0,38	5,53	-1,77
Average equity	3.070,9	2.851,8	2.950,1	2.755,3
Average total assets	35.843,8	33.961,1	35.420,3	34.067,2
<b>Write-downs of impaired and non-performing loans</b>				
Losses as % of net loans to customers (OB)	0,02	0,07	0,02	0,06
Write-downs as a % of gross lending to customers	0,36	0,44	0,36	0,44
Net impaired and non-performing commitments as a % of net loans	0,47	0,58	0,47	0,58
<b>Financial strength</b>				
CET1 capital ratio (%)	17,21	16,29	17,21	16,29
Tier 1 capital ratio (%)	19,19	18,29	19,19	18,29
Capital adequacy ratio (%)	21,17	20,29	21,17	20,29
Risk-weighted volume (calculation basis)	17.696,7	17.452,6	17.696,7	17.452,6
Tier 1 leverage ratio (%)	9,24	8,97	9,24	8,97
<b>Liquidity</b>				
Deposit coverage ratio	46,77	47,04	46,77	47,04
LCR (%)	284,00	215,80	284,00	215,80
<b>Branches and full-time equivalents</b>				
No. of branches	25	21	25	21
Full-time equivalents	209	226	209	226
<b>Equity certificates</b>				
Ownership fraction (parent bank) (%)*	37,67	38,79	37,67	38,79
No. of equity certificates	20.731.183	20.731.183	20.731.183	20.731.183
Book equity per equity certificate	57,30	55,06	57,30	55,06
Earnings per equity certificate	1,46	1,06	6,02	4,79
Dividend per equity certificate	4,00	3,30	4,00	3,30
Turnover rate	20,70	10,93	12,04	16,02
Price	52,00	47,60	52,00	47,60

\* For ownership fraction at 01.01.2017, see note 19  
For definition of key figures, see page 41

## Board of Directors' Report

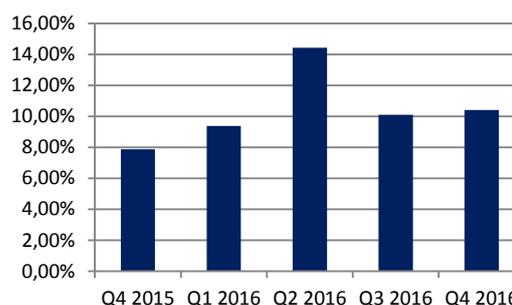
Sparebanken Øst achieved profit after tax of NOK 80.3 million for the fourth quarter of 2016. The results for the quarter are good, with a return on equity of 10.40 per cent. Earnings per equity certificate in the quarter were NOK 1.46. The quarterly result was affected by lower net interests and the deferred settlement of shares in Nets, which were sold in 2014, together with lower costs. Customer loans and deposits remain unchanged during this quarter. The portfolio of net impaired and non-performing commitments remains very low and at the end of the quarter amounts to 0.47 per cent of net lending to customers. Losses remain very modest and amounted to just NOK 1.7 million for the quarter.

The profit after tax for 2016 amounted to NOK 331.2 million, which corresponds to a return on equity of 11.23 per cent. Earnings per equity certificate were NOK 6.02. The board proposes a cash dividend of NOK 4.00 per equity certificate and a social dividend provision worth NOK 41.5 million. The proposed dividends are in line with the bank's dividend policy. The result for 2016 is affected by reduced net interest income, dividends from Frende Holding AS, distribution from Visa Norge FLI, deferred settlement from shares in Nets, which were sold in 2014, income related to amended guarantee liabilities to Eksportfinans ASA, positive changes in the value of securities, and low losses. The bank's CET1 capital ratio is very solid at 17.21 per cent. Net lending to customers has grown by 6.15 per cent in the last 12 months, while deposits have grown by 5.53 per cent in the same period. While Sparebanken Øst has strengthened its physical distribution during 2016 through the opening of branches in Sætre, Røyken, Holmestrand and Sande, the bank has also increased its focus on digitisation in order to further streamline and adapt the bank's operations to changing customer behaviour.

### Profit for the quarter

Sparebanken Øst achieved a profit after tax of NOK 80.3 million for the fourth quarter of 2016. The corresponding profit after tax for the fourth quarter of 2015 was NOK 56.6 million.

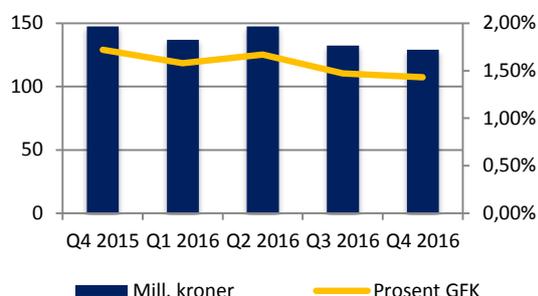
Return on equity in the fourth quarter was 10.40 per cent, compared with 7.87 per cent for the same quarter in 2015. The table below shows the return on equity in the last five quarters.



### Net interest income

Net interest income amounted to NOK 129.1 million in the fourth quarter of 2016, compared with NOK 147.3 million in the same quarter in 2015. Net interest income amounted to 1.43 per cent of average total assets in the fourth quarter of 2016. The corresponding figure for the same quarter in 2015 was 1.72 per cent. Strong competition

and low interest rates are resulting in greater pressure on loan and deposit rates and reduced income from customers. The figure below shows net interest income in per cent and NOK in the last five quarters.



### Net other operating income

Net other operating income encompasses commission income and costs, dividends, net value changes and gains/losses from financial instruments and other income. Net other operating income amounted to NOK 39.9 million in the fourth quarter of 2016, compared with NOK 11.4 million in the same quarter in 2015.

- Net commission income amounted to NOK 11.0 million, a decrease of NOK 0.3 million compared with the same quarter last year.
- No dividends were recognised as income in the fourth quarter of 2016 or the fourth quarter of 2015.
- Net value changes and gains/losses from financial instruments amounted to NOK 19.7 million, an increase of NOK 27.6 million compared with the same period last year. NOK 17.6 million was recorded during the fourth quarter in relation to the final settlement of shares in Nets which were sold in 2014. This included the receipt of a cash settlement of NOK 9.7 million, shares in Visa Inc. worth NOK 6.3 million, and NOK 1.6 million of future cash payments. The deferred settlement is connected to the sale of Visa Europe to Visa Inc.
- Other operating income amounted to NOK 9.2 million in the fourth quarter of 2016, compared with NOK 8.0 million in the

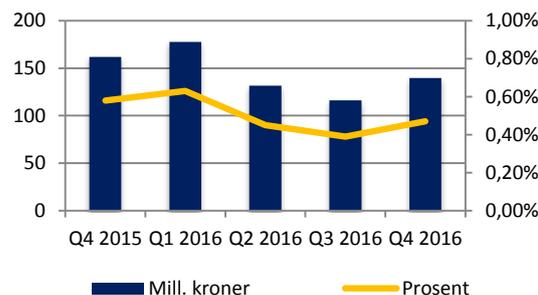
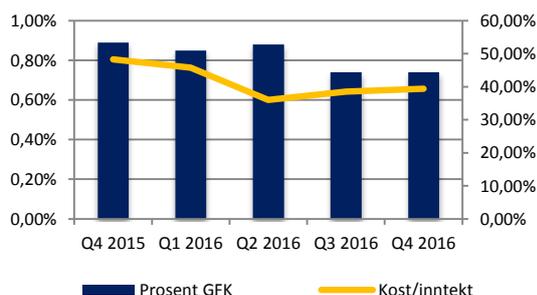
same quarter in 2015. The increase is due to, among other things, gains through the sale of land held by one of the group's subsidiaries.

### Operating costs

Total operating costs amounted to NOK 66.5 million in the fourth quarter of 2016, compared with NOK 76.6 million for the same quarter in 2015. The changes consist of the following:

- Payroll costs amounted to NOK 35.7 million in the fourth quarter of 2016, compared with NOK 43.7 million in the same quarter last year. The reduction is due to salary and pension costs. The number of full-time equivalents was 209 at the end of the fourth quarter. The number of full-time equivalents has fallen by five since the previous quarter and by 17 compared with the fourth quarter of 2015.
- Administrative costs amounted to NOK 12.3 million in the fourth quarter of 2016, compared with NOK 13.7 million in the same quarter in 2015.
- Depreciation and write-downs amounted to NOK 5.6 million, compared with NOK 4.5 million for the same period last year.
- Other operating costs were reduced to NOK 12.9 million in the fourth quarter of 2016, compared with NOK 14.7 million in the same quarter of 2015. The reduction is due to a number of smaller items.

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 compared with the fourth quarter of 2015 and amounted to 0.47 per cent of net lending at the end of the second quarter of 2016. This is down from 0.58 per cent at the end of the same period last year.

Losses on loans to customers amounted to NOK 1.7 million in the fourth quarter of 2016. By comparison, losses on loans amounted to NOK 4.9 million in the fourth quarter of 2015.

Individual write-downs on loans and guarantees amounted to NOK 67.3 million at the end of the fourth quarter of 2016, compared with NOK 81.0 million at the end of the fourth quarter of 2015. The decrease was linked to the identification and recognition of previous individual write-downs. Write-downs on groups of customer loans amounted to NOK 40.3 million at the end of the fourth quarter of 2016, compared with NOK 43.4 million at the end of the fourth quarter of 2015.

The figure below shows net impaired and non-performing commitments in NOK and as a percentage of net lending in the last five quarters. There is no risk of loss connected to the increase in defaults during the fourth quarter of 2016 compared with the third quarter.

### Tax

The effective rate of tax during the fourth quarter of 2016 is less than 25 per cent due to income covered by the exemption method.

### 2016 Result

Sparebanken Øst reported a profit after tax of NOK 331.2 million, which is an increase of NOK 75.2 million compared with 2015. The return on equity in 2016 was 11.23 per cent compared with 9.29 per cent in 2015.

