

2016

ANNUAL REPORT
BANK 1 OSLO AKERSHUS AS





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KEY FIGURES AND RATIOS FOR BANK 1 OSLO AKERSHUS GROUP

Income statement summary (as a % of average assets)	2016		2015	
	MNOK	in %	MNOK	in %
Net interest income	511	1.24	472	1.27
Net commission and other income	570	1.39	572	1.54
Net return on financial investments	111	0.27	7	0.02
Total income	1 192	2.90	1 051	2.84
Total operating expenses before losses	753	1.83	737	1.99
Profit before losses	439	1.07	314	0.85
Losses on loans and guarantees	12	0.03	-18	-0.05
Profit before tax	427	1.04	333	0.90
Tax expense	93	0.23	79	0.21
Profit after tax	334	0.81	254	0.69
	31.12.16		31.12.15	
Profitability				
Return on equity after tax (%) ¹⁾		10.0%		8.4%
Return on average assets ²⁾		0.8%		0.7%
Net interest margin (%) ³⁾		1.24%		1.27%
Cost/Income ratio (%) ⁴⁾		63.2%		70.1%
From the balance sheet (MNOK)				
Outstanding loans (gross)		34 659		31 834
Outstanding loans including transf. SpareBank 1 Boligkreditt and SB1 Næringskreditt (gross)		52 941		48 105
Deposits		26 838		23 521
Deposit coverage ⁵⁾		77.4%		73.9%
Annual growth in lending (%)		8.9%		15.2%
Annual growth in lending including transf. SB1 Boligkreditt and SB1 Næringskreditt (%)		10.1%		13.3%
Annual growth in deposits (%)		14.1%		7.7%
Average assets		41 073		37 057
Total assets		42 850		38 980
Total assets including transf. SpareBank 1 Boligkreditt og SpareBank 1 Næringskreditt		61 132		55 251
Losses and defaults				
Loss ratio (Loan losses as % of gross loans)		0.04%		-0.06%
Non-performing loans as % of gross loans		0.15%		0.24%
Other impaired loans as % of gross loans		0.05%		0.03%
Solvency and liquidity				
Capital adequacy ratio ⁶⁾		19.5%		17.8%
Core capital ratio ⁷⁾		16.4%		15.9%
Common equity Tier 1 capital ratio		14.4%		15.3%
Core capital		2 950		2 730
Net capital		3 500		3 041
Leverage Ratio		6.9%		7.2%
LCR ⁸⁾		150.9%		100.7%
LCR in NOK ⁸⁾		165.8%		106.5%
Offices and Staffing				
No. of bank branches		13		19
No. of real estate agents		20		24
Total no. of person-years worked		413		423

¹⁾ Return on equity represents the shareholders' share of profit for the period relative to average equity excluding additional Tier 1 capital. Average equity is estimated on the basis of recorded equity including allocated dividend, but excluding additional Tier 1 capital. Thus this amount corresponds to the shareholders' share of equity.

²⁾ Profit after tax in relation to average assets

³⁾ Total net interest income as a % of average total assets

⁴⁾ Total costs relative to total net income

⁵⁾ Deposits from customers as a % of gross loans (excluding SB1 Boligkreditt)

⁶⁾ Net capital as a % of calculated risk-weighted assets

⁷⁾ The core capital as a % of calculated risk-weighted assets

⁸⁾ Liquidity Coverage Ratio: Size of the banks liquid assets which can be easily converted into cash in order to meet a 30 day liquidity stress scenario

Chief Executive's Report



2017 will mark a new milestone in the Bank's history. It all started in 1898 and the first few years were affected by the fact that the management and Board did not quite know which customers to target. In the 1920s, the Bank became the trade union movement's own bank and remained so until, as part of VÅR Bank og Forsikring, it was taken over by the SpareBank 1-alliance in 2000. Later the Bank was owned by the SpareBank 1 banks and the Norwegian Confederation of Trade Unions (LO), until we became involved in the formation of a large, new and exciting bank together with Sparebanken Hedmark. We are ending our history as an independent bank with a very good financial standing. In 2016, the Bank was again among the most profitable and sound, and was recently assessed as being among the most creditworthy in Norway. The Bank's business capital has grown from NOK 13 billion in 2003 to NOK 61 billion in 2016, and we have delivered a profit every year since 2004. The owners who were there to support us through a critical situation 14 years ago have therefore received a good, solid return on their investment.

The Group's profit after tax for 2016 was NOK 334 million (NOK 254 million). The increase was largely attributable to increased net interest income, positive value adjustments for securities, compared with negative ones last year, as well as the profit from the sale of the Bank's stake in VISA Europe Ltd. to VISA Inc. The Group's return on equity for 2016 amounted to 10.0%, compared with 8.4% for 2015. The Group saw total lending growth for retail and corporate customers of 10.1% in 2016 (inclusive of loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt). The growth in deposits was 14.1%. EiendomsMegler 1 Oslo Akershus' market share was 8.9%. The Group still wants to continue to grow in the retail market, as long as this can be done profitably. This is also in line with the expressed strategy of the Parent Bank, Sparebanken Hedmark, concerning strong growth in new market areas.

