Third-quarter report 2017

SPAREBANK 1 ØSTLANDET

Content

Main figures Group

Result summary (NOK mill and % of average assets)	30.09.2017 Amount	%	30.09.2016 Amount	%	31.12.2016 Amount	%
Net interest income	1,454	1.86 %	1,038	1.77 %	1,490	1.79 %
Net commissions and other (non-interest) income	949	1.22 %	644	1.10 %	939	1.13 %
Net income from financial investments and liabilities	134	0.17 %	154	0.26 %	220	0.26 %
Total income	**2,537**	**3.25 %**	**1,836**	**3.13 %**	**2,649**	**3.19 %**
Total operating costs before losses on loans and guarantees	1,348	1.73 %	**727**	**1.24 %**	**1,203**	**1.45 %**
Profit before losses on loans and guarantees	**1,190**	**1.52 %**	**1,110**	**1.89 %**	**1,446**	**1.74 %**
Losses on loans and guarantees	-7	-0.01 %	33	0.06 %	75	0.09 %
Profit/loss before tax	**1,196**	**1.53 %**	**1,077**	**1.83 %**	**1,371**	**1.65 %**
Expense	270	0.35 %	258	0.44 %	271	0.33 %
Profit after tax	**926**	**1.19 %**	**819**	**1.40 %**	**1,100**	**1.32 %**
Profitability						
Return on equity capital 1)	10.1 %		10.7 %		10.5 %	
Return on average assets 2)	1.19 %		1.40 %		1.32 %	
Net interest income 3)	1.86 %		1.77 %		1.79 %	
Cost-income-ratio 4)	53.1 %		39.6 %		45.4 %	
From the balance sheet						
Gross loans to customers	88,945		81,336		82,945	
Gross loans to customers including loans transferred to covered bond companies 5)	126,919		117,625		119,450	
Growth in loans during the last 12 months	9.4 %		90.1 %		89.5 %	
Growth in loans including loans transferred to covered bond companies in the last 12 months	7.9 %		97.9 %		95.4 %	
Deposits from customers	65,268		62,107		63,070	
Deposit-to-loan-ratio 6)	73.4 %		76.4 %		76.0 %	
Growth in deposits in the last 12 months	5.1 %		87.9 %		88.5 %	
Average total assets	104,366		78,432		83,074	
Total assets	106,312		99,720		101,242	
Business capital 7)	144,286		136,009		137,747	
Losses and commitments in default						
Losses on loans as a percentage of gross loans	0.0 %		0.1 %		0.1 %	
Commitments in default, percentage of gross loans	0.3 %		0.4 %		0.3 %	
Other bad and doubtful commitments, percentage of gross loans	0.3 %		0.3 %		0.3 %	
Net commitments in default and other bad and doutful commitments, percentage of gross loans	0.4 %		0.5 %		0.4 %	
Financial strength						
Common equity Tier 1 capital ratio	16.9 %		17.5 %		16.9 %	
Tier 1 capital ratio	17.8 %		18.3 %		17.9 %	
Capital ratio	19.9 %		20.2 %		20.3 %	
Net subordinated capital	13,423		9,607		12,656	
Equity ratio	12.2 %		11.8 %		12.0 %	
Leverage Ratio	7.3 %		8.5 %		7.4 %	
LCR 8)	111.7 %		113.0 %		116.6 %	
Branches and staff						
Number of branches	38		38		38	
Number of fulltime equivalents	1,102		1,140		1,140	
Equit capital certificates						
Market price (NOK)	85.50					
Market capitalisation (NOK million)	9,164					
Book equity per EC 9)	79.46					
Earnings per EC, NOK 10)	5.83		5.21		6.95	
Price/Earnings per EC 11)	10.97					
Price/book equity 12)	1.11					

1) Annualized profit after tax including interest expenses on hybrid capital as a percentage of average equity. Calculation of average equity is without hybrid capital.
2) Profit after tax in relation to average total assets, calculated as an average of total assets.
3) Total net interest income so far this year in relation to average total assets.
4) Total operating costs as a percentage of total operating income.
5) Covered bond companies used are SpareBank 1 Boligkreditt AS og SpareBank 1 Næringskreditt AS.
6) Deposit from customers as a percentage of gross loans to customers (excl. loans transferred to covered bond companies).
7) Total assets and loans transferred to the covered bond companies.
8) Liquidity Coverage Ratio: Measures the size of banks' liquid assets relative to net liquidity output 30 days ahead of time given a stress situation.
9) Group book equity without hybrid capital with interest paid, minority interest and provision for gifts* ownership interest / number of EC's as at 30.09.2017.
10) Profit after tax for controlling interests * Equity capital certificate ratio as at 30.09.17 / number of EC's as at 30.09.2017.
11) Market price in NOK/annualized earnings per EC.
12) Market price in NOK*no of EC's /book equity (parent bank)*equity capital certificate ratio as at 30.09.17.

Interim report

Third quarter of 2017 (Consolidated figures. Figures in brackets concern the corresponding period in 2016)

- Profit after tax: NOK 377 (424) million
- Return on equity: 12.0 (15.0) per cent
- Net interest income: NOK 498 (442) million
- Net commissions and other operating income: NOK 325 (310) million
- Net result from financial assets and liabilities: NOK 100 (53) million
- Operating costs: NOK 433 (214) million – dissolution of defined benefit pension scheme with an effect of NOK 271 million in the third quarter of 2016
- Net loan loss provisions: NOK 14 (3) million

As at 30 September 2017

- Profit after tax: NOK 926 (819) million
- Return on equity: 10.1 (10.7) per cent
- Earnings per equity certificate: NOK 5.83 (5.21)
- Net interest income: NOK 1,454 (1,038) million
- Net commissions and other operating income: NOK 949 (644) million
- Net result from financial assets and liabilities: NOK 134 (154) million
- Operating costs: NOK 1,348 (727) million
- Net loan loss provisions: receipts of NOK 7 million (costs of NOK 33 million)
- Core equity tier 1 ratio: 16.9 (17.5) per cent

Sparebanken Hedmark and Bank 1 Oslo Akershus AS (B1OA) merged operations with effect from 1 April 2017. At the same time the bank changed its name to SpareBank 1 Østlandet.

In the second quarter, SpareBank 1 Østlandet carried out a successful stock exchange listing and on 13 June its equity certificates were listed for trade on the Oslo Stock Exchange. The equity certificates trade under the ticker SPOL. The ownership structure represents a good mix of institutional, professional and private investors from Norway and abroad. Employees as a group ended up as the eleventh largest owner of the Bank.

In mid-October, SpareBank 1 Østlandet completed a successful technical merger, bringing all of the Bank's IT solutions together from 16 October. This means that the Bank now has one online bank and one mobile bank and all of the Bank's services are shared.

The Group and accounting matters relating to the acquisition of Bank 1 Oslo Akershus AS

The Group consists of Sparebank 1 Østlandet and the wholly owned subsidiaries EiendomsMegler 1 Hedmark Eiendom AS, EiendomsMegler 1 Oslo Akershus AS, EiendomsMegler 1 Oslo AS (second-level subsidiary), SpareBank 1 Regnskapshuset Østlandet AS, Youngstorget 5 AS and Vato AS, and the 95 per cent owned subsidiary SpareBank 1 Finans Østlandet AS. The accounts of the above companies are fully consolidated into SpareBank 1 Østlandet's consolidated financial statements.

Sparebank 1 Østlandet owns 12.4 per cent of SpareBank 1 Gruppen AS, 19.0 per cent of SpareBank 1 Banksamarbeidet DA, 19.6 per cent of SpareBank 1 Kredittkort AS, 50.0 per cent of Torggata 22 AS, 20.0 per cent of SMB Lab AS and 23.1 per cent of KOMM-IN AS, plus 21.2 per cent of SpareBank 1 Betaling AS. The Bank also owns 20.3 per cent of SpareBank 1 Boligkreditt AS and 9.2 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The results from the above companies are recognised in the Bank's consolidated financial statements proportionate to the Bank's stake.

The Group prepares its financial statements in accordance with international accounting standards adopted by the EU (IAS 34).

SpareBank 1 Østlandet's acquisition of the remaining 59.5 per cent of the shares in B1OA was completed with accounting effect from 29 June 2016. In the first half of 2016, the results from B1OA and its subsidiaries were recognised in the consolidated accounts based on the equity method with an ownership interest of 40.5 per cent. From the second half of 2016 until the banks were merged, B1OA's results were fully consolidated into the consolidated accounts of SpareBank 1 Østlandet. From the date of the merger in April 2017 the former B1OA has been reported as a part of the parent bank.

These changes in the group structure mean that SpareBank 1 Østlandet's consolidated financial statements for 30 September 2017 are not directly comparable with last year's figures. Please see note 16 for comparable figures for last year; this shows the adjusted (pro forma) consolidated result at 30 September 2016 as it would have been under 100 per cent ownership of B1OA from 1 January 2016.

Consolidated results for the third quarter of 2017

The SpareBank 1 Østlandet Group's profit after tax amounted to NOK 377 (424) million, against NOK 274 million in the second quarter of 2017. The return on equity was 12.0 (15.0) per cent, up from 9.0 per cent in the second quarter of 2017.

Net interest income amounted to NOK 498 (442) million, compared with NOK 491 million in the second quarter of 2017. Net interest income as a percentage of average total assets was 1.85 (1.75) per cent, down from 1.88 per cent in the second quarter of 2017.

Net commissions and other operating income amounted to NOK 325 (310) million, compared with NOK 316 million in the second quarter of 2017. Commissions from the covered bond companies amounted to NOK 100 (75) million, up from NOK 91 million in the second quarter of 2017. Income from real estate brokerage services amounted to NOK 74 (78) million, down from NOK 82 million in the second quarter of 2017. Income from accounting services amounted to NOK 29 (31) million, down from NOK 41 million in the second quarter of 2017.

The net result from financial assets and liabilities amounted to NOK 100 (53) million, up from NOK 34 million in the second quarter of 2017.

Operating costs amounted to NOK 433 (214) million, down from NOK 478 million in the second quarter of 2017. The reduction from the second quarter of 2017 is mainly due to costs in the second quarter related to the stock exchange listing of NOK 31 million, and the fact that the merger costs were NOK 6 million more in the second quarter than in the third. The increase in operating costs from the third quarter of 2016 is mainly due to liquidation of the defined benefit pension scheme in the former Sparebanken Hedmark, which triggered a one-off revenue posting of NOK 271 million in operating costs in the third quarter of 2016.

Losses on loans and guarantees amounted to NOK 14 (3) million, against NOK 5 million in the second quarter of 2017. Of the total losses, the change in group write-downs amounted to NOK 1 (1) million, compared with NOK 2 million in the second quarter of 2017.

Consolidated results at 30 September 2017

The group profit after tax at 30 September was NOK 926 (819) million. The return on equity was 10.1 (10.7) per cent. The changed stake in the former B1OA from 30 September 2016 means that last year's figures are not directly comparable with this year's figures.

Specification of the consolidated profit after tax in NOK millions:	**30.09.17**	**30.09.16**
Parent Bank's profit after tax	826	685
Dividends received from subsidiaries/associated companies	-243	-263
Share of the result from:		
SpareBank 1 Gruppen AS	137	130
Bank 1 Oslo Akershus AS (Q1-17)	119	165
SpareBank 1 Boligkreditt AS	-34	-2
SpareBank 1 Næringskreditt AS	1	1
EiendomsMegler 1 Hedmark Eiendom AS	15	17
EiendomsMegler 1 Oslo Akershus AS - Konsern	-1	-3
SpareBank 1 Finans Østlandet AS	91	68
SpareBank 1 Regnskapshuset Østlandet AS	1	4
SpareBank 1 Kredittkort AS	12	13
SpareBank 1 Mobilbetaling AS	3	-16
Other associated companies/joint ventures	0	19
Consolidated profit after tax	**926**	**819**

Net interest income

Net interest income at 30 September was NOK 1,454 (1,038) million. Net interest income must be viewed in conjunction with commissions from loans and credit transferred to the part-owned covered bond companies (recognised in income as commissions) totalling NOK 267 (156) million. In total, net interest income and commissions amounted to NOK 1,721 (1,194) million. The increase is mainly due to growth in lending and a changed ownership interest in the former B1OA. Net interest income as a percentage of average total assets was 1.86 (1.77) per cent.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 949 (644) million. The increase is mainly due to a changed ownership interest in the former B1OA.

MNOK	30.09.17	30.09.16
Net money transfer fees	147	108
Commissions revenues from insurance and savings	144	93
Commissions revenues from covered bonds companies	267	156
Real estate agency commision	227	128
Accounting services	116	122
Other income	48	37
Net commissions and other (non interest) income	**949**	**644**

For more detailed information about the various profit centres in the Group, please see note 3 'Segment information'.

Net result from financial assets and liabilities

The net result from financial assets and liabilities was NOK 134 (154) million.