Net interest income amounts to NOK 545.8 million in 2016 and shows a decrease of NOK 40.9 million compared with 2015. Falling lending rates are being partly compensated for by lower deposit rates, but not completely. Prolonged stable and low interest rates are resulting in lower returns on the loans portfolio. The recognition of interest not previously recognised as income contributed to higher net interest income in 2016 compared to 2015.

Net commission income amounted to NOK 42.7 million in 2016, which represents an increase of NOK 2.1 million compared with 2015.

The dividends received from equity instruments amounted to NOK 26.9 million in 2016, compared with NOK 1.3 million in 2015. The amount this year primarily consists 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 75.8 million in 2016, an increase of NOK 118.5 million compared with 2015. The increase is connected to changes in value in the bank's liquidity portfolio worth NOK 64.1 million and income recognised in relation to the bank's guarantee liabilities to Eksportfinans ASA worth NOK 23.8 million, of which NOK 15.7 million is tied to a change in the guarantee liability. Furthermore, NOK 17.6 million was recorded in relation to the final settlement of shares in Nets which were sold in 2014.

Other operating income amounted to NOK 27.2 million in 2016, compared to NOK 61.0 million in 2015. Profit from the sale of properties in 2015 amounted to NOK 34.6 million.

Operating costs for the group in 2016 amounted to NOK 284.3 million compared with NOK 289.1 million in 2015. This reduction is primarily due to salary, pensions and administration costs.

During the second quarter of 2016, a write-down of property worth NOK 10.0 million was carried out by one of the bank's subsidiaries.

Losses on loans to customers amounted to NOK 6.7 million in 2016, compared with NOK 18.1 million in 2015.

Individual write-downs on loans and guarantees amounted to NOK 67.3 million at the end of 2016, compared with NOK 81.0 million at the end of 2015. The decrease was linked to the identification and recognition of previous individual write-downs. Write-downs of groups of loans decreased by NOK 3.1 million during the year compared with 2015, and amounted to NOK 40.3 million at the end of 2016.

### Tax

Dividends from Frende Holding AS are covered by the exemption method. The payments from Visa Norge FLI and final settlement on the shares in Nets sold in 2014 are also deemed to be covered by the exemption method. The effective tax rate was therefore lower than 25 per cent in 2016.

### Proposal for allocation of profit

The board proposes that the profit for the year of the parent bank be allocated as shown below:

(Amounts in NOK millions)

Equity certificate dividend	82.9
To equalisation fund	22.4
<b>To equity certificate holders</b>	<b>105.3</b>
Social dividend	41.5
To primary capital	132.9
<b>To social dividend and primary capital</b>	<b>174.4</b>
<b>Parent bank's profit for the year</b>	<b>279.7</b>

A cash dividend of NOK 4.00 per equity certificate is equivalent to 66.47 per cent of the group profit accruing to equity certificate holders. A provision for the social dividend of NOK 41.5 million is equivalent to 50.05 per cent of the dividend for equity certificate holders.

The total cash dividend and social dividend amounts to NOK 124.4 million, which is equivalent to 44.48 per cent of the parent bank's total profit.

### Balance sheet as at 31.12.2016

Total assets amounted to NOK 35,102.2 million at the end of 2016, compared with NOK 34,035.8 million at the end of 2015.

#### Assets

- Cash and receivables at central banks amounted to NOK 311.9 million as at 31.12.2016, compared with NOK 378.0 million as at 31.12.2015.
- Net loans to financial institutions amounted to NOK 9.5 million as at 30.09.2016, compared with NOK 8.1 million as at 30.09.2015. Lending to financial institutions in Norway involves interbank loans only.

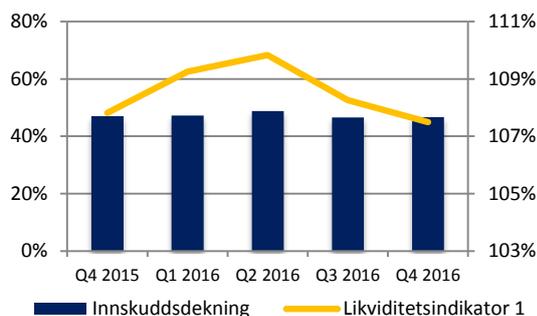
- Net lending to customers amounted to NOK 29,695.7 million as at 30.09.2016, compared with NOK 27,975.8 million as at 30.09.2015. This represents an increase of NOK 1,719.9 million in the last 12 months, or 6.15 per cent. Net lending to retail customers increased by 7.18 per cent, while net lending to business customers was reduced by 0.11 per cent. Gross lending to retail customers accounted for 86.47 per cent of total lending to customers. The risk in the business loans portfolio has been reduced over the last four years. Together with a significant reduction in impaired and non-performing loans, this provides a good basis for growth in business loans in 2016 and subsequent years.
- The holding of certificates and bonds amounted to NOK 4,490.5 million as at 30.09.2016, compared with NOK 4,760.2 million as at 30.09.2015. The holding consists in its entirety of the liquidity portfolio. For the liquidity portfolio, the weighted average term until the agreed maturity has been calculated as 2.36 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 2016.
- 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 2016. 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 is valued at NOK 6.5 million as at 31.12.16. This value primarily consists of cash settlement and rights to shares in Visa Inc. Furthermore, the deferred settlement

following the sale of Nets shares in 2014 has given the bank rights to further shares in Visa Inc. and future cash settlements worth NOK 7.9 million, which have been recorded as income during the fourth quarter of 2016.

#### Liabilities

- Deposits from customers amounted to NOK 13,887.4 million as at 31.12.2016, compared with NOK 13,159.3 million as at 31.12.2015. This is an increase in the last 12 months of NOK 728.1 million or 5.53 per cent. The deposit-to-loan ratio in the group at the end of 2016 was 46.77 per cent, compared to 47.04 per cent at the end of 2015.
- Securities issued amounted to NOK 17,614.6 million as at 31.12.2016, compared with NOK 17,205.3 million as at 31.12.2015. The liquidity situation measured as long-term funding as a percentage of liquid assets (Liquidity Indicator 1) amounted to 107.5 per cent at the end of 2016, compared with 107.8 per cent at the end of 2015. LCR amounted to 284.00 per cent at the end of 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 90.2 million at the end of 2016, compared with NOK 150.3 million as at 31.12.2015.
- Short-term borrowing (defined as borrowing with a remaining term to maturity of less than 1 year) amounted to NOK 2,188.0 million.

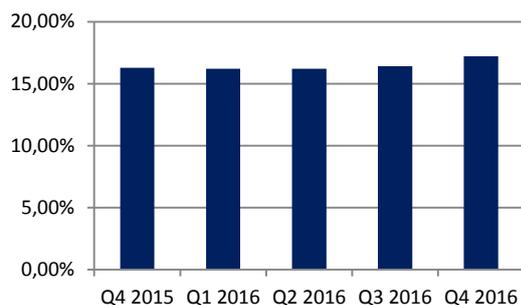
The figure below shows the deposit coverage ration and long-term liquidity as a percentage of illiquid assets in the last five quarters.



### Capital adequacy

- The capital adequacy ratio measured as CET1 capital amounted to 17.21 per cent at the end of 2016, which represents an increase from 16.29 per cent at the end of 2015.
- Unweighted Tier 1 capital ratio represented 9.24 per cent at the end of 2016, compared with 8.97 per cent at the end of 2015. 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.
- Net primary capital amounted to NOK 3,745.7 million at the end of 2016, of which the group's tier 1 capital amounted to NOK 3,396.0 million. With a calculation basis of NOK 17,696.7 million, this corresponds to a capital adequacy ratio of 21.17 per cent, of which 19.19 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 figure below shows the development of CET1 capital (incl. 50 per cent of retained profit) in the last five quarters.



### Macroeconomic developments

2016 was characterised by political surprises such as Brexit and Trump, and it is too early to say how this will affect Norway in the long term. The fall in oil prices, which has characterised the Norwegian economy in recent years, also resulted in weak growth during 2016. Unemployment is at a high level, but is affecting individual regions differently. Our main market in Eastern Norway has seen a decline in unemployment. In line with a range of forecasts, the oil price has increased from around 30 to 55 dollars per barrel over the last year, and this has seen the Norwegian krone strengthen somewhat from its previously low levels. The key interest rate remains historically low at 0.5 per cent, and the Central Bank of Norway believes the risk is at the lower end of the scale. Although lending rates have increased somewhat, house price growth remains high in Eastern Norway, which is a matter of concern to the Central Bank of Norway and the Financial Supervisory Authority of Norway, as this means household credit growth remains high. Wage growth is at its lowest since 1981, and this will potentially affect house prices in the long term. The central government budget for 2017 is similar to those of recent years in being very expansive, and will help to mitigate the impact of low oil investments. Consumer growth will remain important 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 reclassification when renewing commitments. 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.

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 has 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 bank'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 2016.

### 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 14.04.2009 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. The loan-to-asset value ratio for the cover (LTV) at the end of 2016 has fallen to 42.6 per cent. For comparison, the equivalent figure was 45.8 per cent at the end of 2015.

The company's total assets as at 31.12.2016 amounted to NOK 9,628.2 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. Profit after tax shows a profit of NOK 64.9 million at the end of 2016 compared with NOK 80.5 million at the end of 2015. The company has no employees, but procures services from Sparebanken Øst. In the first quarter of 2011, Sparebanken Øst Boligkreditt AS was rated AAA by Moody's.

AS Financiering is a wholly owned financing subsidiary of Sparebanken Øst. Its main product is debenture financing for used cars. The company achieved a profit after tax of NOK 41.4 million at the end of 2016 compared with NOK 39.7 million at the end of 2015. Total assets amounted to NOK 1,743.4 million. At the end of 2016, the company had 21 employees, corresponding to 21 full-time equivalents.