The Bank has strengthened its capitalisation in recent years, both nominally and relatively in relation to the authorities' stricter requirements, and today

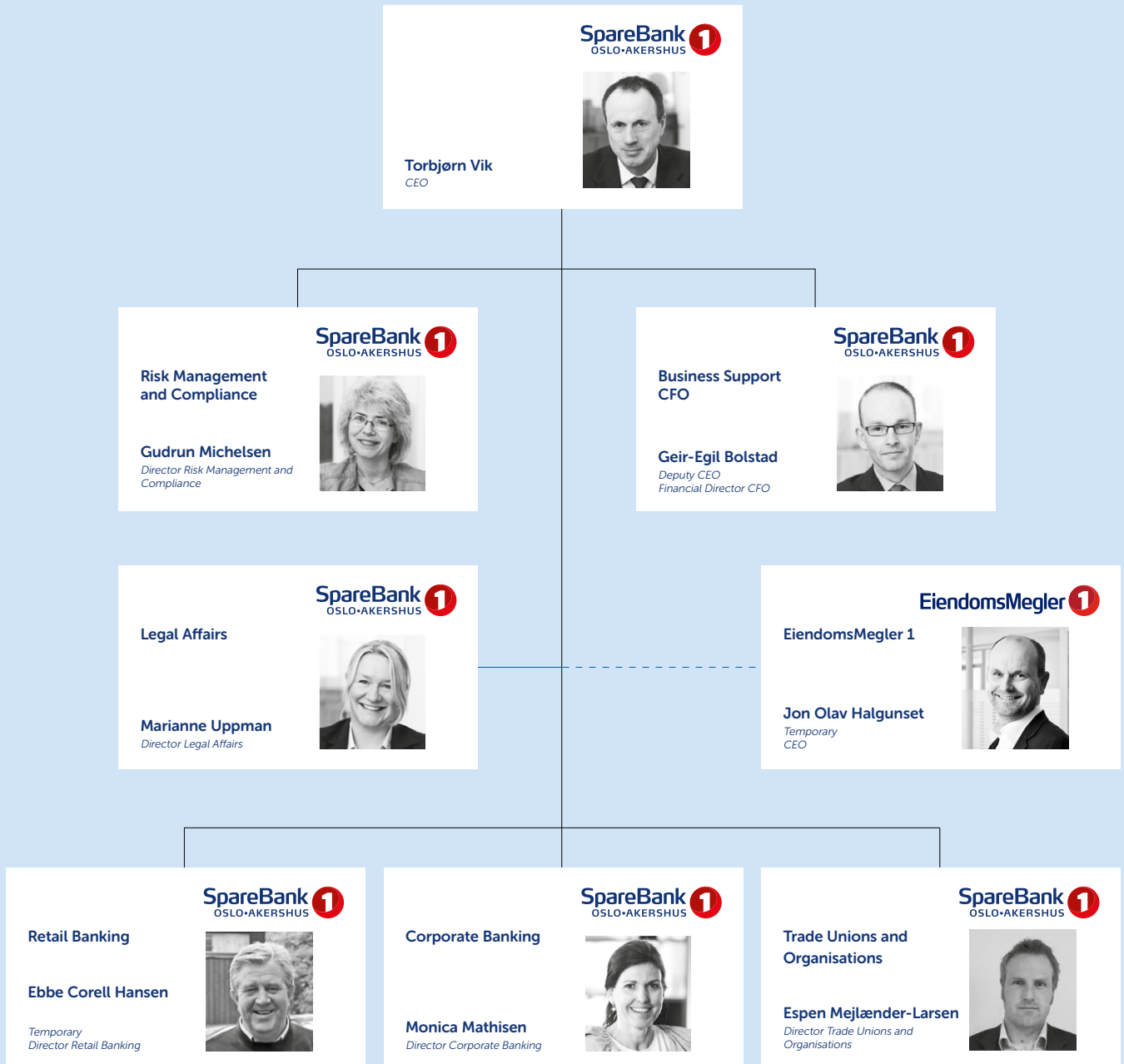
has a comfortable capital adequacy ratio in terms of the current buffer requirements. The development of its capital adequacy in the last six months must be viewed in the context of the Bank being acquired by Sparebanken Hedmark on 29 June and thereafter adapting to the capital adequacy at a group level. The Bank has a robust funding structure and is equipped to withstand considerable market instability should this infect the Bank's market and operating area.

I strongly believe that the merger in 2017 will lay the foundation for continued good growth that will benefit owners, customers and employees, and that the future will be at least as good as the past!