Dividends of NOK 11 (46) million primarily consist of dividends from Totens Sparebank of NOK 9 (7) million and dividends from VISA Norge of NOK 0 (38) million.

The net profit from ownership interests amounted to NOK 118 (187) million.

Contribution from subsidiaries and joint ventures	30.09.17	30.09.16	Change
SpareBank 1 Gruppen AS	137	130	7
Bank 1 Oslo Akershus AS	0	71	-71
SpareBank 1 Boligkreditt AS	-34	-2	-32
SpareBank 1 Næringskreditt AS	1	1	0
SpareBank 1 Kredittkort AS	12	13	-2
SpareBank 1 Mobilbetaling AS	3	-16	20
Other associated companies/joint ventures	-1	-9	8
Net profit from ownership interests	**118**	**187**	**-70**

The reduction of NOK 70 million is mainly due to the fact that the share of profits from the former B1OA was included in income from ownership interests in the first half of 2016. The profit for SpareBank 1 Boligkreditt AS has also been reduced. The result was affected by a negative change in value for existing basis swaps linked to its own borrowing. The reasons for this are twofold: the market price for new basis swaps has decreased while previously booked gains have been reversed in line with the maturity of the swaps.

The result from SpareBank 1 Mobilbetaling AS includes a gain of realization of NOK 18 million.The bank's shares in SpareBank 1 Mobilbetaling AS (mCash) have been derecognised and SpareBank 1 Mobilbetaling AS is now, as of 30 September 2017, a subsidiary of Vipps AS.

The net result from other financial assets and liabilities was NOK 6 (-79) million. The Group's securities issued, fixed-income investments, derivatives and fixed-rate products for customers are generally assessed at fair value through profit and loss pursuant to IAS 39, and changes in market value are recognised in profit and loss. So far this year there has been a contraction in the credit spreads for Norwegian senior securities. For a five-year, senior issue in a Norwegian regional savings bank, the market's credit spreads was reduced from an indicative 85 basis points at the start of the year to around 62 basis points at the end of the third quarter. All other things being equal, this results in the relevant discount rate on previously issued fixed income securities with fixed coupons decreasing and thus their present value (price) rising. The rise in prices for own debt results in an unrealised loss, while the rise in prices for purchased fixed income securities results in an unrealised gain.

The net effect of price changes for all fixed income securities, inclusive of hedging transactions, was NOK -30 (-132) million, almost all of which are unrealised losses. Over the term of the interest-bearing securities, the market value will move towards the par value, and unrealised gains and losses will move towards zero as long as the securities are not redeemed. The change in value for securities issued, inclusive of hedging transactions, was NOK -78 (-183) million. Please also see note 7 'Net result from financial assets and liabilities'.

Operating costs

Total operating costs were NOK 1,348 (727) million and amounted to 53.1 (39.6) per cent of net income. The increase is mainly due to the fact that, in the first half of 2016, the share of the profits from the former B1OA and subsidiaries was included in the group by the equity method with a 40.5 per cent share. From the second half of 2016, the results from B1OA were fully recognised into the group accounts.

The former Sparebanken Hedmark wound up its defined pension scheme in the third quarter of 2016, reversing previous pension provisions, hence reducing personell costs by NOK 271 million.

The former B1OA closed its defined benefit pension scheme on 1 January 2017 and this resulted in a gain that reduced personnel costs by NOK 53 million. A recalculation of the pension costs for 2016 resulted in a cost of NOK 12 million in the former Sparebanken Hedmark posted in the first quarter of 2017.

NOK 31 million was recognised as costs in connection with the stock exchange listing, NOK 14 million of which were posted as personnel costs associated with the employee discount on purchases of equity certificates and fees for the employee placement.

NOK 34 million was recognised as costs in connection with the merger process, NOK 11 million of which was linked to severance pay. The remaining costs were primarily linked to IT costs and the use of external consultants.

At 30 September 2017, there were 1,102 (1,140) full-time equivalents in the group.

Net loan loss provisions

At 30 September 2017, the Group saw net reversals on losses of 7 million (cost of NOK 33 million). The net receipts on losses were primarily due to a reduction in group write-downs of NOK 24 million (cost of NOK 11 million).

Net loan loss provisions are distributed as follows:

Specification of total losses on loans and guarantees in the period, MNOK	**Totalt**	**PM**	**BM**	**SB1FØ**
Change in individual write-downs in the period	-3	1	-8	4
Change in collective write-downs in the period	-24	-3	-23	2
Realised losses on commitments previously written down	25	3	9	13
Realised losses on commitments not previously written down	9	3	3	3
-Recoveries on loans and guarantees previously written down	14	1	11	2
Total losses on loans and guarantees in the period	**-7**	**4**	**-31**	**20**

75 per cent of the SpareBank 1 Østlandet Group's total lending, including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, are loans for the retail market, primarily consisting of esidential mortgages. The corporate market portfolio has no exposure to the oil and gas industry and is otherwise characterised by low risk.

Credit risk

At 30 September 2017, gross non-performing loans totalled NOK 284 (336) million. This corresponded to 0.3 (0.4) per cent of gross lending. Gross other impaired commitments (not non-performing) amounted to NOK 250 (223) million. This corresponded to 0.3 (0.3) per cent of gross lending.

The loan loss provision ratios, measured as total individual write-downs as a percentage of gross commitments, respectively, were 19 (15) per cent for non-performing loans and 39 (40) per cent for other impaired commitments. Loan loss provision ratios will vary over time depending on the valuation of the commitment's cover pool.

Individual write-downs to cover loan losses were NOK 152 (138) million at the end of the third quarter. Group write-downs to cover net loan losses amounted to NOK 238 (251) million and represented 0.27 (0.31) per cent of gross lending.

Credit quality, measured as total problem loans in relation to total lending, improved compared with the corresponding period last year. In total, the Group's problem loans amounted to 0.5 (0.6) per cent of gross lending on its balance sheet and 0.3 (0.4) per cent if one includes loans transferred to the covered bond companies. The improvement in credit quality was due to both the former B1OA now being included on the balance sheet and a positive migration in the lending portfolio.

The Board's assessment is that the Group's credit risk is low.

Total assets

Total assets at 30 September 2017 were NOK 106.3 (99.7) billion. Total business capital, defined as total assets including loans transferred to the covered bond companies, amounted to NOK 144.3 (136.0) billion.

Lending to customers

Gross lending to customers, including loans transferred to the covered bond companies, totalled NOK 126.9 (117.6) billion. At the end of the third quarter, loans totalling NOK 36.7 (35.1) billion had been transferred to SpareBank 1 Boligkreditt AS and loans totalling NOK 1.3 (1.2) billion had been transferred to SpareBank 1 Næringskreditt AS.

Lending growth over the past twelve months, inclusive of transferred loans, was NOK 9.3 (58.2) billion, equivalent to 7.9 (97.9) per cent. The retail lending grew by NOK 6.3 billion and the corporate lending by NOK 3.0 billion. The high figures for last year are due to the acquisition and consolidation of B1OA.

So far this year, lending to customers has grown by NOK 7.5 billion, equivalent to 6.3 per cent. The retail lending grew by NOK 5.5 billion and the corporate lending by NOK 1.9 billion.

Deposits from customers

At 30 September 2017, deposits from customers totalled NOK 65.3 (62.1) billion. Deposits grew in the last 12 months by NOK 3.2 (29.1) billion, equivalent to 5.1 (87.9) per cent. The retail deposits grew by NOK 0.3 billion and the corporate deposits by NOK 2.9 billion. The high figures for last year are due to the acquisition and consolidation of B1OA.

Customer deposits have increased by NOK 2.2 billion so far this year. The corporate deposits registered growth of NOK 2.7 billion, while the retail deposits decreased by NOK 0.5 billion.

The deposit coverage ratio in the Group was 73.4 (76.4) per cent.

Liquidity

Borrowing from financial institutions and senior securities issued totalled (including subordinated loan capital) NOK 26.7 (24.5) billion. The average to maturity of the Group's long-term funding was 3.8 (3.5) years. The average to maturity for all borrowing was 3.2 (3.2) years.

At 30 September 2017, the Group had enough reserves to maintain normal operations for 12 (18) months. The liquidity coverage ratio (LCR) was 111.7 (113.0) per cent.

In the opinion of the Board, the Group's liquidity risk is low.

Equity certificates

At 30 September 2017, the equity certificate capital consisted of 107,179,987 equity certificates.

The book value per equity certificate at the end of the third quarter was NOK 79.46 and earnings per equity certificate were NOK 5.83 (5.21). This corresponds to a price/book ratio of 1.11.

At the end of the third quarter, the price per equity certificate was NOK 85.50.

Financial strength and capital adequacy

The Group's equity amounted to NOK 13.0 (11.8) billion, which is equivalent to 12.2 (11.8) per cent of the balance sheet. The leverage ratio was 7.3 (8.5) per cent.

The Group's capital and core capital ratios at the end of the third quarter were 19.9 (20.2) per cent and 17.8 (18.3) per cent, respectively. The core equity tier 1 ratio was 16.9 (17.5) per cent. A simplified audit of the income statement and balance-sheet was carried out according to the regulations. The profit for the period after expected tax and dividends is included in the capital adequacy calculation.

A changed understanding of the calculation of capital adequacy arising from the transitional rules for non-consolidated finance companies resulted in an increase in the risk weighted assets. The effect on SpareBank 1 Østlandet is a decrease in the core capital ratio of 0.2 percentage points.

The Group's long-term capital target for the core equity tier 1 capital ratio is minimum 16 per cent.

Rating

SpareBank 1 Østlandet is rated A1 by Moody's Investor Service. Moody's latest credit opinion (28 September 2017) maintains this rating, but the rating outlook has changed from a "stable outlook" to a "negative outlook". The negative outlook were triggered by the proposed legislation presented by the Ministry of Finance on 21 June 2017, which is intended to implement the EU's crisis management directives: the Bank Recovery and Resolution Directive (BRRD) and the Deposit Guarantee Directive.

The change in the rating outlook is an expression of Moody's intention of bringing Norwegian banks' assessments for public support into line with the European banks, in which the framework for BRRD has already been implemented.

The change in rating outlook applies to all Norwegian savings banks, which already have an in-built expectation of public support from the Norwegian authorities.

Parent Bank

The Parent Bank's financial statements for 30 September 2017 include the former B1OA from the date of the merger, 1 April 2017. The figures for last year are, therefore, not directly comparable with this year's figures.

The Parent Bank's profit after tax at 30 September 2017 was NOK 826 (685) million.

At the end of the third quarter, the core equity tier 1 ratio was 22.5 (29.9) per cent. The reduction was mainly due to the inclusion of B1OA in in the risk weighted assets.

A simplified audit of the income statement and balance-sheet was carried out according to the regulations. The profit for the period after expected tax and dividends is included in the capital adequacy calculation.

A changed understanding of the calculation of capital adequacy arising from the transitional rules for non-consolidated financial institutions increased the risk weighted assets. The effect on SpareBank 1 Østlandet is a decrease in the core equity tier 1 ratio of 0.3 percentage points.

The Parent Bank's equity amounted to NOK 12.1 (10.1) billion, which was equivalent to 11.5 (16.8) per cent of the balance sheet at the end of the quarter.

At 30 September 2017, the Parent Bank had 705 (466) full-time equivalents.

Underlying banking operations are defined as the result before losses on loans, exclusive of securities and dividends. Costs related to the merger and stock exchange listing process in 2017 have also been removed, and the costs have been adjusted for the effects of winding up the occupational pension scheme.

Underlying banking operations, MNOK	**30.09.17**	**30.09.16**	**Change**
Net interest income	1,085	741	46,5 %
Net commission and other income	548	316	73,4 %
Driftskostnader	825	597	38,4 %
Operating profit underlying banking operations	**808**	**461**	**75,4 %**

The operating profit from underlying banking operations amounted to NOK 808 (461) million at 30 September 2017. Underlying banking operations were up NOK 347 million in relation to last year, which is equivalent to 75.4 per cent. The increase was due to both higher net interest income and the merger with the former B1OA from 1 April 2017.

Subsidiaries

The financing company SpareBank 1 Finans Østlandet AS (95 per cent ownership interest) posted a profit after tax of NOK 91 (68) million at 30 September 2017. The financing company's gross lending totalled NOK 7.0 (6.2) billion at 30 September 2017. Lending growth over the past twelve months was 12.9 (13.3) per cent.

SpareBank 1 Regnskapshuset Østlandet AS posted earnings of NOK 116 (122) million and achieved a profit after tax of NOK 1 (4) million.

The estate agency EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 84 (75) million and achieved a profit after tax of NOK 15 (17) million.

The estate agency EiendomsMegler 1 Oslo Akershus Group posted earnings of NOK 147 (54) million and achieved a profit after tax of NOK -1 (-3) million.

Part-owned companies

SpareBank 1 Gruppen AS (12.4 per cent ownership interest) includes the alliance banks' common product companies within insurance, fund management, claims management and credit collections. The company posted a profit after tax of NOK 1,122 (1,094) million at 30 September 2017. The return on equity was 19.4 (18.5) per cent.