Sparebanken Øst Eiendom AS is a wholly owned subsidiary of Sparebanken Øst and should actively maintain properties belonging to the Sparebanken Øst group. Operating income amounted to NOK 27.6 million in 2016 compared to NOK 63.4 million in 2015. NOK 34.6 million in profit from the sale of property was recognised as income in 2015. The result after tax was a profit of NOK 5.1 million at the end of 2016 compared with NOK 39.2 million for the same period last year. The company has six employees. Its share capital amounts to NOK 35.1 million.

In connection with the presentation of its third quarter report in 2016, Sparebanken Øst reported a letter from the Financial Supervisory Authority of Norway concerning the bank's real estate activities. The bank does not perceive this matter to be controversial or significant to the bank, and continues to adopt the strategy from 2014 relating to the dismantling of its commercial property portfolio.

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 8.8 million at the end of 2016. The deficit was linked to the writing down of property. The company posted a profit of NOK 0.7 million in 2015.

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 2016 was NOK 1.0 million, with a loss after tax of NOK 0.6 million. In 2016, the company employed 6 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 and Sparebanken Vest is the largest shareholder. The company offers P&C and life insurance products to business and retail customers and has around 175,000 customers. Frende Forsikring's head office is in Bergen. In 2016, Sparebanken Øst received dividends from subsidiaries amounting to NOK 10.6 million.

### **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**

The board of Sparebanken Øst approved a minor adjustment to the bank's dividend policy from and including 2016. The change

involves the target for, and level of, dividends on social capital. No changes have been made to the bank's dividend policy for equity certificate holders.

Sparebanken Øst's financial goals for its activities are to achieve results that provide a good, stable return on the bank's equity and to create value for equity certificate holders with competitive returns in the form of dividends and capital appreciation on equity certificates. Profit for the year will be divided between equity certificate holders and social capital in accordance with their respective proportion of the bank's equity.

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

### **Outlook**

The level of uncertainty regarding the Norwegian economy is expected to remain high both in terms of economic growth and employment rates. This will affect the bank's general growth and earnings opportunities. 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 expected to be generally strengthened during 2017, meaning the competitive advantage for Norwegian businesses abroad may decline. Continuing high rates of 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. House prices are expected to rise in the future and increase households' debt burden. Some companies could be affected by the generally lower level of demand and by the situation in the oil sector in particular.

Part of the central government budget for 2017 adopted by the Norwegian Storting is a fiscal tax that results in a 5 percentage point increase to employer social security contributions and a continuation of corporation tax at 25 per cent.

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 105 per cent of non-liquid assets. The bank expects to be able to obtain new funding with margins on a par with those of the major regional banks. The bank believes it is in a good position in the capital markets and aims to ensure simple, open communication with its various investors. The bank's target for its return on equity has been set at 10 per cent over time. The bank expects the regulatory uncertainty to be reduced through the authorities' ongoing overall risk assessments of the bank (SVR) and individual pillar 2 capital requirements.

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 increase slightly. Low interest rates are challenging for the bank's interest margin between loans and deposits. The level of uncertainty regarding macroeconomic developments, the bank's competitiveness, and the development of margins for the bank's borrowing are sources of uncertainty with respect to the bank's earnings and return on equity.

Hokksund, 31 December 2016

Drammen, 07 February 2017

Jorund Rønning Indrelid  
Chair

Knut Smedsrud  
Deputy Chair

Morten André Yttreide  
Board member

Øivind Andersson  
Board member

Hanne Margrete Lenes Solem  
Board member

Elly Therese Thoresen  
Board member

Ole-Martin Solberg  
Employee representative

Inger Helen Pettersen  
employee representatives

Pål Strand  
CEO

## Income Statement – Group

(Amounts in NOK millions)	Note	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Interest income	15	249,3	275,6	1.037,4	1.167,0
Interest costs	15	120,2	128,3	491,6	580,3
<b>Net interest income</b>	15	<b>129,1</b>	<b>147,3</b>	<b>545,8</b>	<b>586,7</b>
Commission income and income from banking services		21,3	21,2	82,4	79,8
Commission expenses and expenses for banking services		10,3	9,9	39,7	39,2
Dividend		0,0	0,0	26,9	1,3
Net value change and gains/losses on financial instruments	16	19,7	-7,9	75,8	-42,7
Other operating income		9,2	8,0	27,2	61,0
<b>Net other operating income</b>		<b>39,9</b>	<b>11,4</b>	<b>172,6</b>	<b>60,2</b>
Payroll, etc.	17	35,7	43,7	156,8	166,8
Administration costs	17	12,3	13,7	48,0	51,7
Depreciation/write-downs/value change for non-financial assets	17	5,6	4,5	28,7	17,9
Other operating costs	17	12,9	14,7	50,8	52,7
<b>Total operating costs</b>	17	<b>66,5</b>	<b>76,6</b>	<b>284,3</b>	<b>289,1</b>
<b>Profit/loss before losses</b>		<b>102,5</b>	<b>82,1</b>	<b>434,1</b>	<b>357,8</b>
Losses on loans and guarantees	4	1,7	4,9	6,7	18,1
<b>Profit/loss before tax costs</b>		<b>100,8</b>	<b>77,2</b>	<b>427,4</b>	<b>339,7</b>
Tax costs		20,5	20,6	96,2	83,7
<b>Profit/loss after tax</b>		<b>80,3</b>	<b>56,6</b>	<b>331,2</b>	<b>256,0</b>
Earnings per equity certificate		1,46	1,06	6,02	4,79
Diluted earnings per equity certificate		1,46	1,06	6,02	4,79

## Total income - Group

(Amounts in NOK millions)	Note	4. kvartal 2016	4. kvartal 2015	Året 2016	Året 2015
<b>Profit/loss after tax</b>		<b>80,3</b>	<b>56,6</b>	<b>331,2</b>	<b>256,0</b>
<b>Items that will not be reclassified to the statement of income</b>					
Actuarial gains and losses on defined-benefit plans		2,9	29,8	2,9	29,8
Tax related to items that cannot be reclassified		-0,7	-7,4	-0,7	-7,4
<b>Items that may later be reclassified to the statement of income</b>					
Changes in fair value of investments available for sale		3,6	18,2	-5,9	18,2
Tax related to items that may be reclassified		0,0	-0,1	0,1	-0,1
<b>Other comprehensive income</b>		<b>86,1</b>	<b>97,1</b>	<b>327,6</b>	<b>296,5</b>

## Balance Sheet – Group

(Amounts in NOK millions)	Note	31.12.2016	31.12.2015
<b>Assets</b>			
Cash and receivables from central banks	10.11	311,9	378,0
Loans to and receivables from financial institutions	10.11	9,5	8,1
Loans to and receivables from customers	4,7,8,10,11	29.695,7	27.975,8
Certificates, bonds, etc. at fair value	10.11	4.285,1	4.554,6
Stocks and units	10.11	460,1	478,1
Financial derivatives	10,11,13,14	369,6	494,7
Certificates and bonds, held to maturity	10.11	205,4	205,6
Investment properties		284,3	249,8
Tangible fixed assets		131,4	131,6
Other assets		27,0	25,3
Prepaid non-accrued costs and earned but not received income		14,7	7,5
<b>Total assets</b>		<b>35.794,7</b>	<b>34.509,1</b>
<b>Liabilities and equity</b>			
Liabilities to financial institutions	10.11	90,2	150,3
Deposits from and liabilities to customers	6,10,11	13.887,4	13.159,3
Financial derivatives	10,11,13,14	47,5	68,4
Securities issued	10,11,12	17.614,6	17.205,3
Tax payable		88,1	98,4
Other liabilities		95,5	68,6
Accruals and deferred income		30,5	34,9
Provisions for accrued costs and liabilities		38,6	59,7
Deferred tax liability		22,7	10,2
Subordinated loan capital	10,11,12	703,5	702,9
<b>Total debt</b>		<b>32.618,6</b>	<b>31.558,0</b>
Paid-up equity		595,1	595,1
Retained earnings		2.581,0	2.356,0
<b>Total equity</b>		<b>3.176,1</b>	<b>2.951,1</b>
<b>Total liabilities and equity</b>		<b>35.794,7</b>	<b>34.509,1</b>

## Changes in Equity - Group

(Amounts in NOK millions)	Paid-up equity				Retained earnings			
	Total equity	Equity certificates	Share mium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity
<b>2016</b>								
<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>
Profit/loss	331,2	0,0	0,0	105,3	174,4	0,0	0,0	51,5
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
Actuarial gains and losses on defined-benefit p	2,2	0,0	0,0	0,9	1,4	0,0	0,0	-0,1
<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>
Dividend to equity certificates holders 2015 - a	-68,4	0,0	0,0	-68,4	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
Changes in endowment fund	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>

	Paid-up equity				Retained earnings			
	Total equity	Equity certificates	Share mium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve	Other equity
<b>2015</b>								
<b>Equity as at 31.12.2014</b>	<b>2.765,7</b>	<b>207,3</b>	<b>387,8</b>	<b>366,3</b>	<b>1.308,0</b>	<b>45,5</b>	<b>162,4</b>	<b>288,4</b>
Profit/loss	256,0	0,0	0,0	70,6	111,5	0,0	0,0	73,9
Changes in fair value of investments in JV/AC	18,1	0,0	0,0	0,0	0,0	0,0	18,1	0,0
Actuarial gains and losses on defined-benefit p	22,4	0,0	0,0	8,0	12,6	0,0	0,0	1,8
<b>Other comprehensive income</b>	<b>296,5</b>	<b>0,0</b>	<b>0,0</b>	<b>78,6</b>	<b>124,1</b>	<b>0,0</b>	<b>18,1</b>	<b>75,7</b>
Dividend to equity certificates holders 2014 - a	-103,7	0,0	0,0	-103,7	0,0	0,0	0,0	0,0
Changes in endowment fund	-7,4	0,0	0,0	0,0	0,0	-7,4	0,0	0,0
<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>