Bank 1 Oslo Akershus Group



Business concept, vision and strategy

Business concept

Bank 1 Oslo Akershus AS operates under the brand name SpareBank 1 Oslo Akershus and offers products within the areas of financing, savings and investment, payment services, insurance and financial advice. The Bank also offers estate agency services through its subsidiary EiendomsMegler 1.

Its product sales should be based on high quality, expert advice.

Vision

«The customer experiences security, closeness and a simpler every day.»

The focus is on the customer's wishes and needs. Customers should trust the Bank and be able to carry out services in the channels they choose. Facilitate simple processes and offer products of value to customers.

Values

«Close, capable and fast»

The Bank must be accessible to the customer and offer good quality products and services in a proper and efficient manner.

Organisation

From an organisational perspective, SpareBank 1 Oslo Akershus is divided into the retail, corporate and organisations markets, as well as support and control functions performed by corporate staff.

Retail Market Division

The Retail Market Division refined its distribution model in 2016 to take account of changed customer behaviour. Reinforcing remote advice and digital solutions will enable us to improve our accessibility on the customers' terms. The goal of the new distribution model is to satisfy the customer's needs in the channel the customer chooses. Work on the new distribution model started in 2015 and was operationalised in the first quarter of 2016.

The retail market is the Bank's largest business area. It employs 155 of the Bank's full-time equivalents, following its reorganisation at the start of 2016. The retail market comprises two regions. One covers Asker, Bærum and Oslo City Centre, and the other covers Romerike, Oslo East and Follo. The Bank's 13 branches are organised under these. The distribution network is divided into branches that either focus on new sales and advice or on portfolio follow-up.

Our customer centre, Direktbanken, is a full-service channel with the competence required to handle all types of customer enquiries. Direct Bank offers customers proper meetings with consultants via telephone, chat and video. The Bank also has a department for high net worth customers (Private Banking). Production and back office tasks were amalgamated into a single production environment with the establishment of the Sales and Distribution Support department. The main purpose of the department is to free up more of our advisers' capacity for sales and customer follow-up. The department consists of one team with primary responsibility for credit and another for day-to-day banking and savings.

Corporate Market Division

The Corporate Market Division employs 43 full-time equivalents. They cover all disciplines and ensure that we have the

required expertise and are a one-stop provider of financial services. We assign customers a dedicated team with expertise in all of the areas in which the customer needs advice and a good discussion partner. Our Company Service Centre is available for all types of enquiries and our customer service is open 07:00-24:00 every day. The Corporate Market Division is located in the centre of the city, but we have meeting premises throughout our market area of Oslo and Akershus. This is why our customers find the Corporate Market Division accessible and a good partner in their region.

Trade Union Division

The trade union movement is the Bank's most important customer group in terms of the significant deposits they have placed with the Bank. The Trade Union Division is organised as a dedicated business area in the Bank that takes care of and develops customer relationships with the various customer groups in the trade union movement, and functions as a resource for the Retail Market Division in relation to individual members. Each year, the Trade Union Division arranges and holds around 400 courses/meetings for individual union shops and unions. Any potential new customers it meets in these arenas are forwarded to the Retail Market Division for advice.

EiendomsMegler 1

EiendomsMegler 1 Oslo Akershus is a wholly owned subsidiary of the Bank. Its 20 branches mean the company has good coverage in its local market. It facilitated 3,397 housing sales in 2016.

The company is a strong driving force in the SpareBank 1-alliance with respect to establishing innovative solutions that help strength its position as an attractive actor in the industry. Today's users are digital and EiendomsMegler 1 was the first to launch digital advertising packages.



OUR LOCAL BRANCHES IN OSLO AND AKERSHUS

Oslo (Head Office)

Youngstorget 5,
0181 Oslo.

Asker

Bankveien 7
1383 Asker

Eidsvoll

Gladbakkveien 1
– Amfi Eidsvoll
2070 Råholt

Fornebu

Martin Lingesvei 25
– Technopolis-building
1330 Fornebu

Grorud

Bergensveien 8
– Grorud Nærserver
0963 Oslo

Jessheim

Storgata 1
2050 Jessheim

Lillestrøm

Adolph Tidemands gate 22
2000 Lillestrøm

Lørenskog

Bibliotekgata 30
– Metrosenteret
1473 Lørenskog

Majorstuen

Majorstuveien 38
– entrance from Kirkeveien
0367 Oslo

(Oslo South) Mortensrud

Mortensrud Torg
Helga Vaneks vei 3
1281 Oslo

Sandvika

Claude Monets allé 18
– opposite Sandvika
Storsenter
1338 Sandvika

Ski

Jernbaneveien 10
– Ski Storsenter
1400 Ski

Tveita

Tvetenveien 150
– Tveitasenteret
0671 Oslo

Vika

Olav Vs gate 5
0161 Oslo



Corporate social responsibility

The financial crisis has demonstrated the importance of stable banks to the economy. Bank 1 Oslo Akershus delivered a good result in 2016 and we will use the strength of our future operations to help our customers realise their ambitions, whether they are individuals, families or enterprises. All of the Bank's stakeholders should be confident that the Bank can meet their needs and is a credible and competent partner for the long term. This is an important part of the Bank's corporate social responsibility.