SpareBank 1 Boligkreditt AS (20.3 per cent stake) is the alliance banks' joint residential mortgage covered bond company. The company posted a loss after tax of NOK -138 (29) million. The result at 30 September 2017 was heavily affected by a negative change in value for basis swaps linked to its own borrowing. The reasons for this are twofold: the market price for new basis swaps has decreased and booked gains are reversed in line with the maturity of the swaps.

SpareBank 1 Næringskreditt AS (9.2 per cent stake) is the alliance banks' joint commercial real estate covered bond company. The company posted a profit after tax of NOK 50 (59) million.

SpareBank 1 Kredittkort AS (19.6 per cent stake) is the alliance banks' joint credit card company. The company posted a profit after tax of NOK 58 (110) million.

SpareBank 1 Betaling AS (21.2 per cent stake) is the alliance banks' joint mobile payment company. SpareBank 1 Betaling AS owns 25 per cent of the shares in Vipps AS. The bank's shares in SpareBank 1 Mobilbetaling AS (mCash) have been derecognised and SpareBank 1 Mobilbetaling AS is now, as of 30 September 2017, a subsidiary of Vipps AS. At 30 September 2017, SpareBank 1 Mobilbetaling AS generated post-tax profits of NOK -34 (-108) million.

For more information about the accounts of the various companies, please see the interim reports available from the companies' own websites.

Outlook

The macro situation in Norway appears to be improving and the trends in a number of key economic indicators are positive. The Board regards this as favourable for the Group with respect to its operations, credit risk and the loss development going forward.

SpareBank 1 Østlandet's home market comprises the counties of Hedmark, Oppland, Oslo and Akershus. The Interior Region, the counties of Hedmark and Oppland, has traditionally been more cyclically stable than other regions, in part due to industry in the region not being particularly exposed to the oil and gas industry. In recent years, growth in this region has outpaced growth in the rest of Norway. The activity in the capital region, with the counties of Oslo and Akershus, largely reflects the rest of the country, partly because the region accounts for a large proportion of the Norway's wealth creation.

The growth in house prices slowed from the beginning of 2017, driven partly by the Government's new mortgage regulations of 1 January 2017. From April 2017 price inflation on homes has been negative in the whole of the Group's home market, although the picture is nuanced. The decrease in prices is most pronounced in Oslo, particularly in the districts where the price increase last year was greatest. The Board believes that the Bank's conservative lending practices reduce its vulnerability to such a fall in prices in the housing market. The Bank's prudent lending practices for housing purposes are reflected in a low proportion of problem loans and the fact that the Bank is operating well within the limits of the new Mortgage Regulation.

The Board believes the Group is well-positioned for further profitable growth, with a strong position in the Bank's traditional home market and good opportunities in the Bank's new growth areas. The future development of business will be based on continued cautious lending practices and coordinating the two merged banks into a larger, stronger unit. Given its high capital adequacy, good liquidity situation and the merged, effective organisation, the Board believes that the Group is well-prepared to take a stronger position in the Bank's market area.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 26 October 2017

Income statement

Parent bank							Group				
31.12.16	Q3 16	Q3 17	30.09.16	30.09.17	*(NOK million)*	Notes	30.09.17	30.09.16	Q3 17	Q3 16	31.12.16
1,692	425	729	1,258	1,903	Interest income		2,419	1,708	809	765	2,494
689	169	312	517	818	Interest expense		964	671	310	323	1,004
1,003	**255**	**417**	**741**	**1,085**	**Net interest income**		**1,454**	**1,038**	**498**	**442**	**1,490**
427	111	240	322	565	Commission income		885	555	311	295	830
28	7	17	21	38	Commission expenses		75	48	27	23	71
21	5	7	15	23	Other operating income		140	137	42	37	180
420	**108**	**231**	**317**	**549**	**Net commission and other income**		**949**	**644**	**325**	**310**	**939**
45	0	0	45	11	Dividends from other than Group companies	7	11	46	-0	1	46
369	-8	0	247	252	Net profit from ownership interets	7	118	187	82	21	236
-122	-14	18	-123	-18	Net profit from other financial assets and liabilities	7	6	-79	19	30	-62
293	**-23**	**19**	**169**	**244**	**Net income from financial assets and liabilities**		**134**	**154**	**100**	**53**	**220**
1,714	**341**	**667**	**1,227**	**1,879**	**Total net income**		**2,537**	**1,836**	**923**	**804**	**2,649**
162	-117	167	68	460	Personnel expenses		702	320	233	27	573
38	9	15	28	40	Depreciation		62	43	21	19	65
320	75	128	231	379	Other operating costs		584	364	179	168	565
519	**-32**	**311**	**327**	**879**	**Total operating costs**		**1,348**	**727**	**433**	**214**	**1,203**
1,195	**373**	**356**	**900**	**1,000**	**Operating profit before loans and guarantees**		**1,190**	**1,110**	**491**	**590**	**1,446**
47	-2	6	15	-19	Losses on loans and guarantees	6	-7	33	14	3	75
1,148	**376**	**351**	**885**	**1,019**	**Profit/loss before tax**		**1,196**	**1,077**	**476**	**587**	**1,371**
186	123	88	200	193	Tax expense		270	258	99	163	271
964	**252**	**263**	**685**	**826**	**Profit after tax**		**926**	**819**	**377**	**424**	**1,100**
					Majority interest		920	816	374	422	1,095
					Minority interest		6	3	3	1	4
					Earnings per equity certificate (Group)		5.83	5.21			6.95

Statement of comprehensive income

31.12.16	Q3 16	Q3 17	30.09.16	30.09.17	(NOK million)	Notes	30.09.17	30.09.16	Q3 17	Q3 16	31.12.16
964	**252**	**263**	**685**	**826**	**Profit after tax**		**926**	**819**	**377**	**424**	**1,100**
-71	0	0	-65	0	Actuarial gains/losses on pensions		0	-60	0	5	-52
18	0	0	17	0	Tax effect of actuarial gains/losses on pensions		0	12	0	-4	12
					Share of other comprehensive income from associated companies and joint ventures		0	-27	1	9	-7
-54	**0**	**0**	**-48**	**0**	**Total items not reclassified through profit or loss**		**0**	**-75**	**1**	**10**	**-46**
5	13	27	-19	48	Change in value of financial assets avaiable for sale		58	-22	35	10	4
0	0	0	0	9	Financial assets avaiable for sale transferred to profit and loss on write-down due to permanent impairment of value		9	0	0	0	0
0	0	0	0	0	Financial assets avaiable for sale transferred to profit and loss on realisation		0	0	0	0	0
					Share of other comprehensive income from associates and joint ventures		7	0	7	12	7
5	**13**	**27**	**-19**	**57**	**Total items reclassified through profit or loss**		**73**	**-22**	**42**	**22**	**11**
-47	**13**	**27**	**-67**	**57**	**Total profit and loss items recognised in equity**		**74**	**-97**	**43**	**32**	**-35**
915	**265**	**290**	**618**	**883**	**Total profit/loss for the accounting year**		**1,000**	**723**	**420**	**456**	**1,065**
					Majority share of comprehensive income		994	719	420	456	1,060
					Minority share of comprehensive income		6	3	0	1	4

Balance sheet

Parent bank					Group		
31.12.16	**30.09.16**	**30.09.17**	*NOK million*	Notes	**30.09.17**	**30.09.16**	**31.12.16**
			ASSETS				
354	335	658	Cash and deposits with central banks		658	647	761
7,191	6,975	7,720	Loans to and receivables from credit institutions		1,712	1,197	1,335
41,762	40,604	81,599	Loans to and receivables from customers	5,6	88,565	80,961	82,537
5,630	5,482	8,838	Certificates, bonds and fixed-income funds	10	8,838	9,814	9,776
349	395	578	Financial derivatives	8,10,11	578	963	810
321	297	455	Shares, units and other equity interests	10	456	722	747
1,681	1,625	3,122	Investments in associates and joint ventures		3,680	3,555	3,618
3,842	3,842	1,218	Investments in subsidiaries		0	0	0
0	0	0	Assets held for sale		5	8	5
304	306	375	Property, plant and equipment		580	602	587
102	100	95	Goodwill and other intangible assets		362	349	371
0	0	20	Deferred tax asset		0	0	0
338	383	534	Other assets	12	878	902	695
61,873	**60,343**	**105,209**	**Total assets**		**106,312**	**99,720**	**101,242**
			LIABILITIES				
1,666	1,447	1,442	Deposits from and liabilities to credit institutions		1,438	1,701	1,654
36,259	36,110	65,298	Deposits from and liabilities to customers	13	65,268	62,107	63,070
12,404	11,490	24,077	Liabilities arising from issuance of securities	10,14	24,077	21,561	21,937
233	245	305	Financial derivatives	8,10,11	305	397	349
148	145	246	Current tax liabilities		282	234	247
10	0	0	Deferred tax liabilities		106	90	118
222	266	519	Other debt and liabilities recognised in the balance sheet	15	640	652	556
502	501	1,205	Subordinated loan capital	10,14	1,205	1,202	1,203
51,443	**50,203**	**93,092**	**Total liabilites**		**93,321**	**87,944**	**89,135**
			EQUITY CAPITAL				
5,310	5,310	5,359	Equity capital certificates		5,359	5,310	5,310
520	520	547	Premium fund		547	520	520
974	503	1,884	Dividend equalisation fund		1,884	503	974
3,313	3,014	3,509	Primary capital		3,509	3,014	3,313
0	0	172	Other paid-up equity		172	0	0
33	40	24	Provision for gifts		24	40	33
134	125	247	Fund for unrealised gains		257	125	134
148	0	0	Dividends		0	0	148
0	0	400	Hybrid capital		400	400	400
0	0	-26	Interest cost for hybrid capital		-26	0	0
0	627	0	Other equity		811	1,817	1,229
0	0	0	Minority interests		53	46	47
10,430	**10,140**	**12,117**	**Total equity capital**		**12,991**	**11,776**	**12,107**
61,873	**60,343**	**105,209**	**Total equity capital and liabilities**		**106,312**	**99,720**	**101,242**

The board of SpareBank 1 Østlandet

Hamar, October 26th, 2017

Changes in equity capital

Parent bank

(NOK million)	Paid-up equity			Earned equity capital							
	Equity certicates	Premium fund	Other paid-up equity	Primary capital	Dividend equalisation funds	Provision for gifts	Fund for unrealised gains	Other equity	Dividends	Hybrid-capital	Total equity capital
Equity capital as of 01.01.16	**3,987**	**0**	**0**	**3,019**	**503**	**50**	**135**	**0**	**0**	**0**	**7,695**
ECs transferred Foundation	1,323	520									**1,843**
Profit after tax							9	676			**685**
Actuarial gains after tax on pensions								-49			**-49**
Change revaluation reserve							-19				**-19**
Donations distributed from profit 2015				-6							**-6**
Grants from provision for gifts in 2016						-10					**-10**
Equity capital as of 30.09.16	**5,310**	**520**	**0**	**3,014**	**503**	**40**	**125**	**627**	**0**	**0**	**10,140**
Equity capital as of 01.01.16	**3,987**	**0**	**0**	**3,019**	**503**	**50**	**135**	**0**	**0**	**0**	**7,695**
ECs transferred Foundation	1,323	520									**1,843**
Profit after tax				316	506		-7		148		**964**
Actuarial gains after tax on pensions				-17	-35						**-53**
Change revaluation reserve							5				**5**
Donations distributed from profit 2015				-6							**-6**
Grants from provision for gifts in 2016						-18					**-18**
Equity capital as of 31.12.16	**5,310**	**520**	**0**	**3,313**	**974**	**33**	**134**	**0**	**148**	**0**	**10,430**
Equity capital as of 01.01.17	**5,310**	**520**	**0**	**3,313**	**974**	**33**	**134**	**0**	**148**	**0**	**10,430**
ECs transferred Foundation	49	27									**76**
Equity inflated by merger with B1OA			172		353						**525**
Hybrid capital										400	**400**
Interest hybrid capital								-26			**-26**
Profit after tax				203	557		66				**826**
Change revaluation reserve							48				**48**
Dividend paid									-148		**-148**
Donations distributed from profit 2016				-6							**-6**
Grants from provision for gifts in 2017						-9					**-9**
Equity capital as of 30.09.17	**5,359**	**547**	**172**	**3,509**	**1,884**	**24**	**247**	**-26**	**0**	**400**	**12,117**