## Cash Flow Statement

(Amounts in NOK millions)		31.12.2016	31.12.2015
<b>Operating activities</b>			
Profit/loss before tax costs		427,4	339,7
Adjusted for:			
Change in net interest income earned and accrued interest costs		-2,3	3,3
Net receipts/payments of loans to customers		-1.700,4	713,3
Change in certificates and bonds at fair value		268,3	-650,3
Change in other assets in connection with operations		-47,8	98,4
Net receipts/disbursement of deposits from financial institutions		0,0	0,0
Net receipts/disbursement of deposits from customers		729,0	-236,1
Change in other operating liabilities		-26,1	-11,5
Non-cash items included in profit before tax costs		15,5	4,5
Net gain/loss from investing activities		-17,9	-35,2
Net gain/loss from financing activities		-0,1	4,0
Taxes paid for the period		-98,4	-105,1
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>-452,8</b>	<b>125,0</b>
<b>Investing activities</b>			
Payments on purchases of fixed assets		-63,9	-87,8
Proceeds from sale of fixed assets		1,2	250,4
Net proceeds/costs on the sale/purchase of financial investments		9,7	1,1
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>-53,0</b>	<b>163,7</b>
<b>Financing activities</b>			
Net incoming/outgoing payments for loans to/from financial institutions		-60,0	-60,0
Payments on repayment of securities		-4.386,4	-3.036,6
Proceeds on issuance of securities		4.955,9	2.808,7
Payment of dividend		-68,4	-103,7
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>441,1</b>	<b>-391,6</b>
Net change in cash and cash equivalents	<b>A+B+C</b>	-64,7	-102,9
Cash and cash equivalents as at 01.01.		386,1	489,0
<b>Holding of cash and cash equivalents at the end of the period</b>		<b>321,4</b>	<b>386,1</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 2015.

The accounting policies and calculation methods remain largely unchanged from the annual financial statements for 2015.

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 affect the application of accounting policies and thus recognised amounts for assets, liabilities, income and costs.

For further details, see the annual report for 2015, Note 3 - Assessments and use of estimates.

### The Visa transaction

Please refer to previous information given in the annual report for 2015 and the Q1, Q2 and Q3 reports for 2016 concerning the sale of Visa Europe Ltd to Norwegian banks' stakes in Visa Europe Ltd were indirectly owned via their membership of Visa Norge FLI and Nets/Teller. In the second quarter, Sparebar cash remuneration amounting to NOK 15.6 million from Visa Norge FLI and the amount was recognised as dividends in the ordinary result. During the fc NOK 17.6 million was recorded in relation to the final settlement of shares in Nets which were sold in 2014. This was received in the form of a cash settler shares in Visa Inc. worth NOK 6.3 million, and NOK 1.6 million of future cash payments. The settlement is connected to the sale of Visa Europe Ltd to Visa Inc.

## 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 other subsidiaries, as well as a non-reportable segment with items that are not allocated to other segments.

### Profit/loss

31.12.2016	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom				
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>

31.12.2015	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom				
Net interest and commission income	339,6	129,8	-26,8	120,0	-5,2		29,6	-0,3	586,7
Other operating income	53,1	12,4	-47,6	-18,8	63,4		0,8	-3,1	60,2
Operating costs	64,1	22,7	0,0	35,6	18,9		156,3	-8,5	289,1
<b>Profit/loss before losses</b>	<b>328,6</b>	<b>119,5</b>	<b>-74,4</b>	<b>65,6</b>	<b>39,3</b>		<b>-125,9</b>	<b>5,1</b>	<b>357,8</b>
Losses on loans and guarantees	-0,2	7,5	0,0	10,8	0,0		0,0	0,0	18,1
<b>Profit/loss before tax costs</b>	<b>328,8</b>	<b>112,0</b>	<b>-74,4</b>	<b>54,8</b>	<b>39,3</b>		<b>-125,9</b>	<b>5,1</b>	<b>339,7</b>
Tax costs	0,0	0,0	0,0	15,1	0,1		67,2	1,3	83,7
<b>Profit/loss after tax</b>	<b>328,8</b>	<b>112,0</b>	<b>-74,4</b>	<b>39,7</b>	<b>39,2</b>		<b>-193,1</b>	<b>3,8</b>	<b>256,0</b>

### Balance sheet

31.12.2016	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom				
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>

31.12.2015	RM	BM	Finance	AS Finansiering	Sparebanken Øst		Unallocated	Eliminations	Group
					Eiendom				
Loans to and receivables from customers	21.914,9	3.906,6	0,0	1.674,3	0,0		666,2	-186,2	27.975,8
Other assets	14,7	0,0	5.145,7	18,3	342,0		2.677,8	-1.665,2	6.533,3
<b>Total assets</b>	<b>21.929,6</b>	<b>3.906,6</b>	<b>5.145,7</b>	<b>1.692,6</b>	<b>342,0</b>		<b>3.344,0</b>	<b>-1.851,4</b>	<b>34.509,1</b>
Deposits from and liabilities to customers	9.354,1	2.445,2	1.258,7	18,2	0,0		118,2	-35,1	13.159,3
Other liabilities/offsetting	12.575,5	1.461,4	3.887,0	1.456,7	228,1		429,9	-1.639,9	18.398,7
Equity	0,0	0,0	0,0	217,7	113,9		2.795,9	-176,4	2.951,1
<b>Total liabilities and equity</b>	<b>21.929,6</b>	<b>3.906,6</b>	<b>5.145,7</b>	<b>1.692,6</b>	<b>342,0</b>		<b>3.344,0</b>	<b>-1.851,4</b>	<b>34.509,1</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 to 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 comparable risk tolerance. See also the group's Pillar III document, which is available from Sparebanken Øst's website.

	31.12.2016	31.12.2015
<b>CET1 capital</b>		
Book equity	3.176,1	2.951,1
<b>Deduction items in CET1 capital</b>		
Additional value adjustments (prudent valuation requirement) (AVA)	-5,1	-5,6
Dividends	-124,4	-102,6
Intangible assets	0,0	-0,1
CET1 capital instruments in other fin. inst. (not significant)	0,0	0,0
CET1 capital instruments in other fin. inst. (significant)	0,0	0,0
<b>Total CET1 capital</b>	<b>3.046,5</b>	<b>2.842,9</b>
<b>Other tier 1 capital</b>		
Hybrid tier 1 capital	349,6	349,3
<b>Deductions from other tier 1 capital</b>		
Other tier 1 capital instruments other fin. inst. (not significant)	0,0	0,0
Other tier 1 capital instruments other fin. inst. (significant)	0,0	0,0
<b>Total other tier 1 capital</b>	<b>349,6</b>	<b>349,3</b>
<b>Total tier 1 capital</b>	<b>3.396,0</b>	<b>3.192,2</b>
<b>Tier 2 capital</b>		
Subordinated loans	349,7	349,5
<b>Deductions from tier 2 capital</b>		
Tier 2 capital instruments in other fin. inst. (not significant)	0,0	0,0
Tier 2 capital instruments in other fin. inst. (significant)	0,0	0,0
<b>Total tier 2 capital</b>	<b>349,7</b>	<b>349,5</b>
<b>Net primary capital</b>	<b>3.745,7</b>	<b>3.541,7</b>

## Note 3 - Capital adequacy (cont.)

	31.12.2016	31.12.2015
Governments and central banks	0,0	0,0
Local and regional authorities	135,8	162,1
Publicly owned companies	0,0	0,0
Multilateral development banks	0,0	0,0
Institutions	202,4	272,0
Companies	454,8	433,1
Mass market accounts	1.522,3	1.553,7
Accounts secured against property	12.077,9	11.541,0
Accounts due	171,4	178,0
Covered bonds	232,3	239,6
Shares in securities fund	0,0	0,0
Equity positions	810,1	827,7
Other exposures	480,3	427,0
Securitisation	62,4	65,4
<b>Calculation basis for credit and counterparty risk</b>	<b>16.149,7</b>	<b>15.699,5</b>
<b>Basis of calculation for currency risk</b>	<b>0,0</b>	<b>0,0</b>
<b>Basis of calculation for operational risk</b>	<b>1.283,5</b>	<b>1.393,5</b>
<b>Basis of calculation for weakened counterparty credit value (CVA)</b>	<b>263,5</b>	<b>359,5</b>
<b>Total basis for calculation</b>	<b>17.696,7</b>	<b>17.452,6</b>
CET1 capital ratio	17,21 %	16,29 %
Tier 1 capital ratio	19,19 %	18,29 %
Capital adequacy ratio	21,17 %	20,29 %
<b>Buffers</b>		
Capital conservation buffer	442,4	436,3
Countercyclical buffer	265,5	174,5
Systemic risk buffer	530,9	523,6
Buffer for systemically important banks	0,0	0,0
<b>Total buffer requirements</b>	<b>1.238,8</b>	<b>1.134,4</b>
<b>Available buffer capital</b>	<b>2.250,1</b>	<b>2.057,5</b>
<b>Tier 1 leverage ratio*)</b>	<b>9,24 %</b>	<b>8,97 %</b>