Ever since our foundation in 1898, the future development of the community of which the Bank is a part has figured prominently in our choices and decisions. Our local knowledge and proximity to customers means the Bank can make assessments that are not just based on finance and risk but also have a social perspective, where the Bank works closely with customers and communities to develop good businesses and living conditions.

VISION, VALUES AND STRATEGY

Bank 1 Oslo Akershus' vision:

«The customer shall experience security, closeness and a simpler every day.»

The Bank will create value for customers, shareholders, employees and society.

Bank 1 Oslo Akershus' values:

«Close, capable and fast»

Our values reflect what Bank 1 Oslo Akershus should be known for: skilled employees who respond to customers quickly and who ensure customers always receive relevant services and have a good experience in all their contact with the Bank, whatever the channel.

The Bank's vision and values are about focusing on the customers. The Bank aims to be a hub by offering a full range of financial products and services in Oslo and Akershus and properly meeting the financial needs of satisfied customers.

Strategy

The Bank has strengthened its capitalisation in recent years, both nominally and relatively in relation to the authorities' stricter requirements, and today has a comfortable capital adequacy

ratio in terms of the current buffer requirements. The Bank has a robust funding structure and could withstand significant instability in the financial markets. However, uncertainty about future economic conditions and new regulatory requirements will require considerable adaptability and guide the Bank's strategic deliberations. Efficient capital growth, enhanced customer satisfaction, and improved top line growth will be high priorities in the future.

THE TRIPLE BOTTOM LINE

Solid banking operations create a foundation for economic development. The Bank tries to balance its financial objectives with respect for society and the environment. The Bank has in each of these areas defined key areas to which special attention is devoted and

for which it has developed specific measures for each area.

Bank 1 Oslo Akershus has not formulated a specific corporate social responsibility policy since this work forms an integral part of our ongoing planning. The following describes how the Bank's ongoing operations place various aspects of corporate social responsibility on the agenda.

ETHICS

The Group depends on trust. Customers, the authorities, other financial institutions, and the rest of society must have confidence in the Group's professionalism and integrity at all times. The Group's code of conduct must increase awareness of, and adherence to, the high ethical standards required of the employees of Bank 1 Oslo Akershus. The code requires the Group and its employees and officers to act with diligence, integrity and objectivity, which includes faithfully complying with rules and conditions set by the authorities. Bank 1 Oslo Akershus has established the following process for our employees in which the code of conduct is regularly and formally reviewed with

the aim of ensuring that this provides a formal basis for the actual conduct of all of the Group's employees:

- The code of conduct is part of the HR portal (employee handbook), and hence a part of the employment contract.
- The code of conduct is reviewed along with pertinent examples by new employees.
- Ethics is a mandatory module in the Bank's online academy and all employees must pass a test.
- The code of conduct forms a key part of the Group's management development programme.
- All financial advisers in the Bank are certified under a national authorisation system for the financial industry.

Familiarity with the code of conduct's contents is followed up in the Bank's annual manager reviews. Individual managers are responsible for ensuring that employees are familiar with the regulations and must, in their manager reviews, confirm that employees have been made familiar with the code of conduct and report back on whether ethical issues have been discussed in,

for example, departmental meetings. The manager reviews for 2016 indicate that the Bank's employees are very familiar with the code of conduct and discuss ethical issues regularly.

SUPPLIER MONITORING

All suppliers to the SpareBank 1-alliance must sign a document stating that they are not complicit in breaches of human and labour rights, environmental destruction or corruption.

ECONOMIC CRIME

Financial services constitute one of the pillars of a well-functioning society. Banks make trading, saving and investing easier – the things that make the wheels go round in a modern economy. At the same time, banks can be exploited by criminal networks. Governments around the world are currently investing considerable energy and resources in combating money laundering, and many of the new regulations in the banking sector deal with this. Bank 1 Oslo Akershus welcomes this. As a responsible bank, it supports all measures aimed at combating organised crime and terrorism.



The concept of economic crime includes, among others, the following:

- Money laundering and terrorist financing
- Cyber crime
- Internal fraud and corruption

Money laundering and terrorist financing

Money laundering is about making funds or assets obtained through criminal activity appear to be apparently legitimate funds. Financing terrorism includes collecting, obtaining or receiving funds to finance terrorist acts. The Bank is subject to the government's money laundering legislation, which is aimed at helping combat money laundering and terrorist financing, and has, in collaboration with the other banks in the SpareBank 1-alliance, introduced a range of measures aimed at combating this type of crime. The training for bank staff in these areas takes place through in-house courses, online courses and reviews of the areas in meetings and similar.