Group	Paid-up equity			Earned equity capital								
(NOK million)	Equity certicates	Premium fund	Other paid-up equity	Primary capital	Dividend equalisation funds	Provision for gifts	Fund for unrealised gains	Other equity	Dividends	Hybrid-capital	Minority intersets	Total equity capital
Equity capital as of 01.01.16	**3,987**	**0**	**0**	**3,019**	**503**	**50**	**135**	**1,023**	**0**	**0**	**0**	**8,718**
OB Correction: Correction of previous years's errors in associated companies and joint ventures [1)]								**73**				**73**
Adjusted equity capital at 01.01.16	**3,987**	**0**	**0**	**3,019**	**503**	**50**	**135**	**1,096**	**0**	**0**	**0**	**8,791**
ECs transferred Foundation	1,323	520										**1,843**
Profit after tax							9	807			3	**819**
Actuarial gains after tax on pensions								-48				**-48**
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								-27				**-27**
Change revaluation reserve							-19					**-19**
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss								-22				**-22**
Adjusted equity capital in subsidiary, associated companies and joint ventures								12				**12**
Reclassification of hybrid capital i subsidiary										400		**400**
Change in ownership shareholdings											43	**43**
Donations distributed from profit 2015				-6								**-6**
Grants from provision for gifts in 2016						-10						**-10**
Equity capital as of 30.09.16	**5,310**	**520**	**0**	**3,014**	**503**	**40**	**125**	**1,819**	**0**	**400**	**46**	**11,776**
Equity capital as of 01.01.16	**3,987**	**0**	**0**	**3,019**	**503**	**50**	**135**	**1,023**	**0**	**0**	**0**	**8,718**
OB Correction: Correction of previous years's errors in associated companies and joint ventures [1)]								73				73
Adjusted equity capital at 01.01.16	**3,987**	**0**	**0**	**3,019**	**503**	**50**	**135**	**1,096**	**0**	**0**	**0**	**8,791**
ECs transferred Foundation	1,323	520										**1,843**
Profit after tax				316	506		-7	130	148		4	**1,100**
Actuarial gains after tax on pensions				-17	-35			13				**-39**
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								-7				**-7**
Change revaluation reserve							5					**5**
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss								11				**11**
Interest cost for hybrid capital in subsidiary								-13				**-13**
Hybrid capital in subsidiary										400		**400**
Change in shareholding in Group companies											43	**43**
Donations distributed from profit 2015				-6								**-6**
Grants from provision for gifts in 2016						-18						**-18**
Equity capital as of 31.12.16	**5,310**	**520**	**0**	**3,313**	**974**	**33**	**134**	**1,228**	**148**	**400**	**47**	**12,107**
Equity capital as of 01.01.17	**5,310**	**520**	**0**	**3,313**	**974**	**33**	**134**	**1,228**	**148**	**400**	**47**	**12,107**
OB Correction: Correction of previous years's errors in associated companies and joint ventures [1)]								-8				**-8**
Adjusted equity capital at 01.01.17	**5,310**	**520**	**0**	**3,313**	**974**	**33**	**134**	**1,220**	**148**	**400**	**47**	**12,099**
ECs transferred Foundation	49	27									5	**81**
Equity inflated by merger with B1OA			172		353			-525				
Profit after tax				203	557		66	96			5	**926**
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								0				**0**
Change revaluation reserve							58					**58**
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss								7				**7**
Interest cost for hybrid capital								-13				**-13**
Hybrid capital												**0**
Change in Group companies								-1				**-1**
Dividend paid									-148		-4	**-152**
Donations distributed from profit 2016				-6								**-6**
Grants from provision for gifts in 2017						-9						**-9**
Equity capital as of 30.09.17	**5,359**	**547**	**172**	**3,509**	**1,884**	**24**	**257**	**785**	**0**	**400**	**53**	**12,991**

1) Corrections are connected to changes in preliminary accounts for the accounting year and final accounts in SpareBank 1 Gruppen.

Cash Flow Statement

Parent bank				Group		
31.12.16	**30.09.16**	**30.09.17**	*(NOK million)*	**30.09.17**	**30.09.16**	**31.12.16**
-3,901	-2,658	-4,512	Change in gross lending to customers	-5,991	-3,982	-5,814
1,338	991	1,614	Interest receipts from lending to customers	2,171	1,511	2,210
2,750	2,601	2,110	Change in deposits from customers	2,198	2,738	3,701
-377	-285	-359	Interest payments on deposits from customers	-433	-362	-534
-502	-515	-1,149	Change in receivables and debt from credit institutions	-617	974	801
149	113	78	Interest on receivables and debt to financial institutions	8	18	22
645	745	969	Change in certificates and bonds	1,569	553	769
169	128	181	Interest receipts from commercial papers and bonds	213	145	204
420	317	549	Net commission receipts	949	644	939
40	32	30	Capital gains from sale on trading	35	48	59
-499	-317	-858	Payments for operations	-1,317	-701	-1,155
-177	-155	-189	Taxes paid	-245	-159	-181
-509	-546	99	Other accruals	-465	-527	-465
-453	**450**	**-1,437**	**Net change in liquidity from operations A)**	**-1,925**	**899**	**556**
-27	-16	-41	Investments in tangible fixed assets	-57	-24	-43
0	0	9	Receipts from sale of tangible fixed assets	9	0	0
-108	-28	-223	Change in long-term investments in equities	-214	-90	-256
435	308	253	Dividends from long-term investments in equities	159	95	282
299	**264**	**-2**	**Net cash flow from investments (B)**	**-103**	**-18**	**-17**
3,329	1,811	3,508	Debt raised by issuance og secutities	4,421	2,784	3,889
-2,550	-2,000	-1,503	Repayments of issued securities	-2,103	-3,247	-3,845
0	0	63	Payments arising from issuance of equity capital certificates	63	0	0
-238	-177	-387	Interest payments on securities issued	-448	-248	-378
-14	-11	-22	Interest payments on subordinated loans	-27	-16	-25
-17	-10	-9	Donations	-9	-10	-17
510	**-387**	**1,650**	**Net cash flow from financing (C)**	**1,897**	**-737**	**-376**
-225	**-225**	**0**	**Liquidity effect from acquisition of remaining shares in B1OA (D)**	**0**	**-225**	**-225**
0	**0**	**458**	**Cash and cash equivalents taken over from B1OA (E)**	**0**	**843**	**843**
38	**38**	**0**	**Liquidity effect of acquisition and sale of other subsidiaries (F)**	**0**	**-13**	**-13**
-95	**-95**	**-95**	**Payments arising from placements in subsidiaries (G)**	**5**	**5**	**5**
73	**44**	**574**	**CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E+F+G)**	**-126**	**753**	**773**
309	309	382	Cash and cash equivalents at 1 January	1,082	309	309
382	**353**	**956**	**Cash and cash equivalents at the end of the period**	**956**	**1,063**	**1,082**
			Cash and cash equivalents at comprise:			
354	335	658	Cash and deposits with central banks	658	647	759
28	19	299	Deposits etc. at call with banks	299	415	323
382	**353**	**956**	**Cash and cash equivalents at the end of the period**	**956**	**1,063**	**1,082**

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The quarterly accounts for Sparebanken Hedmark cover the period 01.01 - 30.09.2017 The quarterly accounts have been prepared in accordance with IAS 34 Interim Financial Reporting, relevant IFRS standards and IFRIC interpretations. The presentation currency is NOK (Norwegian kroner), which is also the functional currency of all the units in the group. All amounts are in NOK millions unless stated otherwise. The quarterly accounts do not contain all the information required in a full set of annual accounts and should be read in conjunction with the annual financial statements for 2016.

The group has applied the same accounting principles and calculation methods in this quarterly report as in the last annual report.

1.2 Important accounting estimates and discretionary assessments

In drawing up the consolidated financial statements, group management applies estimates and discretionary assessments and makes assumptions that determine the effect of applying accounting principles. These will therefore affect reported amounts for assets and liabilities, income and expenses. The annual financial statements for 2016 provide more details of critical estimates and assessments in relation to the use of accounting principles in note 3.

Note 2 Change in the composition of the Group

2017

SpareBank 1 Østlandet has become 21.2 per cent owner of SpareBank 1 Betaling AS and classifies this as an accociated company. SpareBank 1 Betaling AS owns 25 per cent of the shares in Vipps AS. The Bank's shares in SpareBank 1 Mobilbetaling AS (mCash) have been derecognised and SpareBank 1 Mobilbetaling AS is now, as of 30 September, 2017, a subsidiary of Vipps AS.

On 17 January 2017, Sparebanken Hedmark became the 100 per cent owner of the newly established company Youngstorget 5 AS after the assets and liabilities belonging to Bank 1 Oslo Akershus AS (B1OA) were spun off and transferred to the shareholder in B1OA. A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Sparebanken Hedmark Group increasing its stake in the company from 18.9 per cent to 19.6 per cent with effect from 1 January 2017.

Sparebanken Hedmark and Bank 1 Oslo Akershus merged operations with effect from 1 April 2017. The new name of the merged bank became SpareBank 1 Østlandet.

2016

On 29 June 2016 Sparebanken Hedmark puchased the remaining 59.5 per cent of the shares in Bank 1 Oslo Akerhus AS (B1OA). As a consequence, Sparebanken Hedmark owns 100 per cent of the shares in B1OA. B1OA was until 29 June 2016 classified as an associated company. From 29 June 2016 B1OA is classified as a wholly owned subsidiary.

On 01 January 2016, 5 per cent of the shares in SpareBank 1 Finans Østlandet AS were sold to SpareBank 1 Ringerike Hadeland.

Note 3 Segment information

This segment information is linked to the way the Group is run and followed up internally in the entity through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas: Retail banking, corporate banking, property, financing, accounting and other activities.

Prerequisites:

- Property brokerage, leasing, financing and accounting are organised as independent companies.
- Tax is calculated by 25 percent for the retail- and corporate banking.
- Net commission and other income in retail- and corporate banking contain their share of indirect income.
- Operating expenses in retail- and corporate banking contain their share of indirect costs
- The result of the elimination of companies appears with other activities in a separate column.

01.01-30.09.2017	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	Megler 1 Oslo Akershus Group	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
Income statement								
Net interest income	709	559	231	0	1	-1	-46	1,454
Net commissions and other income *)	530	98	-28	84	147	116	3	949
Net income from financial investments	0	0	0	0	0	0	134	134
Total operating costs *)	522	187	62	64	150	114	250	1,348
Profit before losses by segment	**718**	**470**	**141**	**20**	**-1**	**1**	**-159**	**1,190**
Losses on loans and guarantees	4	-30	20	0	0	0	0	-7
Profit/loss per segment before tax	**714**	**500**	**121**	**20**	**-1**	**1**	**-159**	**1,196**
Tax	178	125	30	5	0	0	-69	270
Profit/loss per segment after tax	**535**	**375**	**91**	**15**	**-1**	**1**	**-90**	**926**
Balance sheet								
Gross lending to customers	55,047	26,260	7,028	0	0	0	611	88,946
Individual loan write-downs	-34	-89	-18	0	0	0	0	-141
Collective loan write-downs	-69	-147	-22	0	0	0	0	-239
Other assets	1,290	273	211	68	95	135	15,674	17,746
Total assets per segment	**56,233**	**26,297**	**7,199**	**68**	**95**	**135**	**16,285**	**106,312**
Deposits from and liablilities to customers	39,080	18,394	0	0	0	0	7,794	65,268
Other liabilities and equity	17,153	7,903	7,199	68	95	135	8,491	41,044
Total equity capital and liabilities per segment	**56,233**	**26,297**	**7,199**	**68**	**95**	**135**	**16,285**	**106,312**

01.01-30.09.2016	Retail banking Sparebanken Hedmark	Corporate banking Sparebanken Hedmark	Bank 1 Oslo Akershus	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
Income statement								
Net interest income	410	334	123	175	0	-1	-3	1,038
Net commissions and other income	262	65	101	-20	75	122	39	644
Net income from financial investments	2	*0*	34	*0*	0	0	118	154
Total operating costs	381	149	130	48	52	116	-150	727
Profit before losses by segment	**293**	**249**	128	**107**	**23**	**5**	**304**	**1,109**
Losses on loans and guarantees	-1	16	1	16	0	0	0	33
Profit/loss per segment before tax	**294**	**233**	127	**90**	**23**	**5**	**304**	**1,077**
Tax	73	58	32	23	6	1	64	258
Profit/loss per segment after tax	**220**	**175**	**95**	**68**	**18**	**4**	**240**	**819**
Balance sheet								
Gross lending to customers	23,335	16,688	34,343	6,205	0	0	765	81,336
Individual loan write-downs	-26	-76	-11	-10	0	0	0	-125
Collective loan write-downs	-25	-87	-120	-19	0	0	0	-251
Other assets	93	-2	7,776	89	58	145	10,600	18,759
Total assets per segment	**23,377**	**16,523**	**41,987**	**6,264**	**58**	**145**	**11,365**	**99,720**
Deposits from and liablilities to customers	21,881	13,571	26,025	0	0	0	629	62,107
Other liabilities and equity	1,496	2,952	15,962	6,264	58	145	10,736	37,613
Total equity capital and liabilities per segment	**23,377**	**16,523**	**41,987**	**6,264**	**58**	**145**	**11,365**	**99,720**