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

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

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
<b>Individual write-downs</b>				
Individual write-downs at the start of the period	65,5	91,1	81,0	94,3
- Actual losses for the period, where there have previously been individual write-downs	1,0	8,0	14,9	12,5
+ Increased individual write-downs for the period	0,0	1,0	8,5	9,7
+ New individual write-downs for the period	4,2	-0,9	10,6	9,7
- Reversed individual write-downs for the period	1,4	2,2	17,9	20,2
= <b>Individual write-downs at the end of the period</b>	<b>67,3</b>	<b>81,0</b>	<b>67,3</b>	<b>81,0</b>
<b>Collective write-downs of loans</b>				
Collective write-downs of loans at the start of the period	43,4	43,4	43,4	43,4
+/- Change in collective write-downs of loans for the period	-3,1	0,0	-3,1	0,0
= <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>Loss costs for the period</b>				
Change in individual impairment for the period	1,8	-10,1	-13,7	-13,3
+/- Change in collective write-downs of loans for the period	-3,1	0,0	-3,1	0,0
+ Actual losses for the period, where there have previously been individual write-downs	1,1	12,3	22,3	19,9
+ Actual losses for the period, where there have previously not been individual write-downs	2,3	6,3	8,6	13,5
- Recovery of previously identified losses during the period	1,3	5,4	11,0	9,5
+/- Amortisation cost of write-downs during the period	0,9	1,8	3,6	7,5
= <b>Losses on loans and guarantees</b>	<b>1,7</b>	<b>4,9</b>	<b>6,7</b>	<b>18,1</b>

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

	31.12.2016	31.12.2015
<b>Gross non-performing commitments (over 90 days)</b>		
Business	62,4	104,7
+ Retail	141,6	128,7
= Gross non-performing commitments	204,0	233,4
- Individual write-downs	66,4	80,0
= <b>Net non-performing commitments</b>	<b>137,6</b>	<b>153,4</b>
<b>Impaired (not non-performing) commitments</b>		
Business	3,0	7,7
+ Retail	0,1	1,8
= Gross impaired commitments	3,1	9,5
- Individual write-downs	0,9	1,0
= <b>Net impaired commitments</b>	<b>2,2</b>	<b>8,5</b>
<b>Gross non-performing and impaired commitments</b>		
Business	65,4	112,4
+ Retail	141,7	130,5
= Gross non-performing and impaired commitments	207,1	242,9
- Individual write-downs	67,3	81,0
= <b>Net impaired and non-performing commitments</b>	<b>139,8</b>	<b>161,9</b>

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

	31.12.2016	31.12.2015
Salaried employees	8.927,3	8.517,5
Public administration	408,7	339,4
Agriculture, forestry and fishing	119,1	136,9
Industry and mining, power and water supply	583,7	446,9
Construction and plant	406,8	361,6
Wholesale and retail trade, hotels and restaurants	470,3	455,1
Transport and communications	182,2	167,0
Business financial services	1.169,2	1.175,5
Other service industries	709,0	693,5
Real estate sales and operation	816,2	761,2
Abroad	94,9	104,7
<b>Total</b>	<b>13.887,4</b>	<b>13.159,3</b>

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

	31.12.2016	31.12.2015
Salaried employees	25.771,4	24.049,8
Agriculture, forestry and fishing	111,2	130,2
Industry and mining, power and water supply	94,0	93,1
Construction and plant	474,4	587,9
Wholesale and retail trade, hotels and restaurants	242,3	284,4
Transport and communications	53,1	56,5
Business financial services	119,1	87,3
Other service industries	628,2	532,7
Real estate sales and operation	2.276,6	2.248,7
Abroad	33,0	29,6
<b>Total</b>	<b>29.803,3</b>	<b>28.100,2</b>

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

	31.12.2016	31.12.2015
Drammen	4.513,1	4.168,1
Nedre Eiker	2.373,0	2.335,7
Øvre Eiker	1.907,9	1.894,4
Rest of Buskerud	2.522,0	2.211,6
Oslo	5.977,3	5.543,4
Akershus	5.668,5	5.384,9
Vestfold	2.569,7	2.358,8
Østfold	1.523,9	1.317,9
Rest of Norway	2.714,9	2.855,8
Abroad	33,0	29,6
<b>Total</b>	<b>29.803,3</b>	<b>28.100,2</b>

## Note 9 - Credit risk

The risk classification system is 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.

In the first quarter the bank made changes to the risk classification model for the retail market in order to differentiate between the risk in 2016, the bank reviewed the classification of all retail customers and smaller customer commitments in the category of self-employed base changes made to the model.

<b>31.12.2016</b>	<b>Gross loans</b>	<b>Guarantee liability</b>	<b>Overdraft facilities</b>	<b>Individual write-downs</b>	<b>Commitments</b>	<b>%</b>
Low risk	16.329,6	16,1	1.161,2	4,8	17.506,9	55,6
Moderate risk	8.704,3	95,6	251,5	2,6	9.051,4	28,7
Normal risk	3.675,8	30,8	86,3	21,9	3.792,9	12,0
Reasonably high risk	795,0	1,5	8,5	20,6	805,0	2,6
High risk	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>

<b>31.12.2015</b>	<b>Gross loans</b>	<b>liability</b>	<b>facilities</b>	<b>write-downs</b>	<b>Commitments</b>	<b>%</b>
Low risk	18.932,1	24,3	1.166,7	1,3	20.123,1	67,5
Moderate risk	5.178,8	59,0	229,0	2,1	5.466,8	18,3
Normal risk	2.875,7	54,7	153,9	23,8	3.084,3	10,3
Reasonably high risk	570,2	2,4	11,8	21,7	584,4	2,0
High risk	337,8	2,1	0,8	31,7	340,7	1,1
Unallocated	205,6	1,2	24,6	0,4	231,4	0,8
<b>Total</b>	<b>28.100,2</b>	<b>143,7</b>	<b>1.586,8</b>	<b>81,0</b>	<b>29.830,7</b>	<b>100,0</b>

## Note 10 - Classification of financial assets and liabilities

31.12.2016	Fair value through profit or loss		Available for sale	Held to maturity	Amortised cost*	Total
	Held for trading	Designated at fair value				
Cash and receivables from central banks	0,0	0,0	0,0	0,0	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>#####</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>#####</b>

\* Includes secured debt.

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

31.12.2015	Fair value through profit or loss		Available for sale	Held to maturity	Amortised cost*	Total
	Held for trading	Designated at fair value				
Cash and receivables from central banks	0,0	0,0	0,0	0,0	378,0	378,0
Net loans to and receivables from financial institutions	0,0	0,0	0,0	0,0	8,1	8,1
Net loans to and receivables from customers	0,0	0,0	0,0	0,0	27.975,8	27.975,8
Certificates and bonds at fair value	4.471,8	82,8	0,0	0,0	0,0	4.554,6
Shares and units	32,9	0,0	445,2	0,0	0,0	478,1
Financial derivatives**	494,7	0,0	0,0	0,0	0,0	494,7
Certificates and bonds, held to maturity	0,0	0,0	0,0	205,6	0,0	205,6
<b>Total financial assets</b>	<b>4.999,4</b>	<b>82,8</b>	<b>445,2</b>	<b>205,6</b>	<b>28.361,9</b>	<b>#####</b>
Liabilities to financial institutions	0,0	0,0	0,0	0,0	150,3	150,3
Deposits from and liabilities to customers	0,0	0,0	0,0	0,0	13.159,3	13.159,3
Financial derivatives**	68,4	0,0	0,0	0,0	0,0	68,4
Securities issued	0,0	0,0	0,0	0,0	17.205,3	17.205,3
Subordinated loan capital	0,0	0,0	0,0	0,0	702,9	702,9
<b>Total financial liabilities</b>	<b>68,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>31.217,8</b>	<b>#####</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 trading prices in active markets

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

Level 3: Valuation techniques not based on observable market data

See Note 23 in the annual report for 2015 for further details on individual accounting items.

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>
<b>31.12.2015</b>					
<b>Amortised cost</b>					
Cash and receivables from central banks	378,0	0,0	0,0	378,0	378,0
Net loans to and receivables from financial institutions	0,0	0,0	8,1	8,1	8,1
Net loans to and receivables from customers	0,0	0,0	27.978,2	27.978,2	27.975,8
Certificates and bonds	0,0	216,0	0,0	216,0	205,6
<b>Total assets at amortised cost</b>	<b>378,0</b>	<b>216,0</b>	<b>27.986,3</b>	<b>28.580,3</b>	<b>28.567,5</b>
Liabilities to financial institutions	0,0	150,3	0,0	150,3	150,3
Deposits from and liabilities to customers	0,0	13.159,3	0,0	13.159,3	13.159,3
Securities issued	0,0	17.092,2	0,0	17.092,2	17.205,3
Subordinated loan capital	0,0	691,9	0,0	691,9	702,9
<b>Total liabilities at amortised cost</b>	<b>0,0</b>	<b>31.093,7</b>	<b>0,0</b>	<b>31.093,7</b>	<b>31.217,8</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	4.554,6	0,0	4.554,6	4.554,6
Shares and units					
- at fair value through profit or loss	13,1	19,8	0,0	32,9	32,9
- available for sale	0,0	0,0	445,2	445,2	445,2
Financial derivatives	0,0	494,7	0,0	494,7	494,7
<b>Total assets at fair value</b>	<b>13,1</b>	<b>5.069,1</b>	<b>445,2</b>	<b>5.527,4</b>	<b>5.527,4</b>
Financial derivatives	0,0	68,4	0,0	68,4	68,4
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>68,4</b>	<b>0,0</b>	<b>68,4</b>	<b>68,4</b>

<b>Movements in level 3 for items valued at fair value</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
<b>Balance sheet as at 01.01.</b>	445,2	428,0
Net gains	0,0	0,1
Purchase of shares	6,3	0,0
Disposals	0,0	1,1
Changes in value	-5,9	18,2
Transferred from levels 1 and 2	0,0	0,0
<b>Balance sheet at end of period</b>	<b>445,7</b>	<b>445,2</b>

Access shares worth NOK 6.3 million in 2016 applies to shares in Visa Inc.