Cyber crime

The SpareBank 1-alliance is, as are all major businesses/alliances, prone to virus attacks and hacker attacks from all over the world. The motive is often economic crime. Bank 1 Oslo Akershus provides guidance to all of its customers about use of anti-virus software via its online bank service. The Bank has also participated in national security exercises (disaster exercises).

Internal fraud and corruption

Internal fraud encompasses actions where a staff member, temporary employee, employee representative or member of the governing bodies of Bank 1 Oslo Akershus, deliberately and in an unauthorised manner, commits acts that result in personal gains or economic benefits for the employee or others. The Bank does not tolerate such actions and has made this known in its code of conduct, see the chapter concerning ethics. The code also includes a clear procedure for the notification and handling of any indication of fraud and corruption.



HUMAN RIGHTS

The Group supports recognised human rights' principles.

CONTRIBUTION TO SOCIETY

Bank 1 Oslo Akershus supports sporting, cultural and non-profit organisations and other socially beneficial causes. The Bank views organising courses on financial topics as an important social duty. The topics have included the new pension reform, property development, product training, financial advice, occupational pensions, payment systems and macroeconomics. The training activities help to keep our

various customer groups updated on what is happening in the market, and about new products and solutions that provide greater security for their own finances.

CUSTOMERS

The perceptions our customers and the market in general have of Bank 1 Oslo Akershus affect the Group's operations and results. Both reputation and customer satisfaction are key focus areas for the Group.

The Bank conducts annual position surveys that map the banks' market

position in the population based on a comprehensive questionnaire covering many different topics, including market description, reputation and customer relationships. TNS Gallup conducts the surveys. Every second year, TNS Gallup also conducts a TRIM Index survey that measures customer satisfaction. Surveys of customers' perceptions of, and satisfaction with, the Bank show that the relative satisfaction of both retail customers and corporate customers increased from 2014 to 2016. The SpareBank 1-alliance also conducts monthly surveys of customer satisfaction with the Alliance's call centres. The Bank 1 Oslo Akershus' customer centre's score remains among the highest in the surveys. Based on these surveys, the Bank focuses on relevant initiatives aimed at increasing customer satisfaction, such as good advice processes, customer centre opening hours, and the functionality of online banking and mobile phone solutions.

The Bank's broad-based sales and advice processes are based on best customer practice. This is the key to good preparation for all advice meetings and has been systematised in the adviser

academy for the retail market. Good survey systems have been established that highlight and reward good advice experiences at local branches, and customer experience is monitored regularly using «mystery shoppers».

EMPLOYEES/WORKING CONDITIONS

At year-end 2016 (2015), the Group had 413 (423) full-time equivalents, 281 (293) of whom were employed by the Parent Bank and 132 (130) were employed by EiendomsMegler 1.

The Bank is committed to providing women and men with the same opportunities for professional and personal development, pay and promotion. Of the Parent Bank's total number of employees, 49.3% are women and 50.7% are men. The company has employed various measures to encourage female representation in its senior management and this now stands at 42.2%. Three of the seven members of the Parent Bank's executive management group are women. The Bank's board has a total of eight members, two of whom are women. The current average age of the Bank's employees is 44.8 years old, while the average age of new employees in 2016 was 37.7 years old.

53.4% of EiendomsMegler 1's total number of employees are women and 46.6% are men. Three of the six members of the company's executive management group are women. The Board of EiendomsMegler 1 has a total of six members, two of whom are women.

The Group assesses candidates on the basis of their formal qualifications and experience when hiring new staff. The Bank also attaches considerable importance to personal skills and attitudes. This ensures the Group makes the best possible assessment and complies with the intentions of the Norwegian Anti-Discrimination and Accessibility Act. All new employees are subject to background checks performed by a third party.

All HR work is aimed at supporting the business strategy and the Group has therefore drawn up its own HR strategy. The overriding goal of the HR work is to ensure that the Group:

- Attracts the right employees by focusing on the Group's core values.
- Retains the best employees by offering them challenging tasks, constructive communication and reward for good performance.



- Develops its employees by creating commercial understanding through involving them and assigning responsibilities in relation to clear goals.
- Implements employee restructuring and downsizing processes in accordance with the law and agreements.

In connection with Sparebanken Hedmark's acquisition of Bank 1 and planned merger, the HR department's staff were transferred to Sparebanken Hedmark on the 1 August of the reporting year.

Organisation surveys are conducted in the Group. These are systematically followed up in order to meet the challenges faced by the companies and to work on potential areas of improvement. The organisation survey for 2016 shows employee satisfaction is very good. The total score for employee satisfaction in EiendomsMegler 1 was slightly lower than in 2015.