01.01-31.12.2016	Retail banking Sparebanken Hedmark	Corporate banking Sparebanken Hedmark	Bank 1 Oslo Akershus	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
Income statement								
Net interest income	552	457	262	238	0	-1	-19	1,490
Net commissions and other income	340	87	280	-29	99	158	4	939
Net income from financial investments	2	0	53	0	0	0	165	220
Total operating costs	509	202	383	68	79	155	-193	1,203
Profit before losses by segment	**385**	**343**	**212**	**142**	**19**	**2**	**343**	**1,446**
Losses on loans and guarantees	15	31	1	27	0	0	0	75
Profit/loss per segment before tax	**370**	**311**	**211**	**115**	**19**	**2**	**343**	**1,371**
Tax	93	78	50	29	5	0	16	271
Profit/loss per segment after tax	**278**	**234**	**160**	**86**	**14**	**2**	**327**	**1,100**
Balance sheet								
Gross lending to customers	24,053	17,169	34,659	6,327	0	0	737	82,945
Individual loan write-downs	-28	-90	-13	-14	0	0	0	-145
Collective loan write-downs	-36	-87	-120	-20	0	0	0	-262
Other assets	102	1	8,324	165	55	144	9,913	18,704
Total assets per segment	**24,091**	**16,994**	**42,850**	**6,458**	**55**	**144**	**10,650**	**101,242**
Deposits from and liablilities to customers	21,985	13,614	26,838	0	0	0	634	63,070
Other liabilities and equity	2,106	3,380	16,012	6,458	55	144	10,016	38,171
Total equity capital and liabilities per segment	**24,091**	**16,994**	**42,850**	**6,458**	**55**	**144**	**10,650**	**101,242**

Note 4 Capital Adequacy

The Bank's capital adequacy is calculated on the basis of the applicable rules and rates at any given time. The rules are based on the three pillars that are intended to ensure that financial undertakings have capital commensurate with their risks:

- Pillar 1: Minimum regulatory capital requirements
- Pillar 2: Evaluation of the overall capital requirements and supervisory follow-up
- Pillar 3: Requirement to publish information

Capital adequacy is calculated on the basis of a risk-weighted calculation basis. The Bank has permission to use the AIRB approach for calculating risk weightings in the lending portfolio. As a transitional arrangement, a floor of 80 per cent of the Basel I rules has been set for the calculation basis. This limit applies to SpareBank 1 Østlandet at both the Parent Bank and consolidated levels.

Capital adequacy is calculated at three levels based on different definitions of capital:

- Common equity tier 1 ratio
- Common capital ratio (including hybrid tier 1 capital)
- Total capital adequacy ratio (including subordinated loans)

The current requirement for common equity tier 1 capital consists of a minimum requirement of 4.5 per cent and a buffer requirement totalling 7 per cent, of which the Bank's countercyclical capital buffer requirement was 1.5 per cent at 30 September 2017. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.7 per cent. The total capital requirement for common equity tier 1 capital was thus 13.2 per cent at 30 September 2017. In addition to this, a further 2 per cent is covered by supplementary capital and 1.5 per cent is covered by supplementary capital.

The Group's long-term capital target for the common equity tier 1 capital ratio is 16 per cent.

Parent bank				Group		
Basel III	Basel III	Basel III		Basel III	Basel III	Basel III
31.12.16	**30.09.16**	**30.09.17**		**30.09.17**	**30.09.16**	**31.12.16**
5,310	5,310	5,359	Equity capital certificates	5,359	5,310	5,310
520	520	547	Premium fund	547	520	520
974	503	1,884	Dividend equalisation fund	1,884	503	974
3,313	3,014	3,509	Primary capital	3,509	3,014	3,313
0	0	172	Other equity	172	0	0
33	40	24	Provision for gifts	24	40	33
134	125	247	Fund for unrealised gains	257	125	134
148	0	0	Dividends	0	0	148
0	0	400	Hybrid capital	400	400	400
0	627	-26	Other equity	785	1,817	1,228
0	0	0	Minority interests	53	46	47
10,430	**10,140**	**12,117**	**Total equity carried**	**12,991**	**11,776**	**12,107**
			Tier 1 capital			
0	-554	-463	Results for the accounting year not included	-463	-163	0
0	0	-400	Share of equity not included in core capital	-453	-446	-447
0	71	0	Minority interests that can be included in core capital	40	34	36
43	71	122	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	122	71	43
-	-	-	Cash flow hedge reserve	9	-	-
-102	-100	-115	Goodwill and other intangible assets	-381	-349	-371
-117	-138	-192	Positive value of expected losses under the IRB approach	-208	-163	-205
0	0	0	CET 1 instruments of financial sector entities where the institution does not have a significant investement	0	0	0
0	0	0	CET 1 instruments of financial sector entities where the institution does have a significant investement	-225	-2,393	-452
0	0	0	Adjustments to core equity tier 1 capital linked to regulatory filters	0	0	-
-10	-10	-30	Value adjustments due to the requirements for prudent valuation (AVA)	-43	-18	-33
0	0	0	Excess of deduction from AT1 items over CET1 Capital	0	0	0
10,243	**9,479**	**11,040**	**Total common equity Tier 1 capital**	**11,390**	**8,348**	**10,678**
			Additional Tier 1 capital			
0	0	400	Hybrid capital	619	400	619
0	-109	0	AT1 instruments of financial sector entities where the institution does not have a significant investment	0	0	0
0	0	0	AT1 instruments of financial sector entities where the institution does have a significant investment	0	-45	0
0	0	0	Excess of deduction from T2 items over AT1 Capital	0	0	0
0	109	0	Excess of deduction from AT1 items over CET1 Capital	0	0	0
0	**-0**	**400**	**Total additional Tier 1 capital**	**619**	**355**	**619**
			Supplementary capital in excess Tier 1 capital			
500	500	1,200	Subordinated loan capital	1,544	1,200	1,524
0	-149	0	T2 instruments of financial sector where the institution does not have a significant investement	0	0	0
0	0	-129	T2 instruments of financial sector where the institution does have a significant investement	-129	-296	-17
0	0	0	Excess of deduction from T2 items over AT1 Capital	0	0	0
500	**351**	**1,071**	**Total supplementary capital**	**1,415**	**904**	**1,507**
10,743	**9,829**	**12,511**	**Total eligible capital**	**13,423**	**9,607**	**12,804**
3,624	3,400	4,907	Corporates - SME	4,907	4,333	4,546
6,791	6,484	10,421	Corporates - Specialised Lending	10,421	10,419	10,628
532	539	674	Corporates - Other	674	787	768
847	838	946	SME exposure	1,113	927	1,104
5,997	6,240	14,361	Retail mortgage exposure	21,057	12,306	18,393
1,392	536	1,641	Other retail exposure	1,669	703	1,834
19,183	**18,037**	**32,950**	**Risk-weighted assets credit risk IRB**	**39,841**	**29,475**	**37,273**
10,505	10,959	10,730	Exposures calculated using the standardised approach	15,303	12,672	14,495
0	0	0	Market risk	0	0	0
162	176	88	CVA	663	191	452
2,253	2,253	3,343	Operational risk	4,503	3,702	3,702
0	0	1,926	Basel I	7,067	1,553	6,279
32,103	**31,426**	**49,037**	**Risk-weighted assets**	**67,377**	**47,592**	**62,201**
2,568	**2,514**	**3,923**	**Capital requirements (8%)**	**5,390**	**3,807**	**4,976**
546	0	**834**	**Pillar 2 (1,7%)**	**1,145**	**809**	**1,057**
			Buffer requriements			
803	786	1,226	Capital conservation buffer (2.5%)	1,684	1,190	1,555
482	471	736	Countercyclical capital buffer (1,5 %)	1,011	714	933
963	943	1,471	Systemic risk buffer (3%)	2,021	1,428	1,866
2,247	**2,200**	**3,433**	**Total buffer requirements for common equity (7 %)**	**4,716**	**3,331**	**4,354**
6,403	**5,794**	**5,400**	**Available common equity (11,5 %)**	**3,641**	**2,875**	**3,378**
			Capital adequacy ratio			
31.4 %	**29.9 %**	**22.5 %**	Common equity Tier 1 capital ratio	**16.9 %**	**17.5 %**	**16.9 %**
31.4 %	**29.9 %**	**23.3 %**	Tier 1 Capital ratio	**17.8 %**	**18.3 %**	**17.9 %**
33.0 %	**31.1 %**	**25.5 %**	Capital adequacy ratio	**19.9 %**	**20.2 %**	**20.3 %**

Note 5 Loans to and receivables from customers

Parent bank				Group		
31.12.16	**30.09.16**	**30.09.17**		**30.09.17**	**30.09.16**	**31.12.16**
24,653	24,143	54,542	Private customers	57,511	52,717	53,421
4	4	4	Public sector	251	193	193
4,102	3,936	4,469	Primary industries	4,793	4,251	4,428
202	208	1	Paper and pulp industries	19	222	218
542	579	865	Other industry	1,113	864	801
831	810	2,172	Building and constructions	3,066	1,618	1,684
214	218	245	Power atn water supply	435	404	407
791	821	1,030	Wholesale and retail trade	1,377	1,338	1,332
188	183	482	Hotel and restaurants	499	474	476
8,283	8,090	14,351	Real estate	14,439	13,879	14,157
1,917	1,560	3,126	Commercial services	3,773	3,953	4,356
220	247	499	Transport and communication	1,507	1,256	1,287
56	18	154	Other	164	166	187
42,003	**40,818**	**81,938**	**Total gross loans by sector and industry**	**88,945**	**81,336**	**82,945**
-118	-103	-123	Individual loan write-downs	-141	-124	-146
-122	-111	-216	Collective loan write-downs	-238	-251	-262
41,762	**40,604**	**81,599**	**Total loans to customers**	**88,565**	**80,961**	**82,537**
17,517	17,360	36,650	Loans transferred to SpareBank 1 Boligkreditt AS	36,650	35,130	35,197
706	551	1,324	Loans transferred to spareBank 1 Næringskreditt AS	1,324	1,160	1,308
59,985	**58,515**	**119,573**	**Total loans inclusive loans transferred to covered bond companies**	**126,540**	**117,251**	**119,042**

Note 6 Losses on loans and guarantees

Parent bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
1	-17	-6	Change in individual write-downs in the period	-3	-16	7
19	9	-26	Change in collective write-downs in the period	-24	10	22
16	16	11	Realised losses on commitments previously written down	25	30	40
34	32	5	Realised losses on commitments not previously written down	9	39	38
24	24	3	-Recoveries on loans and guarantees previously written down	14	30	33
47	**15**	**-19**	**Total losses on loans and guarantees in the period**	**-7**	**33**	75

31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
134	134	128	Individual write-downs to cover losses on loans and guarantees at 1 January	156	147	147
0	0	13	Individual write-downs to cover losses on loans and guarantees transferred from B1OA at 1 April when SH and B1OA merged operations in the parent bank	0	0	0
0	0	0	Individual write-downs to cover losses on loans and guarantees transferred from B1OA at 30 June 2016 when consolidating B1OA into the group	0	8	8
20	16	11	individually	24	30	40
19	14	8	Reversal of write-downs in previous years	14	21	28
6	3	4	Increase in write-downs on commitments previously written down individually	9	6	9
28	9	8	Write-downs on commitments not previously written down individually	26	28	59
128	**116**	**133**	**Individual write-downs to cover losses on loans and guarantees at the end of period [1)]**	**152**	**138**	**156**

1) Guarantee provisions are included under Other liabilities in the balance sheet, see Note 15.

31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
103	103	122	Collective write-downs to cover losses on loans and guarantees at 1 January	262	120	120
0	0	120	Collective write-downs to cover losses on loans and guarantees transferred from B1OA at 1 April when SH and B1OA merged operations in the parent bank	0	0	0
0	0	0	Collective write-downs to cover losses on loans and guarantees transferred from B1OA at 30 June 2016 when consolidating B1OA into the group	0	120	120
19	9	-26	Collective write-downs to cover losses on loans and guarantees in the period	-24	11	22
122	**111**	**216**	**Collective write-downs to cover losses on loans and guarantees**	**238**	**251**	**262**

31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
137	218	243	Gross defaulted commitments for more than 90 days [2)]	284	336	233
40	39	37	Individual write-downs on defaulted commitments	54	50	54
97	**179**	**205**	**Net defaulted commitments**	**230**	**287**	**179**
29 %	18 %	15 %	**Deposit ratio**	19 %	15 %	23 %
230	183	246	Gross problem commitments (not in default)	250	223	272
88	77	96	Individual write downs on problem commitments	98	89	101
142	**106**	**150**	**Net problem commitments**	**153**	**135**	**171**
38 %	42 %	39 %	**Deposit ratio**	39 %	40 %	37 %
35 %	29 %	27 %	**Total deposit ratio**	28 %	25 %	31 %

2) Commitments is the sum of the customers gross lending, guarantees and unused credits.