The negative change in value worth NOK 5.9 million belongs to the category "available for sale" and applies to changes in value that are recognised and/or reversed. The sum includes net reversal of value changes connected to Visa FLI of NOK -10.9 million, negative value changes on Eksportfinans ASA of NOK 5.0 million, and positive value changes on Frende Holding AS of NOK 10.0 million. At the end of the fourth quarter of 2016, investment in Eksportfinans ASA is valued at NOK 195.0 million. Frende Holding AS is valued at NOK 220.0 million and VISA FLI at NOK 6.5 million.

## Note 12 - Securities issued subordinated loan capital

Securities issued	31.12.2016 #####	
Bonds, nominal value	17.228,3	16.680,0
Value adjustments (incl. excess/deficit value)	270,2	388,6
Accrued interest	116,1	136,7
<b>Total securities issued</b>	<b>17.614,6</b>	<b>17.205,3</b>

Change in securities issued	#####	Issued	Due/redeemed	Change own holdings	Other changes incl. currency	#####
Bonds, nominal value	9.064,0	1.650,0	1.843,0	0,0	0,0	9.257,0
Covered bonds, nominal value in NOK	7.879,0	3.000,0	2.544,0	0,0	0,0	7.423,0
Covered bonds, nominal value in SEK (converted to NOK)	285,3	304,8	0,0	0,0	-19,5	0,0
Value adjustments (incl. excess/deficit value)	270,2	0,0	0,0	0,0	-118,4	388,6
Accrued interest	116,1	0,0	0,0	0,0	-20,6	136,7
<b>Total securities issued</b>	<b>17.614,6</b>	<b>4.954,8</b>	<b>4.387,0</b>	<b>0,0</b>	<b>-158,5</b>	<b>17.205,3</b>

Change in subordinated loan capital and hybrid tier 1 capital	#####	Issued	Due/redeemed	Change own holding	Other changes incl. currency	31.12.2015
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)	-0,7	0,0	0,0	0,0	0,5	-1,2
Accrued interest	4,2	0,0	0,0	0,0	0,1	4,1
<b>Total subordinated loan capital and hybrid tier 1 capital</b>	<b>703,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,6</b>	<b>702,9</b>

## Note 13 - Financial derivatives

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 exclusive of the swap settlement, was positive at NOK 41.0 million as at 31.12.2016.

31.12.2015

Fair value through profit or loss	Contract sum	Assets	Liabilities
<b>Currency instruments</b>			
Forward exchange contracts	7,0	0,0	0,1
Currency swap agreements	136,4	0,0	28,0
<b>Total currency instruments</b>	<b>143,4</b>	<b>0,0</b>	<b>28,1</b>
<b>Interest rate instruments</b>			
Interest rate swaps	767,6	0,0	24,0
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>767,6</b>	<b>0,0</b>	<b>24,0</b>
Guarantee to Eksportfinans ASA *)	242,0	0,0	10,7
<b>Total other derivatives</b>	<b>242,0</b>	<b>0,0</b>	<b>10,7</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	0,0	0,0	0,0
<b>Total currency instruments</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Interest rate instruments</b>			
Interest rate swaps	6.215,0	494,7	5,6
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>494,7</b>	<b>5,6</b>
<b>Total derivatives</b>		<b>494,7</b>	<b>68,4</b>

\*) The amount of NOK 10.7 million is the net negative value adjustment in the guaranteed portfolio as at 31.12.15 after deduction of an annual swap amount. The underl exclusive of the swap settlement, was positive at NOK 31.7 million as at 31.12.2015.

## 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-performan 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 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
<b>Exposure as at 31.12.2015</b>					
Financial derivatives, assets	212,2	0,0	212,2	0,0	212,2
Financial derivatives, liabilities	0,0	0,0	0,0	0,0	0,0

## Note 15 - Net interest income

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Interest income from loans to and receivables from financial institutions	0,4	0,8	1,9	3,9
Interest income from loans to customers	230,4	254,0	955,8	1.079,0
Interest income from certificates and bonds	18,5	20,7	79,7	83,5
Other interest income	0,0	0,1	0,0	0,6
<b>Total interest income</b>	<b>249,3</b>	<b>275,6</b>	<b>1.037,4</b>	<b>1.167,0</b>
Interest costs on liabilities to financial institutions	1,2	2,1	6,8	8,0
Interest on deposits from customers	30,8	37,6	132,1	194,9
Interest on securities issued	81,4	78,9	314,2	337,5
Interest on subordinated loan capital	6,8	6,8	26,8	28,5
Norwegian Banks Guarantee Fund levy*	0,0	2,9	11,7	11,4
<b>Total interest costs</b>	<b>120,2</b>	<b>128,3</b>	<b>491,6</b>	<b>580,3</b>
<b>Net interest income</b>	<b>129,1</b>	<b>147,3</b>	<b>545,8</b>	<b>586,7</b>

\* The Norwegian Banks Guarantee Fund levy for 2016 was recognised in full in the financial statements in the first quarter of 2016. In 2015, the levy was subject to monthly

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

	4. kvartal 2016	4. kvartal 2015	Året 2016	Året 2015
Net value change and gains/losses on certificates and bonds	-4,5	-11,1	18,9	-36,2
Net value change and gains/losses on shares and equity derivatives	18,0	3,1	17,0	4,1
Net value change and gains/losses on basis swaps	0,0	-1,1	-1,0	-12,7
Net value change and gains/losses on other financial instruments	6,2	1,2	40,9	2,1
<b>Net value change and gains/losses on financial instruments</b>	<b>19,7</b>	<b>-7,9</b>	<b>75,8</b>	<b>-42,7</b>

## Note 17 - Operating costs

	4. kvartal 2016	4. kvartal 2015	Året 2016	Året 2015
Payroll, incl. AGA	32,9	38,1	137,6	143,0
Pension costs	0,5	3,4	11,2	15,6
Other personnel-related costs	2,3	2,4	8,0	8,2
IT costs	8,2	8,2	31,8	31,8
Other administrative costs	4,1	5,3	16,2	19,9
Depreciation/write-downs/value change for non-financial assets	5,6	4,5	28,7	17,9
Operating costs properties and premises	4,3	5,5	19,7	22,2
Fees	1,9	2,9	12,4	11,5
Other operating costs	6,7	6,3	18,7	19,0
<b>Total operating costs</b>	<b>66,5</b>	<b>76,6</b>	<b>284,3</b>	<b>289,1</b>

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

<b>Guarantee liability</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Payment guarantees	70,1	60,5
Contract guarantees	55,1	53,0
Loan guarantees	13,9	4,5
Other guarantee liabilities	15,1	25,7
<b>Total guarantees to customers</b>	<b>154,2</b>	<b>143,7</b>
Guarantee to Eksportfinans ASA *	72,7	100,0
<b>Total guarantee liabilities</b>	<b>226,9</b>	<b>243,7</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 4 NOK 31.7 million at 31.12.2015. Up to 30.04.2016, the bank had an agreement concerning partial risk-related relief from another financial institution that reduced the bank's guarantee liabilities. At 31.03.2016, the bank's net guarantee liability with respect to Eksportfinans ASA was NOK 30.0 million. Following relief from another financial institution the bank's total guarantee liability is NOK 72.6 million.

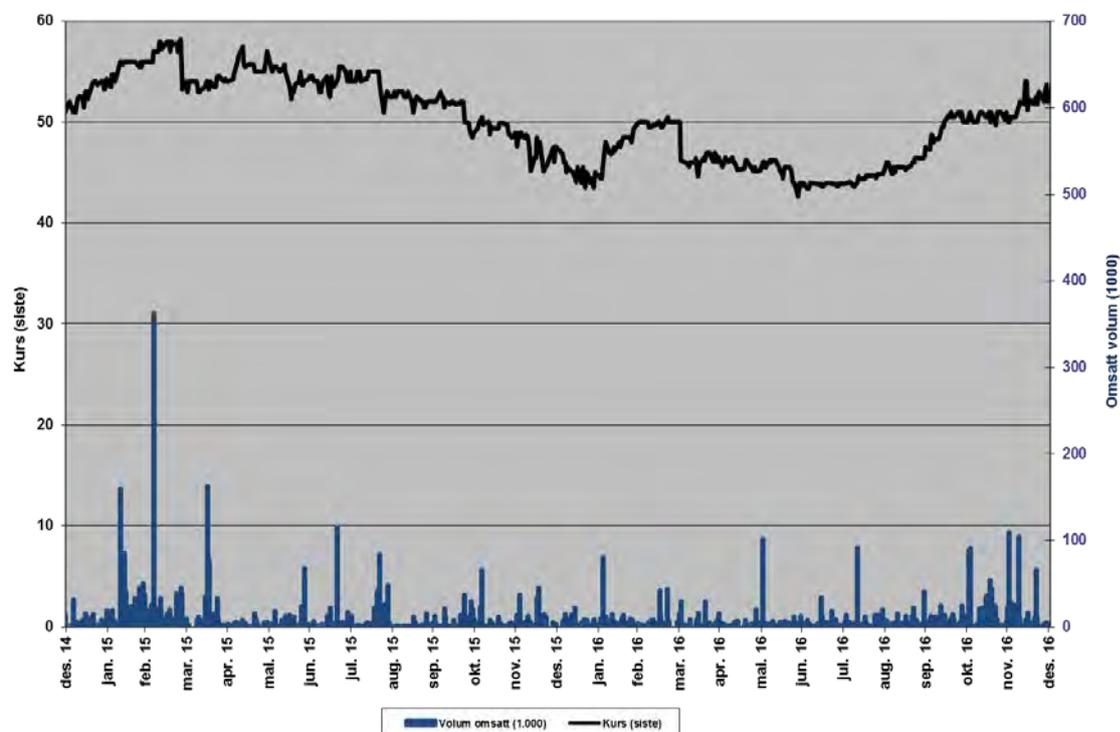
<b>Pledges</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Bonds, nominal value, pledged as security for borrowing facilities at Norges Bank	415,0	645,0
<b>Total pledges</b>	<b>415,0</b>	<b>645,0</b>

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 amount to a nominal value of NOK 8,164.4 million as at 31.12.2016, and NOK 7,423.0 million as at 31.12.2015.