Annual performance assessment interviews are conducted in which employees and managers discuss performance in the last year, as well as development opportunities aimed at increasing commitment and satisfaction and through this improving performance. The goal is for all employees to have an individual development plan.

The Bank practises an active life phase policy. The life phase policy contains measures aimed at ensuring adaptation of the employees' working conditions throughout their entire career.

The Bank and EiendomsMegler 1 have their own working environment committees that work with the safety service as needed. A workplace anti-alcoholism and drug addiction dependency committee has been established in association with the Bank's working environment committee.

The collaboration with the employee organisations in the Bank is regarded as constructive. The liaison committee consists of representatives of the management group and employee organisations. The committee held four



meetings in 2016 where current issues of importance to the Bank's commercial situation were discussed.

The Bank and EiendomsMegler 1 work systematically on interaction in order to enhance business outcomes through the better use of common customer streams. This resulted in considerably stronger results than for 2015. One full-time equivalent is dedicated to working on interaction.

The average sick leave rate for 2016 was 3.4%. This was close to the target rate of 3.3%. No industrial accidents or occupational injuries were reported during the year.

The Bank's remuneration policy was revised and approved by the Board in the second quarter of 2016.

ENVIRONMENT

The Group's direct impact on the climate and environment is mainly attributable to waste from office operations. The Group regularly initiates measures to help reduce the consumption of electricity, paper and other resources, and to ensure that resource-intensive travel activity is limited. Close attention is also paid to the management of technological waste and procurement of environmentally friendly solutions.

The Bank always strives to ensure that it purchases the right technological equipment based on a process in which energy and environmental requirements are specified assessment criteria. All technological devices are treated as hazardous waste, which ensures the environmentally sound management of the equipment.

The Bank has a travel policy for employees aimed at limiting business travel. Alternative options, such as the use of video conferencing, audio conferencing and digital tools for collaboration and knowledge sharing are used if they provide a satisfactory alternative.

The Group offers an increasing number of paperless services that reduce the impact on the environment. The Bank is focusing on digital solutions, which means as many paperless processes as possible for customers and employees. We are making a determined effort to increase the use of our self-service solutions in both branches and the customer centre.

We do not conduct any research and/or development activities over and above normal business development aimed at promoting growth and competitiveness.

Report of the Board of Directors for 2016

(Group figures. Figures in (brackets) are for 2015 unless otherwise specified).



- Net profit for the year: NOK 334 million (NOK 254 million)
- Positive effect from the sale of the Bank's stake in Visa Europe Ltd. to VISA Inc.
- Return on equity: 10.0 % (8.4%)
- Net interest income: NOK 511 million (NOK 472 million)
- Net commissions and other operating income: NOK 570 million (NOK 572 million)
- Net income from financial investments: NOK 111 million (NOK 7 million)
- Operating costs: NOK 753 million (NOK 737 million)
- Net loan loss provisions: NOK 12 million (net receipts on losses of NOK 18 million)
- Lending growth over last 12 months, incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt: 10.1 % (13.3%)
- Growth in deposits over last 12 months: 14.1 % (7.7%)
- Common equity tier 1 capital ratio: 14.4 % (15.3%)

In December 2015, Sparebanken Hedmark agreed to purchase the stakes of the Norwegian Confederation of Trade Unions (LO) (29.9%) and the other SpareBank 1 banks (29.6% in total) such that Bank 1 Oslo Akershus would become a wholly owned subsidiary of Sparebanken Hedmark. The transaction was completed on 29 June 2016. The Bank will be operated as a subsidiary of Sparebanken Hedmark until the legal merger has been completed. The plan is to complete the merger on 1 April 2017.

GROUP'S BUSINESS AREAS

The consolidated financial statements cover the EiendomsMegler 1 Oslo Akershus Group and Invest 6, as well as the Bank's stakes in SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt, SpareBank 1 Gruppen AS, SpareBank 1 Kredittkort AS and SpareBank 1 Mobilbetaling AS.

Bank 1 Oslo Akershus AS' head office is in Oslo and it has a total of 13 local branches, seven of which are in Oslo

and six in Akershus. EiendomsMegler 1 Oslo Akershus AS's head office is in Oslo and it has a total of 20 branches, nine of which are in Oslo and eleven in Akershus.

The Group aims to be a one-stop provider of financial products and services in Oslo and Akershus. Besides loans, deposits and payment services, these include most savings products, as well as life and general insurance. The Group also offers estate agency services.

The Group employs a multi-channel strategy for the distribution of its products and services: face-to-face via local branches, Direct Bank via telephone, chat and video, as well as via online bank and mobile solutions.