Note 7 Net income from financial assets and liabilities

Parent bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
45	45	11	Net income from equity instruments available for sale	11	46	46
45	**45**	**11**	**Net incom from other than group companies**	**11**	**46**	**46**
389	263	242	Dividends (Parent bank) or net profit (Group) from group companies	99	187	236
0	0	0	Gains / losses on realisation of group companies	18	0	0
-20	-16	10	Write-down of assets in group companies	0	0	0
369	**247**	**252**	**Net income from ownership interests**	**118**	**187**	**236**
21	29	21	Net change in value on bonds and certificates identified at fair value through profit and loss	38	43	35
15	5	10	Net change in value of derivatives related to bonds and certificates	10	9	21
36	*34*	*32*	*Net change in value to bonds and certificates including security*	*48*	*52*	*55*
-65	-137	-25	Net change in value of securities at fair value through profit and loss	-16	-47	100
-87	-48	-49	Net change in value in derivatives that hedge securities issued	-62	-136	-246
-151	*-185*	*-74*	*Net change in value to securities debt including security*	*-78*	-183	*-146*
-41	1	-4	Net change in fixed-rate loans and deposits to customers at fair value through profit and loss	3	-22	-78
6	4	0	Net change in value of other derivatives	-1	31	54
1	0	10	Gains or losses on realization of assets designated at fair value through profit or loss	10	17	1
13	12	0	Gains or losses on realisation of equity instruments available for sale	1	12	29
0	0	-9	Write-down of and reversal of previous write-down of equity instruments available for sale	-9	0	0
16	11	26	Net income from currency trading	32	15	24
-121	**-124**	**-18**	**Net income from other financial assets and liabilities**	**6**	**-79**	**-61**
293	**168**	**244**	**Total net income from financial assets and liabilities**	**134**	**154**	**220**

Note 8 Financial derivatives

	Parent bank		
	30.09.17		
	Contract sum	Fair market value	
At fair market value through p & l account		**Assets**	**Liabilities**
Foreign exchange instruments			
Forward exchange contracts	878	8	6
Currency swap contracts	1,231	11	8
Total foreign exchange instruments	**2,109**	**19**	**14**
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	22,646	559	291
Other interest rate contracts	0	0	0
Total interest rate instruments	**22,646**	**559**	**291**
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	1	0
Total currency instruments	**2,109**	**19**	**14**
Total interest rate instruments	**22,646**	**559**	**291**
Other financial derivatives	**20**	**1**	**0**
Total financial derivates in MNOK	**24,775**	**578**	**305**

	30.09.16		
	Contract sum	Fair marekt value	
At fair market value through p & l account		**Assets**	**Liabilities**
Foreign exchange instruments			
Forward exchange contracts	645	7	7
Currency swap contracts	1,650	19	3
Total foreign exchange instruments	**2,295**	**26**	**10**
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	10,061	358	235
Other interest rate contracts	150	10	0
Total interest rate instruments	**10,211**	**368**	**235**
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	1	0
Total currency instruments	**2,295**	**26**	**10**
Total interest rate instruments	**10,211**	**368**	**235**
Total other financial instruments	**20**	**1**	**0**
Total financial derivates in MNOK	**12,526**	**395**	**245**

	31.12.16		
	Contract sum	Fair marekt value	
At fair market value through p & l account		**Assets**	**Liabilities**
Foreign exchange instruments			
Forward exchange contracts	558	6	8
Currency swap contracts	1,686	7	3
Total foreign exchange instruments	**2,244**	**13**	**11**
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	10,970	334	222
Other interest rate contracts	0	0	0
Total interest rate instruments	**10,970**	**334**	**222**
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	2	0
Total currency instruments	**2,244**	**13**	**11**
Total interest rate instruments	**10,970**	**334**	**222**
Total other financial instruments	**20**	**2**	**0**
Total financial derivates in MNOK	**13,234**	**349**	**233**

	Group		
	30.09.17		
	Contract sum	Fair marekt value	
At fair market value through p & l account		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	878	8	6
Currency swap contracts	1,231	11	8
Total foreign exchange instruments	**2,109**	**19**	**14**
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	22,646	559	291
Other interest rate contracts	0	0	0
Total interest rate instruments	**22,646**	**559**	**291**
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	1	0
Total currency instruments	**2,109**	**19**	**14**
Total interest rate instruments	**22,646**	**559**	**291**
Total other financial instruments	**20**	**1**	**0**
Total financial derivates in MNOK	**24,775**	**578**	**305**

	30.09.16		
	Contract sum	Fair market value	
At fair market value through p & l account		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	763	9	8
Currency swap contracts	2,044	37	3
Total foreign exchange instruments	**2,807**	**45**	**11**
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	21,247	906	386
Other interest rate contracts	234	10	0
Total interest rate instruments	**21,481**	**917**	**386**
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	1	0
Total currency instruments	**2,807**	**45**	**11**
Total interest rate instruments	**21,481**	**917**	**386**
Total other financial instruments	**20**	**1**	**0**
Total financial derivates in MNOK	**24,308**	**963**	**397**

	31.12.16		
	Contract sum	Fair marekt value	
At fair market value through p & l account		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	805	7	10
Currency swap contracts	2,076	19	7
Total foreign exchange instruments	**2,881**	**26**	**18**
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	21,853	783	331
Other interest rate contracts	50	0	0
Total interest rate instruments	**21,903**	**783**	**331**
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	2	0
Total currency instruments	**2,881**	**26**	**18**
Total interest rate instruments	**21,903**	**783**	**331**
Total other financial instruments	**20**	**2**	**0**
Total financial derivates in MNOK	**24,804**	**810**	**349**

Note 9 Liquidity risk

Liquidity risk is the risk that the group is not able to refinance its debt or is not able to finance an increase in assets. The banks's framwork for managing liquidity risk shall reflect the bank's conservative risk profile. The board has adopted internal limits such that the bank ha as balanced a maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturity for bank-specific crises, system crises and combinations of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of senior bond funding was 3.2 years at the end of the third quarter of the year 2017.

Note 10 Determination of fair value of financial instruments

The table below shows financial instruments at fair value by valuation method. The different levels are defined as follows:

- Level 1: Quoted prices for similar asset or liability on an active market
- Level 2: Valuation based on other observable factors either direct (price) or indirect (deduced from prices) than the quoted price (used on level 1) for the asset or liability
- Level 3: Valuation based on factors not based on observable market data (non-observable inputs)

Group

30.09.2017	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		577	1	578
- Bonds and certificates		8,838		8,838
- Fixed-rate loans			5,523	5,523
- Loans with interest-rate guarantees				0
Financial assets available for sale				
- Equity instruments	240		216	455
- Other financial assets (Visa Norge)			32	32
Total assets	**240**	**9,415**	**5,772**	**15,427**
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		305		305
- Securities issued		12,869		12,869
- Subordinated loan capital		504		504
- Fixed-rate deposits		672		672
- Term deposit		0	20	20
Total liabilities	**0**	**14,351**	**20**	**14,371**

30.09.2016	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		962	1	963
- Bonds and certificates		9,814		9,814
- Fixed-rate loans to customers		2,994	2,517	5,511
- Loans with interest-rate guarantees	354			354
Financial assets available for sale				
- Equity instruments	167		201	368
- Other financial assets (Visa Norge)			32	32
Total assets	**521**	**13,771**	**2,751**	**17,043**
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		397		397
- Securities issued		12,036		12,036
- Subordinated loan capital		501		501
- Fixed-rate deposits from customers		427		427
- Term deposit		0	60	60
Total liabilities	**0**	**13,360**	**60**	**13,421**

31.12.2016	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		808	2	810
- Bonds and certificates		9,776		9,776
- Fixed-rate loans to customers			5,913	5,913
- Loans with interest-rate guarantees	356			356
Financial assets available for sale				
- Equity instruments	188		204	392
- Other financial assets (Visa Norge)			32	32
Total assets	**544**	**10,585**	**6,151**	**17,280**
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		349		349
- Securities issued		12,492		12,492
- Subordinated loan capital		502		502
- Fixed-rate deposits from customers		646		646
- Term deposit			107	107
Total liabilities	**0**	**13,988**	**107**	**14,096**

Fair value of financial instruments traded on active markets is based on the market value on the balance sheet day. A market is considered active if the market prices are easily and regularly available, and these prices represent actual and regularly occurring arm's-length market transactions. The market price used for financial assets is the current purchase price; for financial liabilities the current selling price is used. Instruments included in level 1 include only equity instruments listed on Oslo Børs or the New York Stock Exchange.

Fair value value of financial instruments that are not traded in an active market (such as individual OTC derivatives) is determined using valuation methods. These valuation methods make maximum use of observable data where available and try to avoid using the Group's own estimates. If all the significant data required to determine the fair value of an instrument is observable data, the instrument is included in level 2.

If one or more important inputs required to determine the fair value of an instrument are observable market data, the instrument is included in level 3.

Valuation methods used to determine the value of financial instruments include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.
- Fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated future cash flow based on observable yield curves, including an indicated credit spread on issuers from Nordic Bond Pricing or Reuters pricing service.
- Fair value of fixed-rate deposits and loans is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus an implicit mark-up calculated as the difference between the reference rate and the interest rate indicated by the Bank's price list on balance sheet day.
- Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

The table below presents the changes in value of the instruments classified in level 3:

31.12.16-30.09.17	**Fixed-rate loans to customers**	**Equity instruments**	**Derivatives**	**Term deposit**	**Other financial assets**	**Total**
Opening balance	5,913	204	2	-107	32	**6,044**
Investments in the period	503	9	0	-9	0	**503**
Sales / redemption in the period	-897	0	-3	97	0	**-803**
Gains / losses recognised through profit and loss	4	-10	1	0	0	**-4**
Gains / losses recognised directly against comprehensive income	0	13	0	0	0	**13**
Closing balance	5,523	216	1	-20	32	**5,753**
Gains / losses for the period included in the profit for assets owned on the balance sheet day	4	-5	1	0	0	**1**

31.12.15-30.09.16	**Fixed-rate loans to customers (only B1OA)**	**Equity instruments**	**Derivatives**	**Term deposit**	**Other financial assets**	**Total**
Opening balance	2,676	199	-3	-61	71	**2,883**
Investments in the period	129	1	0	0	0	**130**
Sales / redemption in the period	-266	-2	3	1	0	**-264**
Gains / losses recognised through profit and loss	-23	-2	2	0	0	**-23**
Gains / losses recognised directly against comprehensive income	0	5	0	0	-40	**-35**
Closing balance	2,517	201	1	-60	32	**2,691**
Gains / losses for the period included in the profit for assets owned on the balance sheet day	-23	0	2	0	0	**-21**

31.12.15-31.12.16	**Fixed-rate loans to customers**	**Equity instruments**	**Derivatives**	**Term deposit**	**Other financial assets**	**Total**
Opening balance	5,447	199	-3	-61	71	**5,653**
Investments in the period	1,237	1	0	-47	0	**1,191**
Sales / redemption in the period	-692	-4	3	1	0	**-692**
Gains / losses recognised through profit and loss	-79	-1	3	0	0	**-77**
Gains / losses recognised directly against comprehensive income	0	8	0	0	-39	**-31**
Closing balance	5,913	204	2	-107	32	**6,044**
Gains / losses for the period included in the profit for assets owned on the balance sheet day	-79	0	3	0	0	**-77**

Gains or losses through profit and loss from instruments classified as level 3 is entirety included in "Total net income from financial assets and liabilities".

Specification of fair value, instruments classified in level 3:

30.09.2017	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments) / cost (shares)	5,467	155	0	-20	0	**5,602**
Fair value adjustment	56	61	1	0	32	**151**
Closing balance	5,523	216	1	-20	32	**5,753**

30.09.2016		Equity instruments	Derivatives	Term deposit	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments) / cost (shares)	2,460	151	0	-60	0	**2,551**
Fair value adjustment	57	50	1	0	32	**140**
Balanseført verdi	2,517	201	1	-60	32	**2,691**

31.12.2016	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments) / cost (shares)	5,861	153	0	-107	0	**5,907**
Fair value adjustment	52	51	2	0	32	**137**
Balanseført verdi	5,913	204	2	-107	32	**6,044**

Sensitivity, instruments classified as level 3

The valuation of fixed-rate loans to customers is based on the agreed rate with the customer. The loans are discounted by the current yield curve plus a discretionary market premium. An increase in the discount rate by ten basis points would have resulted in a negative change in fair value of MNOK 12.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 56), Eksportfinans ASA (MNOK 77) and SpareBank 1 Markets AS (NOK 40 million). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass of the Oslo Kongressenter Folkets Hus (P/B 4.9). Based on an external valuation in connection with a demerger in 2012 and subsequent results, the value of Eksportfinans is considered to be substantially smaller (P/B 0.8). The value of the shareholding in SpareBank 1 Markets are based on valuation of the company in the accounts of majority sharehoulders as well as current issue price.