<b>Preferential rights</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Preferential rights in accordance with section 11-15 of the Financial Institutions Act (nominal value)*	8.164,4	7.423,0
<b>Total preferential rights</b>	<b>8.164,4</b>	<b>7.423,0</b>

## Note 19 - Equity certificates

Sparebanken Øst (SPOG)



The twenty largest equity certificate holders as at 31.12.2016.

Name	Number	%	Name	Number	%
1 MP Pensjon	2.012.218	9,71 %	11 Profond AS	317.723	1,53 %
2 Directmarketing Invest AS	999.500	4,82 %	12 Wenaasgruppen AS	273.000	1,32 %
3 Storetind AS	641.000	3,09 %	13 Bergen Kommunale Pensjonskas	265.000	1,28 %
4 Pareto AS	584.070	2,82 %	14 Hustadlitt AS	229.531	1,11 %
5 Citibank NA New York (NOM.)	553.822	2,67 %	15 Jal Holding AS	198.104	0,96 %
6 Verdipapirfondet Eika Utbytte	512.262	2,47 %	16 Danske Bank AS (NOM.)	162.571	0,78 %
7 Hansen, Asbjørn Rudolf	466.443	2,25 %	17 Nordenfjelske Bykreditts Stiftels	156.318	0,75 %
8 Jag Holding AS	425.900	2,05 %	18 Løkke, Helge Arnfinn	148.433	0,72 %
9 Foretakskonsulenter AS	385.100	1,86 %	19 Tomtefeste 1 AS	140.278	0,68 %
10 AS Andersen Eiendomsselskap	354.500	1,71 %	20 Øvrum Invest AS	132.162	0,64 %

### 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)	954,4	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)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Interest income	164,5	183,0	689,4	790,9
Interest costs	84,3	96,6	357,3	447,3
<b>Net interest income</b>	<b>80,2</b>	<b>86,4</b>	<b>332,1</b>	<b>343,6</b>
Commission income and income from banking services	24,0	23,8	94,1	89,7
Commission expenses and expenses for banking services	3,8	4,3	15,3	17,6
Dividend	55,0	70,0	81,9	91,3
Net value change and gains/losses on financial instruments	10,0	-7,6	71,1	-46,3
Other operating income	1,4	1,0	5,3	4,7
<b>Net other operating income</b>	<b>86,6</b>	<b>82,9</b>	<b>237,1</b>	<b>121,8</b>
Payroll, etc.	28,9	36,9	131,6	139,8
Administration costs	10,5	11,9	40,7	44,6
Depreciation/write-downs/value change for non-financial assets	3,0	2,8	11,4	10,9
Other operating costs	11,2	10,8	43,4	43,4
<b>Total operating costs</b>	<b>53,6</b>	<b>62,4</b>	<b>227,1</b>	<b>238,7</b>
<b>Profit/loss before losses</b>	<b>113,2</b>	<b>106,9</b>	<b>342,1</b>	<b>226,7</b>
Losses on loans and guarantees	-1,3	2,2	-2,8	7,3
<b>Profit/loss before tax costs</b>	<b>114,5</b>	<b>104,7</b>	<b>344,9</b>	<b>219,4</b>
Tax costs	13,6	11,1	65,2	37,3
<b>Profit/loss after tax</b>	<b>100,9</b>	<b>93,6</b>	<b>279,7</b>	<b>182,1</b>
Earnings per equity certificate	1,83	1,75	5,08	3,41
Diluted earnings per equity certificate	1,83	1,75	5,08	3,41

## Other Comprehensive Income - Parent Bank

(Amounts in NOK millions)	4. kvartal 2016	4. kvartal 2015	Året 2016	Året 2015
<b>Profit/loss after tax</b>	<b>100,9</b>	<b>93,6</b>	<b>279,7</b>	<b>182,1</b>
<b>Items that will not be reclassified to the statement of income</b>				
Actuarial gains and losses on defined-benefit plans	3,1	27,4	3,1	27,4
Tax related to items that cannot be reclassified	-0,8	-6,8	-0,8	-6,8
<b>Items that may later be reclassified to the statement of income</b>				
Changes in fair value of investments available for sale	3,6	18,2	-5,9	18,2
Tax related to items that can be reclassified	0,0	-0,1	0,1	-0,1
<b>Other comprehensive income</b>	<b>106,8</b>	<b>132,3</b>	<b>276,2</b>	<b>220,8</b>

## Balance Sheet - Parent Bank

(Amounts in NOK millions)	31.12.2016	31.12.2015
<b>Assets</b>		
Cash and receivables from central banks	311,9	378,0
Loans to and receivables from financial institutions	1.740,2	2.101,3
Loans to and receivables from customers	19.156,6	17.717,9
Certificates and bonds at fair value	4.129,1	4.554,6
Shares and units	460,1	478,1
Financial derivatives	186,5	282,5
Certificates and bonds, held to maturity	205,4	205,6
Ownership interests in group companies	888,5	887,5
Deferred tax asset	0,0	15,0
Tangible fixed assets	72,6	77,8
Other assets	4,2	4,0
Prepaid non-accrued costs and earned but not received income	15,1	8,0
<b>Total assets</b>	<b>27.170,2</b>	<b>26.710,3</b>
<b>Liabilities and equity</b>		
Liabilities to financial institutions	325,7	424,8
Deposits from and liabilities to customers	13.896,2	13.179,5
Financial derivatives	27,4	68,4
Securities issued	9.249,5	9.557,4
Tax payable	51,0	51,4
Other liabilities	89,9	52,4
Accruals and deferred income	25,5	28,9
Provisions for accrued costs and liabilities	37,3	57,6
Deferred tax liability	3,6	0,0
Subordinated loan capital	703,5	702,9
<b>Total liabilities</b>	<b>24.409,6</b>	<b>24.123,3</b>
Paid-up equity	595,1	595,1
Retained earnings	2.165,5	1.991,9
<b>Total equity</b>	<b>2.760,6</b>	<b>2.587,0</b>
<b>Total liabilities and equity</b>	<b>27.170,2</b>	<b>26.710,3</b>

## Changes in Equity - Parent Bank

(Amounts in NOK millions)	Paid-up equity				Retained earnings				Other equity
	Total equity	Equity certificates	Share mium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve		
<b>2016</b>									
<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>	
Profit/loss	279,7	0,0	0,0	105,3	174,4	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	
Actuarial gains and losses on defined-benefit p	2,3	0,0	0,0	0,9	1,4	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>	
Dividend to equity certificates holders 2015 - a	-68,4	0,0	0,0	-68,4	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	
Changes in endowment fund	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>	

	Paid-up equity				Retained earnings				Other equity
	Total equity	Equity certificates	Share mium reserve	Equalisation fund	Primary capital	Endowment fund	Available for sale reserve		
<b>2015</b>									
<b>Equity as at 31.12.2014</b>	<b>2.477,3</b>	<b>207,3</b>	<b>387,8</b>	<b>366,3</b>	<b>1.308,0</b>	<b>45,5</b>	<b>162,4</b>	<b>0,0</b>	
Profit/loss	182,1	0,0	0,0	70,6	111,5	0,0	0,0	0,0	
Changes in fair value of investments in JV/AC	18,1	0,0	0,0	0,0	0,0	0,0	18,1	0,0	
Actuarial gains and losses on defined-benefit p	20,6	0,0	0,0	8,0	12,6	0,0	0,0	0,0	
<b>Other comprehensive income</b>	<b>220,8</b>	<b>0,0</b>	<b>0,0</b>	<b>78,6</b>	<b>124,1</b>	<b>0,0</b>	<b>18,1</b>	<b>0,0</b>	
Dividend to equity certificates holders 2014 - a	-103,7	0,0	0,0	-103,7	0,0	0,0	0,0	0,0	
Changes in endowment fund	-7,4	0,0	0,0	0,0	0,0	-7,4	0,0	0,0	
<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>	

## Cash Flow Statement - Parent Bank

		31.12.2016	31.12.2015
<b>Operating activities</b>			
Profit/loss before tax costs		344,9	219,4
Adjusted for:			
Change in net interest income earned and accrued interest costs		-3,1	2,8
Net payment/disbursement of loans to financial institutions		362,6	236,5
Net receipts/payments of loans to customers		-1.418,4	1.261,3
Change in certificates and bonds at fair value		424,2	-650,3
Change in other assets in connection with operations		-46,2	20,7
Net receipts/disbursement of deposits from financial institutions		-39,0	15,4
Net receipts/disbursement of deposits from customers		717,6	-238,9
Change in other operating liabilities		-13,6	-1,4
Non-cash items included in profit before tax costs		-4,6	-2,3
Net gain/loss from investing activities		-17,9	-0,2
Net gain/loss from financing activities		0,9	2,2
Net change in relation to investing activities		10,0	0,0
Taxes paid for the period		-51,4	-57,0
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>266,0</b>	<b>808,2</b>
<b>Investing activities</b>			
Payments on purchases of fixed assets		-6,8	-8,5
Proceeds from sale of fixed assets		0,9	0,4
Net proceeds/costs on the sale/purchase of financial investments		9,7	1,1
Net payment/disbursement concerning investments in subsidiaries		-11,0	-0,2
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>-7,2</b>	<b>-7,2</b>
<b>Financing activities</b>			
Net incoming/outgoing payments for loans to/from financial institutions		-60,0	-60,0
Payments on repayment of securities		-1.844,1	-2.250,7
Proceeds on issuance of securities		1.649,0	1.510,5
Payment of dividend		-68,4	-103,7
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>-323,5</b>	<b>-903,9</b>
Net change in cash and cash equivalents	<b>A+B+C</b>	-64,7	-102,9
Cash and cash equivalents as at 01.01.		386,1	489,0
<b>Holding of cash and cash equivalents at the end of the period</b>		<b>321,4</b>	<b>386,1</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