GROUP'S PERFORMANCE

The Group's total growth in lending to retail and corporate customers was 10.1% in 2016. This is inclusive of loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. The growth in the retail market was

12.4%, while the corporate market saw zero growth in 2016. In 2016, the Bank took over Swedbank's retail market portfolio in Norway, which accounted for 4.9% of the growth in the retail market.

EiendomsMegler 1 Oslo Akershus' market share was 8.9%, compared with 9.1% at year-end 2015.

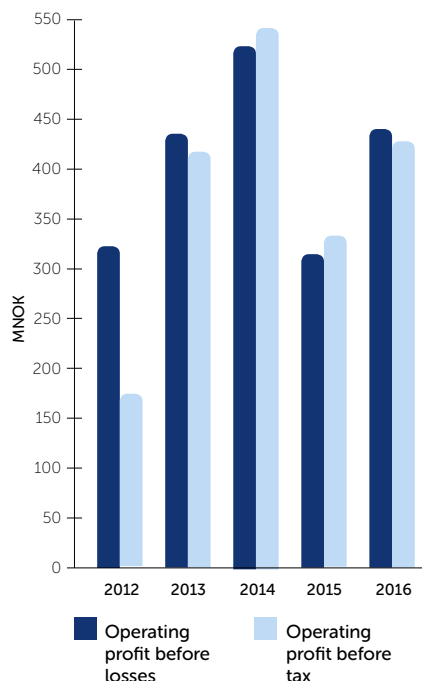
The Group's most important customer groups are the retail market, small and medium-sized enterprises, and the organisations market, primarily the trade union movement. The Group's current strategy involves a visible physical presence in the Bank's market area, with a special focus on wide-ranging advice. In recent years the content and scope of the Bank's local branches has been tailored to the customers' usage and needs. The focus on, and importance of, self-service is increasing.

The focus on greater profitability continued throughout 2016. In January 2016, the Retail Market Division (RM)

implemented its new distribution strategy in which the scope and content of the branch network, customer service centre and self-service solutions have been tailored to changes in customer behaviour and preferences. The Corporate Market Division (CM) continues to focus on credit quality and capital efficiency, as well as repricing credit and increasing sales of other financial products to new and existing customers. The estate agent company is focusing on efficiency improvements.

A change in customer behaviour towards more self-service solutions and the increasing automation of work processes are creating a need for new means of distributing the Bank's products and services. These will be crucial in maintaining our competitiveness and market position. The Bank invests heavily, through the SpareBank 1-alliance, in the development of future-oriented system solutions for self-service and efficient customer advice.

FINANCIAL PERFORMANCE

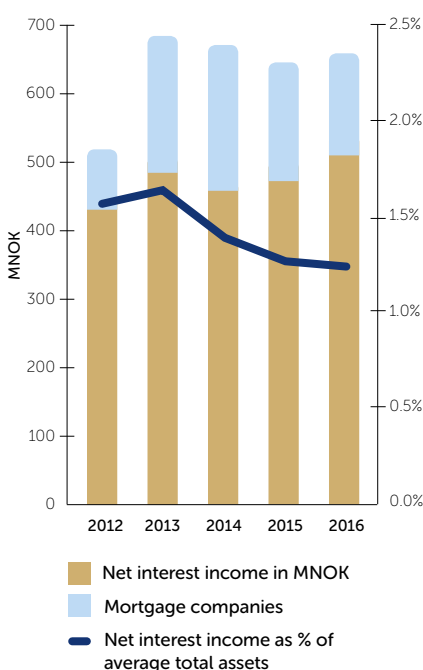


The Group's profit after tax for 2016 was NOK 334 million (NOK 254 million). The increase was largely attributable to increased net interest income, capital gains on securities, compared

with capital losses the previous year, and the positive effect of the sale of the Bank's stake in VISA Europe Ltd. to VISA Inc. A decrease in commissions from SpareBank 1 Boligkreditt and reduced income from ownership interests and higher costs pulled in the opposite direction.

The Group's return on equity for 2016 amounted to 10.0%, compared with 8.4% for 2015.

NET INTEREST INCOME



Net interest income for 2016 amounted to NOK 511 million (NOK 472 million). The increase was due to growth in lending, higher deposit margins, and changes in the policy for recognising hybrid tier 1 capital. Seen in isolation, lower lending margins and increased funding costs reduced net interest income.

Net interest income must be viewed in the context of commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. The commissions amounted to NOK 146 million for 2016 (NOK 170 million).

Net interest income as a percentage of average total assets was 1.24% (1.27%).

Net commissions and other operating income

Net commissions and other operating income totalled NOK 570 million in 2016 (NOK 572 million).

The reduction was mainly due to reduced commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt due to lower lending rates for customers than in 2015.