Derivatives in Level 3 is entirely a 1.3 percentage share of a portfolio hedge agreement with Eksportfinans ASA. The agreement secures Eksportfinans against further decreases in the portfolio from 29 February 2008 up to 1.5 billion. Any recovery of values relative to the nominal value accruing to participants in the portfolio hedge agreement as payment for the hedge. Eksportfinans performs monthly valuation of the hedging agreement based on the fair value of the underlying instruments.

The valuation of term deposits is based on the agreed rate with the customer. The contributions are discounted by the current yield curve plus a discretionary market premium reducing the discount rate by ten basis points would have resulted in an insignificant change in fair value.

Other financial assets are entirely the Group's share of the remaining settlement for Visa Norway's sale of Visa Europe Ltd to Visa Inc. This consists of an agreed cash consideration settled in 2019 as well as preference shares in Visa that will be converted into tradable shares no later than 2028. The valuation of the Group's assets is based on the closing exchange rates (EUR and USD), the share price of tradable Visa Inc stocks, purchase agreement conversion factor for the preference shares and the adopted settlement share of Visa Norway FLI to the member banks Sparebanken Hedmark and Bank 1 Oslo Akershus AS. The value of this record will change with the aforementioned assumptions.

Note 11 Financial instruments and offsetting

In accordance with IFRS 7.13 A-F it should be disclosed about the financial instruments the Bank considers to fulfill the requirements for offsetting, cf. IAS 32.42, and what financial instruments they have signed netting on.

The Bank has no financial instruments booked on a net basis in the financial statements.

SpareBanke 1 Østlandet has two sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, use is made of framework agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e it is only the customers that provide collateral. As regards financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank has entered into supplementary agreements on provision of collateral (CSA) with ten institutional counterparties. Reverse repurchase agreements are governed by GMRA agreements with counterparty.

The Group has as at 30.09.2017 two GMRA agreements. The assets and liabilities below may be offset.

Parent bank

				Amounts not presented on the balance sheet on an net basis		
30.09.17	**Gross financial assets/(liabilities)**	**Recognised on a net basis**	**Net financial assets/(liabilities) on the balance sheet**	**Financial instruments**	**Cash collateral given/(received)**	**Net amount**
Derivatives as assets	578	0	578	-197	-202	180
Derivatives as liabilities	-305	0	-305	197	90	-19

30.09.16	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
Derivatives as assets	395	0	395	-69	0	327
Derivatives as liabilities	-245	0	-245	69	90	-86

31.12.16	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
Derivatives as assets	349	0	349	-50	0	299
Derivatives as liabilities	-233	0	-233	50	136	-47

Group				Amounts not presented on the balance sheet on an net basis		
30.09.17	**Gross financial assets/(liabilities)**	**Recognised on a net basis**	**Net financial assets/(liabilities) on the balance sheet**	**Financial instruments**	**Cash collateral given/(received)**	**Net amount**
Derivatives as assets	578	0	578	-197	-202	180
Derivatives as liabilities	-305	0	-305	197	90	-19

30.09.16	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
Derivatives as assets	963	0	963	-155	-259	549
Derivatives as liabilities	-397	0	-397	155	136	-106

31.12.16	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
Derivatives as assets	810	0	810	-126	-201	483
Derivatives as liabilities	-349	0	-349	126	168	-54

Note 12 Other assets

Parent bank				Group		
31.12.16	**30.09.16**	**30.09.17**		**30.09.17**	**30.09.16**	**31.12.16**
103	103	238	Capital payments into pension fund	238	103	103
17	14	40	Accrued income, not yet received	41	29	31
26	23	88	Prepaid costs, not yet incurred	158	163	138
0	0	1	Unsettled trades	1	0	0
193	243	166	Other assets	439	607	424
338	**383**	**534**	**Total other assets**	**878**	**902**	**695**

Note 13 Deposits from and liabilities to customers

Parent bank				Group		
31.12.16	**30.09.16**	**30.09.17**		**30.09.17**	**30.09.16**	**31.12.16**
21,998	21,859	37,975	Private customers	37,975	37,695	38,443
4,256	4,565	4,752	Public sector	4,752	5,072	4,699
941	1,000	1,121	Primary industries	1,121	1,009	950
103	91	5	Paper and pulp industries	5	97	107
670	536	744	Other industry	744	630	782
884	735	1,284	Building and construction	1,284	903	1,092
259	345	176	Power and water supply	176	346	262
782	728	1,265	Wholesale and retail trade	1,265	1,368	1,417
120	127	246	Hotel and restaurants	246	272	247
1,920	1,847	4,150	Real estate	4,150	3,937	3,794
4,006	3,975	12,217	Commercial services	12,188	9,910	10,071
305	298	602	Transport and communications	602	419	422
14	4	762	Other operations	762	449	784
36,259	**36,110**	**65,298**	**Total deposits by sector and industry**	**65,268**	**62,107**	**63,070**

Note 14 Securities-related debt

Parent bank

Change in liabilities from issuance of securities	30.09.17	Issued	Due/redeemed	Other Changes	31.12.16
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	23,517	4,844	-1,503	8,082	12,093
Subordinated loan capital, nominal value	1,200	0	0	700	500
Accrued interest	206	0	0	83	123
Adjustments	359	0	0	170	189
Total debt raised through issuance of securities and subordinated loan capital, fair value	**25,282**	**4,844**	**-1,503**	**9,035**	**12,906**

Change in liabilities from issuance of securities	30.09.16	Issued	Due/redeemed	Other Changes	31.12.15
Certificate-based debt, nominal value	0	0	-500	0	500
Bond debt, nominal value	11,125	1,500	-1,500	311	10,814
Subordinated loan capital, nominal value	500	0	0	0	500
Accrued interest	104	0	0	-31	136
Adjustments	262	0	0	138	123
Total debt raised through issuance of securities and subordinated loan capital, fair value	**11,991**	**1,500**	**-2,000**	**418**	**12,073**

Change in liabilities from issuance of securities	31.12.16	Issued	Due/redeemed	Other Changes	31.12.15
Certificate-based debt, nominal value	0	0	-500	0	500
Bond debt, nominal value	12,093	2,904	-2,050	425	10,814
Subordinated loan capital, nominal value	500	0	0	0	500
Accrued interest	123	0	0	-12	136
Adjustments	189	0	0	66	123
Total debt raised through issuance of securities and subordinated loan capital, fair value	**12,906**	**2,904**	**-2,550**	**478**	**12,073**

Group

Change in liabilities from issuance of securities	30.09.17	Issued	Due/redeemed	Other Changes	31.12.16
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	23,517	4,844	-2,103	-423	21,199
Subordinated loan capital, nominal value	1,200	0	0	0	1,200
Accrued interest	206	0	0	-15	221
Adjustments	359	0	0	-161	520
Total debt raised through issuance of securities and subordinated loan capital, fair value	**25,282**	**4,844**	**-2,103**	**-599**	**23,140**

Change in liabilities from issuance of securities (B1OA included in opening balance)	30.09.16	Issued	Due/redeemed	Other Changes	31.12.15
Certificate-based debt, nominal value	0	0	-500	0	500
Bond debt, nominal value	20,691	2,473	-2,747	311	20,654
Subordinated loan capital, nominal value	1,200	0	0	0	1,200
Accrued interest	210	0	0	-18	230
Adjustments	661	0	0	75	586
Total debt raised through issuance of securities and subordinated loan capital, fair value	**22,762**	**2,473**	**-3,247**	**368**	**23,170**

Change in liabilities from issuance of securities (B1OA included in opening balance)	31.12.16	Issued	Due/redeemed	Other Changes	31.12.15
Certificate-based debt, nominal value	0	0	-500	0	500
Bond debt, nominal value	21,199	3,877	-3,345	12	20,654
Subordinated loan capital, nominal value	1,200	0	0	0	1,200
Accrued interest	221	0	0	-8	230
Adjustments	520	0	0	-66	586
Total debt raised through issuance of securities and subordinated loan capital, fair value	**23,140**	**3,877**	**-3,845**	**-63**	**23,170**

Note 15 Other debt and liabilities

Parent bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
52	43	81	Accrued expenses and prepaid revenue	120	119	150
10	14	10	Garantee provisions	10	14	10
40	38	60	Pension liabilities	63	152	119
30	29	51	Accounts payable	55	33	38
0	0	0	Unsettled trades	0	0	0
89	142	316	Other liabilities	392	334	240
222	**266**	**519**	**Total other debt and liabilities recognised in the balance sheet**	**640**	**652**	**556**

Note 16 Adjusted profit and loss group

Sparebanken Hedmark's acquisition of the remaining shares in Bank 1 Oslo Akershus AS was completed with accounting effect from 29 June 2016. The results from Bank 1 Oslo Akershus AS were in the first half of 2016 consolidated into the Group using the equity method with an ownership interest of 40.5 per cent. From and including the second half of 2016 and even the first quarter of 2017, the results from Bank 1 Oslo Akershus AS were fully consolidated into the accounts of SpareBank 1 Østlandet. From April, Bank 1 Oslo Akershus AS in included as part of the parent bank. The consolidation of the accounts of Bank 1 Oslo Akershus AS means that SpareBank 1 Østlandet's consolidated financial statements for the first half of the third quarter of 2017 are not directly comparable with the figures for the year before.

In order to present comparable figures for last year, we have prepared an adjusted consolidated income statement for the third quarter of the year of 2016, which shows the consolidated profit as it would have been with 100 per cent ownership of Bank 1 Oslo Akershus AS from 1 January 2016. This adjusted income statement is an alternative performance measure (APM) which has been prepared in order to provide a more relevant basis for comparisons with last year.

The adjusted income statement was prepared by eliminating the profit share from the Bank 1 Oslo Akershus AS group in the "Net result from financial assets and liabilities" item. The profit share for the first quarter of 2016 that was eliminated was NOK 23.1 million. The remaining profit and loss items for the adjusted third quarter of the year of 2016 were calculated by adding the reported third quarter of 2016 for Sparebanken Hedmark to the reported third quarter of 2016 for the Bank 1 Oslo Akershus AS group.

GROUP	**Reported**	**Reported**	**Adjusted**
(NOK million)	**30.09.17**	**30.09.16**	**30.09.16**
Interest income	2,419	1,708	2,281
Interest expenses	964	671	994
Net interest income	**1,454**	**1,038**	**1,286**
Commission income	885	555	854
Commission expenses	75	48	66
Other operating income	140	137	146
Net commission and other income	**949**	**644**	**934**
Dividends from other than group companies	11	46	77
Net profit from ownership interests	118	187	139
Net profit from other financial assets and liabilities	6	-79	-75
Net income from financial assets and liabilities	**134**	**154**	**141**
Total net income	**2,537**	**1,836**	**2,362**
Personnel expenses	702	320	512
Depreciation	62	43	43
Other operating expenses	584	364	542
Total operating expenses before losses on loans and guarantees	**1,348**	**727**	**1,096**
Profit before losses on loans and guarantees	**1,190**	**1,110**	**1,265**
Losses on loans and guarantees	-7	33	43
Profit/loss before tax	**1,196**	**1,077**	**1,222**
Tax charge	270	258	299
Results for the accounting period	**926**	**819**	**923**
Majority interests	920	816	920
Minority interests	6	3	2
Statement of comprehensive income			
Results for the accounting period	**926**	**819**	**923**
Actuarial gains / losses on pensions	0	-60	-60
Tax effect of actuarial gains / losses on pensions	0	12	12
Share of other comprehensive income from associates and joint ventures	0	-27	-27
Total items not reclassified through profit or loss	**0**	**-75**	**-75**
Change in value of financial assets available for sale	58	-22	-22
Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value	9	0	0
Financial assets available for sale transferred to profit and loss on realisation	0	0	0
Share of other comprehensive income from associates and joint ventures	7	0	0
Total items reclassified through profit or loss	**73**	**-22**	**-22**
Total profit and loss items recognised in equity	**74**	**-97**	**-97**
Total profit/loss for the accounting year	**1,000**	**723**	**826**
Majority share of comprehensive income	994	719	823
Minority interest of comprehensive income	6	3	3

Note 17 Events occurring after the balance sheet date

There have been no subsequent events that are of significance to the financial statements.

Equit capital certificates

	With interim results 30.09.2017 1)	31.12.16
Equity capital certificates	5,359	5,310
Dividend equalisation fund	1,884	974
Premium fund	547	520
A. Equity capital certificate owners' capital	7,790	6,804
Primary capital	3,509	3313
Other paid-up equity	172	0
B. Total primary capital	3,681	3313
Fund for unrealised gains	247	134
Dividends	0	148
Provision for gifts	24	33
Total other equity	**271**	314
Other equity		
Hybrid capital	400	0
Interest cost for hybrid capital	-26	0
Total equity	**12,117**	**10,430**
Total equity for distribution:		
Equity capital certificate ratio (A/(A+B)) after distribution	**67.9 %**	**67.3 %**
Equity certificates issued	**107,179,987**	**106,202,540**

1) According to $ 10-1 of the Financial Business Act, the auditor-certified interim report can be calculated for the calculation of book value per equity certificate.