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
<b>Profitability</b>					
1. Return on equity	10,40	10,09	14,42	9,38	7,87
2. Net interest income as % of average total assets	1,43	1,47	1,67	1,58	1,72
3. Profit/loss after tax as % of average total assets	0,89	0,86	1,21	0,78	0,66
4. Costs as % of average total assets	0,74	0,74	0,88	0,85	0,89
5. Costs as % of income (before losses on loans/guarantees)	39,35	38,52	35,99	45,72	48,27
6. Costs as % of income, excl. return on financial investments	44,54	44,59	47,37	48,02	45,98
<b>Balance sheet figures</b>					
7. Net lending to customers	29.695,7	29.713,4	29.095,5	28.203,1	27.975,8
8. Lending growth (quarter/12 months)	-0,06	2,12	3,16	0,81	0,96
9. Deposits	13.887,4	13.869,6	14.213,7	13.352,5	13.159,3
10. Deposit growth (quarter/12 months)	0,13	-2,42	6,45	1,47	-0,38
11. Average equity	3.070,9	3.051,3	2.964,2	2.882,1	2.851,8
12. Average total assets	35.843,8	35.847,8	35.452,4	34.805,7	33.961,1
<b>Write-downs of impaired and non-performing loans</b>					
13. Losses as % of net loans to customers (OB)	0,02	0,04	0,06	-0,03	0,07
14. Write-downs as % of gross lending to customers	0,36	0,37	0,38	0,38	0,44
15. Net impaired and non-performing commitments as % of net loans	0,47	0,39	0,45	0,63	0,58
<b>Financial strength</b>					
16. CET1 capital ratio incl. 50% of retained profit (%)	17,21	16,40	16,19	16,20	16,29
17. CET1 capital ratio (%)	17,21	15,70	15,71	16,01	16,29
18. Tier 1 capital ratio (%)	19,19	17,64	17,65	17,98	18,29
19. Capital adequacy ratio (%)	21,17	19,58	19,58	19,95	20,29
20. Risk-weighted volume (calculation basis)	17.696,7	18.043,9	18.036,5	17.743,9	17.452,6
21. Tier 1 leverage ratio incl. 50% of retained profit (%)	9,24	8,97	8,88	8,95	8,97
22. Tier 1 leverage ratio (%)	9,24	8,63	8,65	8,86	8,97
<b>Liquidity</b>					
23. Deposit coverage ratio	46,77	46,68	48,85	47,34	47,04
24. LCR (%)	284,00	217,07	263,83	295,37	215,80
<b>Branches and full-time equivalents</b>					
25. No. of branches	25	24	23	21	21
26. Full-time equivalents	209	214	219	220	226
<b>Equity certificates</b>					
27. Ownership fraction (parent bank) (%)	37,67	37,67	37,67	37,67	38,79
28. No. of equity certificates	#####	#####	#####	#####	#####
29. Book equity per equity certificate	57,30	56,15	54,74	52,98	55,06
30. Earnings per equity certificate	1,46	1,41	1,93	1,22	1,06
31. Dividend per equity certificate	4,00	0,00	0,00	0,00	3,30
32. Turnover rate	20,70	9,28	7,86	10,19	10,93
33. Price	52,00	47,50	44,00	50,00	47,60

## 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 % of average total assets
3. Profit/loss after tax as % 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 a % of net interest income, 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 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 shows 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 shows growth in the quarter, while the other figure shows the 12-month growth.
11. Average equity	$(\text{OB equity less proposed dividends} + \text{CB equity less proposed dividends}) / 2$
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% of 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 % (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 31.12
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)	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Interest income	249,3	250,4	267,3	270,4	275,6
Interest costs	120,2	118,0	119,9	133,5	128,3
<b>Net interest income</b>	<b>129,1</b>	<b>132,4</b>	<b>147,4</b>	<b>136,9</b>	<b>147,3</b>
Commission income and income from banking services	21,3	21,4	20,2	19,5	21,2
Commission expenses and expenses for banking services	10,3	10,1	9,9	9,4	9,9
Dividend	0,0	0,3	26,6	0,0	0,0
Net value change and gains/losses on financial instruments	19,7	23,2	25,2	7,7	-7,9
Other operating income	9,2	5,2	6,1	6,7	8,0
<b>Net operating income</b>	<b>39,9</b>	<b>40,0</b>	<b>68,2</b>	<b>24,5</b>	<b>11,4</b>
Payroll, etc.	35,7	41,2	36,6	43,3	43,9
Administration costs	12,3	12,3	11,4	12,0	13,5
Depreciation/write-downs/value change for non-financial assets	5,6	4,3	14,4	4,4	4,5
Other operating costs	12,9	8,6	15,2	14,1	14,7
<b>Total operating costs</b>	<b>66,5</b>	<b>66,4</b>	<b>77,6</b>	<b>73,8</b>	<b>76,6</b>
<b>Profit/loss before losses</b>	<b>102,5</b>	<b>106,0</b>	<b>138,0</b>	<b>87,6</b>	<b>82,1</b>
Losses on loans and guarantees	1,7	3,0	4,4	-2,4	4,9
<b>Profit/loss before tax costs</b>	<b>100,8</b>	<b>103,0</b>	<b>133,6</b>	<b>90,0</b>	<b>77,2</b>
Tax costs	20,5	25,6	27,3	22,8	20,6
<b>Profit/loss after tax</b>	<b>80,3</b>	<b>77,4</b>	<b>106,3</b>	<b>67,2</b>	<b>56,6</b>
Earnings per equity certificate	1,46	1,41	1,93	1,22	1,06
Diluted earnings per equity certificate	1,46	1,41	1,93	1,22	1,06

## Other comprehensive income performance - Group

(Amounts in NOK millions)	4. kvartal 2016	3. kvartal 2016	2. kvartal 2016	1. kvartal 2016	4. kvartal 2015
<b>Profit/loss after tax</b>	<b>80,3</b>	<b>77,4</b>	<b>106,3</b>	<b>67,2</b>	<b>56,6</b>
<b>Items that will not be reclassified to the statement of income</b>					
Actuarial gains and losses on defined-benefit plans	2,9	0,0	0,0	0,0	29,8
Tax related to items that cannot be reclassified	-0,7	0,0	0,0	0,0	-7,4
<b>Items that may later be reclassified to the statement of income</b>					
Changes in fair value of investments available for sale	3,6	0,0	-9,5	0,0	18,2
Tax related to items that may be reclassified	0,0	0,0	0,1	0,0	-0,1
<b>Other comprehensive income</b>	<b>86,1</b>	<b>77,4</b>	<b>96,9</b>	<b>67,2</b>	<b>97,1</b>

## Balance sheet performance - Group

(Amounts in NOK millions)	31.12.2016	30.09.2016	30.06.2016	31.03.2016	31.12.2015
<b>Assets</b>					
Cash and receivables from central banks	311,9	256,6	276,4	259,2	378,0
Loans to and receivables from financial institutions	9,5	10,1	10,9	4,2	8,1
Loans to and receivables from customers	29.695,7	29.713,4	29.095,5	28.203,1	27.975,8
Certificates and bonds	4.285,1	4.292,5	4.730,9	4.893,9	4.554,6
Shares and units	460,1	460,7	460,2	470,3	478,1
Financial derivatives	369,6	498,6	565,8	590,5	494,7
Certificates and bonds, held to maturity	205,4	203,2	201,2	207,6	205,6
Investment properties	284,3	284,1	284,7	294,3	249,8
Tangible fixed assets	131,4	129,5	127,5	129,2	131,6
Other assets	27,0	22,1	25,6	26,0	25,3
Prepaid non-accrued costs and earned but not received income	14,7	22,1	23,9	23,9	7,5
<b>Total assets</b>	<b>35.794,7</b>	<b>35.892,9</b>	<b>35.802,6</b>	<b>35.102,2</b>	<b>34.509,1</b>
<b>Liabilities and equity</b>					
Liabilities to financial institutions	90,2	121,6	121,6	152,3	150,3
Deposits from and liabilities to customers	13.887,4	13.869,6	14.213,7	13.352,5	13.159,3
Financial derivatives	47,5	44,3	32,8	42,3	68,4
Securities issued	17.614,6	17.772,8	17.451,8	17.528,1	17.205,3
Tax payable	88,1	74,3	48,2	72,1	98,4
Other liabilities	95,5	103,8	118,7	231,5	68,6
Accruals and deferred income	30,5	45,4	31,9	35,2	34,9
Provisions for accrued costs and liabilities	38,6	59,7	59,7	59,7	59,7
Deferred tax liability	22,7	8,2	8,7	9,6	10,2
Subordinated loan capital	703,5	703,2	702,9	703,2	702,9
<b>Total liabilities</b>	<b>32.618,6</b>	<b>32.802,9</b>	<b>32.790,0</b>	<b>32.186,5</b>	<b>31.558,0</b>
Paid-up equity	595,1	595,1	595,1	595,1	595,1
Retained earnings	2.581,0	2.244,0	2.244,0	2.253,4	2.356,0
Retained ordinary profit	0,0	250,9	173,5	67,2	0,0
<b>Total equity</b>	<b>3.176,1</b>	<b>3.090,0</b>	<b>3.012,6</b>	<b>2.915,7</b>	<b>2.951,1</b>
<b>Total liabilities and equity</b>	<b>35.794,7</b>	<b>35.892,9</b>	<b>35.802,6</b>	<b>35.102,2</b>	<b>34.509,1</b>