20 largest owners of equity certificates:	**No. Of EC's**	**Share in %**
Sparebanken Hedmark Sparebankstiftelse	58,654,893	54.73 %
Landsorganisasjonen LO sentralt	10,322,584	9.63 %
Tredje AP-Fonden C/O Handelsbanken AS	3,137,228	2.93 %
Fellesforbundet	1,950,901	1.82 %
Danske Invest Norske C/O Danske Capital	1,837,633	1.71 %
ODIN Norge	1,421,218	1.33 %
Norsk Nærings og Nytelsesmiddelarbeiderforbund	1,219,526	1.14 %
SEB Nordenfond Skandinaviska Enskilda	1,092,822	1.02 %
Fidelity PUR.TRUST:F Intrinsic Opportunit	1,000,000	0.93 %
Danske Invest Norske	963,900	0.90 %
Sparebank 1 Østfold	839,930	0.78 %
SpareBank 1 BV v/Finansavdelingen	839,930	0.78 %
VPF EIKA Egenkapital C/O EIKA Kapitalforvaltning	754,444	0.70 %
State Street Bank an A/C Client Omnibus	700,000	0.65 %
DnB NOR Bank ASA Egenhandelskonto DnB NOR Markets	679,000	0.63 %
State Street Bank an S/A SSB Client Omnibus	625,613	0.58 %
Landkreditt Utbytte	625,000	0.58 %
Skandinaviska Enskil SEB S.A. Client Asse	614,859	0.57 %
State Street Bank an A/C Client Omnibus	591,197	0.55 %
Morgan Stanley & Co. MS & CO INTL PLC MSI	497,837	0.46 %

Dividend policy

SpareBank 1 Østlandet believes it is important to provide its owners with a competitive, stable cash dividend based on good profitability and a high dividend capacity. The Bank's goal is to pay out 50 per cent of each year's profit after tax as dividends to equity certificate holders and customer dividends from the primary capital. The Bank's long-term profitability target is a return on equity of 10 per cent. The return on equity target is thus a slightly lower than those of comparable banks, which reflects SpareBank 1 Østlandet's goal of maintaining its well-established position as Norway's strongest regional savings bank. The Bank's ambitions concerning its financial strength are reflected by its long-term common equity tier 1 ratio target of 16 per cent. Adjusted for differences in levels of capital adequacy, SpareBank 1 Østlandet has historically been just as profitable as comparable banks.

In addition to being the strongest regional savings bank, SpareBank 1 Østlandet's proportion of loans in the retail market is high and the Interior Region is its original home market, which is less sensitive to cyclical changes than the rest of Norway. The combination of good financial strength and a robust lending portfolio means the Bank has the capacity to adhere to its dividend target, including in economic downturns.

Each year, based on the Board's recommendation, the supervisory board approves the proportion of the profit after tax that will be allocated to equity certificate holders and primary capital as dividends, based on their respective shares of the equity. The share allocated to primary capital is normally paid out to customers via customer dividends. The customer dividends arrangement prevents the dilution of the equity certificate holders' ownership interest in the Bank. The equity certificate holders' share of the profit is divided between dividends and the dividend equalisation fund. In determining the dividend, the supervisory board takes into account the expected financial performance in a normalised market situation and any regulatory changes.

Results from the Quarterly Accounts

(Isolated figures in NOK million)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Interest income	809	823	787	786	765	472	472	481	497
Interest expense	310	331	322	333	323	172	176	192	218
Net interest income	**498**	**491**	**464**	**452**	**442**	**300**	**297**	**289**	**280**
Commission income	311	297	277	275	295	137	123	129	132
Commission expenses	27	26	22	23	23	13	13	14	14
Other operating income	42	45	53	43	37	51	50	44	37
Net commission and other income	**325**	**316**	**308**	**295**	**310**	**175**	**160**	**159**	**155**
Dividends from other than group companies	0	2	9	0	1	45	0	0	0
Net profit from ownership interets	82	30	6	49	21	96	70	70	66
Net profit from other financial assets and liabilities	19	2	-14	17	30	-47	-63	33	142
Net income from financial assets and liabilities	**100**	**34**	**0**	**66**	**53**	**94**	**7**	**103**	**208**
Total net income	**923**	**841**	**773**	**813**	**805**	**569**	**464**	**551**	**643**
Personnel expenses	233	237	232	253	27	145	148	155	145
Depreciation	21	21	21	22	19	12	11	13	11
Other operating costs	179	221	184	201	168	102	94	126	92
Total operating costs	**433**	**478**	**437**	**477**	**214**	**259**	**253**	**294**	**248**
Operating profit before loans and guarantees	**491**	**363**	**335**	**337**	**590**	**310**	**211**	**260**	**395**
Losses on loans and guarantees	14	5	-26	43	3	20	9	18	-2
Profit/loss before tax	**476**	**358**	**361**	**294**	**587**	**289**	**202**	**242**	**397**
Tax expense	99	84	88	14	163	62	33	48	89
Profit after tax	**377**	**274**	**274**	**281**	**424**	**227**	**169**	**194**	**307**

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Profitability									
Return on equity capital 1)	12.0 %	9.0 %	9.2 %	9.4 %	15.0 %	9.0 %	7.7 %	8.9 %	14.7 %
Net interest income 2)	1.85 %	1.88 %	1.85 %	1.79 %	1.75 %	1.53 %	2.09 %	2.08 %	2.06 %
Cost-income-ratio 3)	46.9 %	56.8 %	56.6 %	58.6 %	26.6 %	45.6 %	54.5 %	52.9 %	38.6 %
From the balance sheet									
Gross loans to customers	88,945	87,528	84,901	82,945	81,336	79,286	44,308	43,779	42,793
Gross loans to customers including loans transferred to covered bond companies 4)	126,919	124,393	121,701	119,450	117,625	115,224	62,156	61,140	59,437
Growth in loans during the last 12 months	9.4 %	10.4 %	91.6 %	89.5 %	90.1 %	88.4 %	9.4 %	9.6 %	9.1 %
Growth in loans including loans transferred to covered bond companies in the last 12 months	7.9 %	8.0 %	95.8 %	95.4 %	99.9 %	98.7 %	9.8 %	9.3 %	8.4 %
Deposits from customers	65,268	66,653	62,782	63,070	62,107	62,637	33,675	33,458	33,052
Deposit-to-loan-ratio 5)	73.4 %	76.2 %	73.9 %	76.0 %	76.4 %	79.0 %	76.0 %	76.4 %	77.2 %
Growth in deposits in the last 12 months	5.1 %	6.4 %	86.4 %	88.5 %	87.9 %	88.6 %	8.4 %	7.7 %	4.7 %
Average total assets	106,982	104,757	101,749	100,679	100,301	79,019	56,577	55,236	54,030
Total assets	106,312	107,652	101,861	101,640	99,720	100,883	57,185	55,970	54,501
Business capital 6)	144,286	144,517	138,661	138,145	136,009	136,821	75,033	73,331	71,145
Losses and commitments in default									
Losses on loans as a percentage of gross loans	0.1 %	0.0 %	-0.1 %	0.2 %	0.0 %	0.1 %	0.1 %	0.2 %	0.0 %
Commitments in default, percentage of gross loans	0.3 %	0.3 %	0.3 %	0.3 %	0.4 %	0.4 %	0.6 %	0.5 %	0.8 %
Other bad and doubtful commitments, percentage of gross loans	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.5 %	0.6 %	0.5 %
Net commitments in default and other bad and doutful commitments, percentage of gross loans 7)	0.4 %	0.4 %	0.4 %	0.4 %	0.5 %	0.5 %	0.7 %	0.8 %	1.0 %
Financial strenght									
Common equity Tier 1 capital ratio	16.9 %	16.7 %	16.7 %	16.9 %	17.5 %	16.0 %	16.9 %	17.2 %	17.1 %
Tier 1 capital ratio	17.8 %	17.6 %	17.6 %	17.9 %	18.3 %	16.7 %	17.3 %	17.5 %	17.5 %
Capital ratio	19.9 %	19.9 %	19.3 %	20.3 %	20.2 %	18.6 %	18.8 %	19.1 %	18.8 %
Net subordinated capital	13,423	13,440	12,649	12,656	9,608	9,305	7,229	7,178	7,030

1) Quarterly profit after tax as a percentage of average equity for the period.
2) Net interest income as a percentage of average total assets for the period.
3) Total operating costs as a percentage of total operating income (isolated for the quarter).
4) Covered bond companies used are SpareBank 1 Boligkreditt AS og SpareBank 1 Næringskreditt AS.
5) Deposit from customers as a percentage of gross loans to customers (excl. loans transferred to covered bond companies).
6) Total assets and loans transferred to the covered bond companies.
7) Net commitments in default and other bad and douful commitments less individual write-downs

Financial Calendar 2018

Q4 2017	Friday 9 February
Annual report 2017	Friday 23 March
Q1 2018	Friday 27 April
Q2 2018	Tuesday 7 August
Q3 2018	Friday 26 October

We reserve the right to change any dates of publication.

The silent period occurs from the fifth banking day of the new quarter and until the interim report has been published. During this period, Investor Relations does not arrange any meetings with media, investors, analysts or other capital market players.

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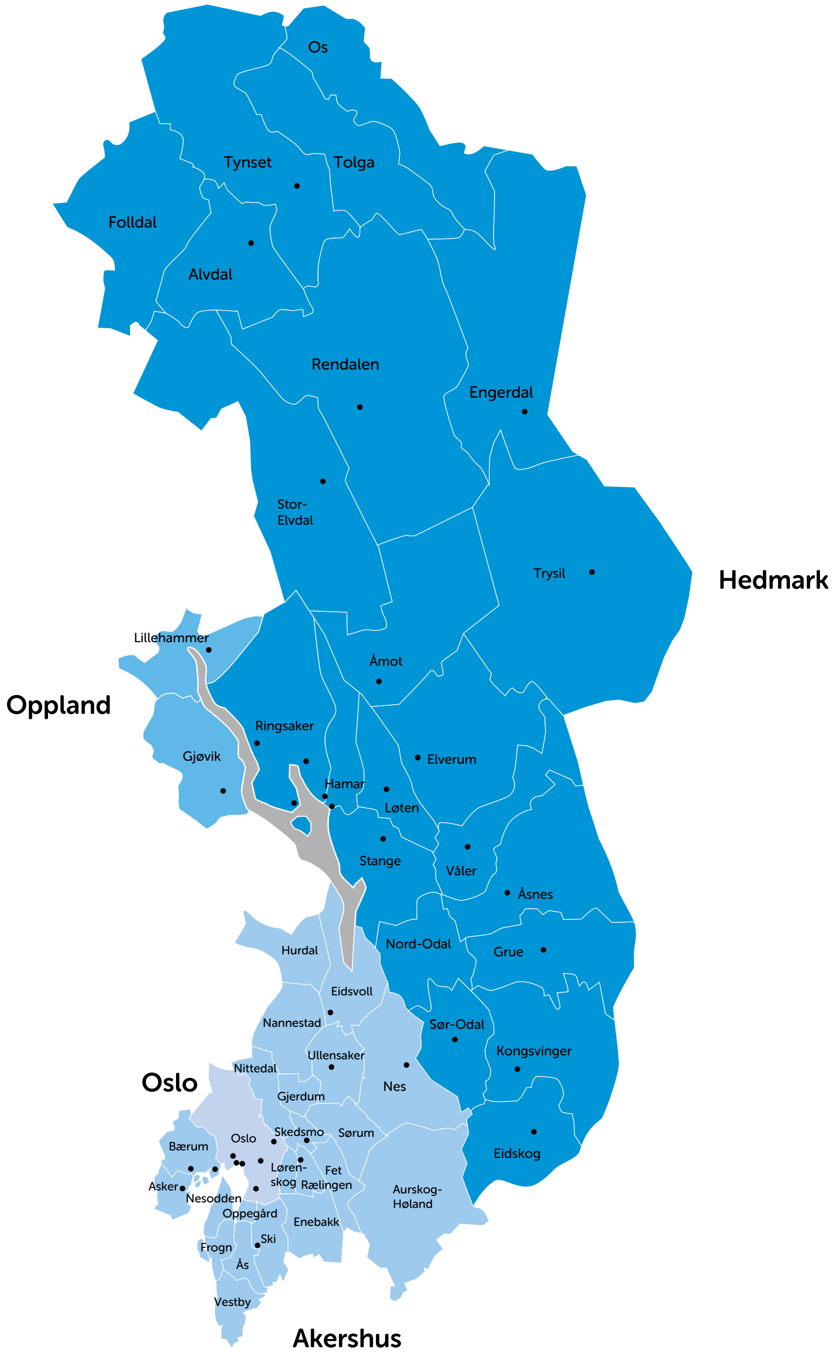

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