Net income from financial investments

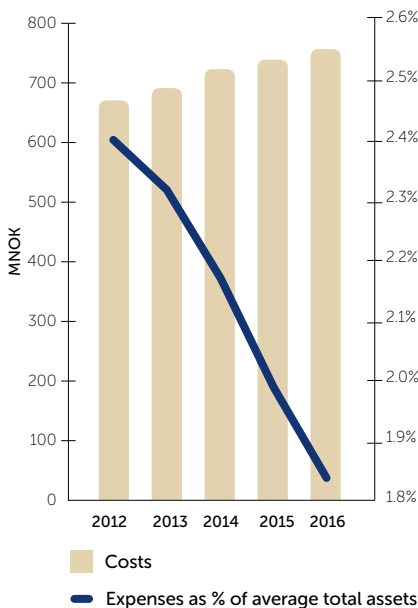
Net income from financial investments amounted to NOK 111 million in 2016 (NOK 7 million).

Shares and dividends increased by NOK 53 million, which is largely attributable to dividends and gains in connection with the sale of VISA Europe Ltd. to VISA Inc. amounting to NOK 45 million.

Bonds and derivatives showed capital gains of NOK 44 million, compared with capital losses of NOK 65 million for the corresponding period last year. The gains from securities were primarily due to gains in the Bank's liquidity portfolio due to the contraction of risk premiums and capital gains linked to currency activities. The Bank's liquidity portfolio primarily consists of covered bonds and bonds with low risk.

Income from ownership interests decreased by NOK 58 million. The reduction is primarily attributable to the lower profit share from SpareBank 1 Boligkreditt where the result 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.

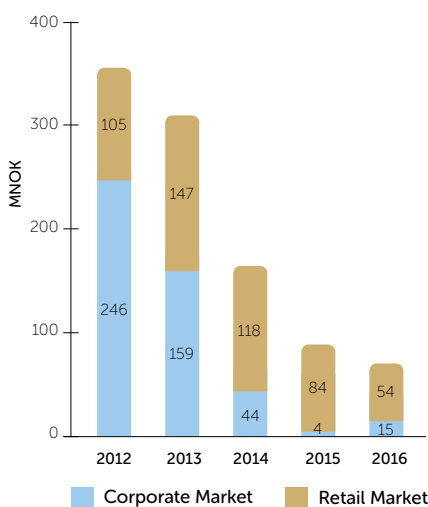
Operating costs



Operating costs amounted to NOK 753 million for 2016 (NOK 737 million). The increase was primarily attributable to costs linked to the merger process with Sparebanken Hedmark and write-downs due to disposals of fixed assets in connection with closed local bank branches in 2016.

Non-performance and losses on loans

Losses on loans showed NOK 12 million for 2016 (net recoveries on losses of NOK 18 million). The loss ratio (losses as a percentage of gross loans) was 0.04% (-0.06%).



Gross non-performing and impaired loans amounted to NOK 69 million at year-end 2016 (NOK 87 million).

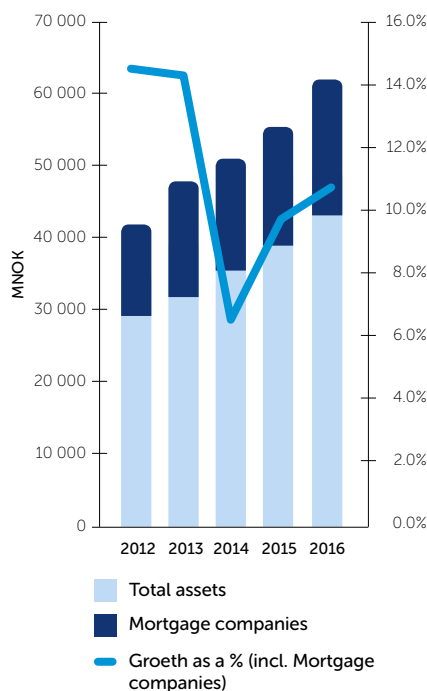
Measured in terms of gross loans this amounts to 0.2% (0.3%).

Individual impairments amounted to NOK 13 million at year-end 2016 (NOK 18 million). Collective impairments amounted to NOK 120 million at year-end 2016 (NOK 99 million). The increase in collective impairments reflected the weaker economic situation at the start of the year and was in line with indications in the Financial Supervisory Authority of Norway's letter to Norwegian banks in December 2015 concerning assessing their level of loss write-downs.

Of the total non-performance over 90 days amounting to NOK 50 million (NOK 77 million) loss provisions of NOK 2 million had been made at year-end 2016 (NOK 11 million), equivalent to 4.7% (14.0%).

Other non-performing and impaired loans amounted to NOK 18 million at year-end 2016 (NOK 10 million), of which loss provisions of NOK 11 million had been made (NOK 7 million), which is equivalent to 58.0% (69.7%). The low levels of problem loans reflect the long-term adjustment of the customer base and improved credit quality over many years.

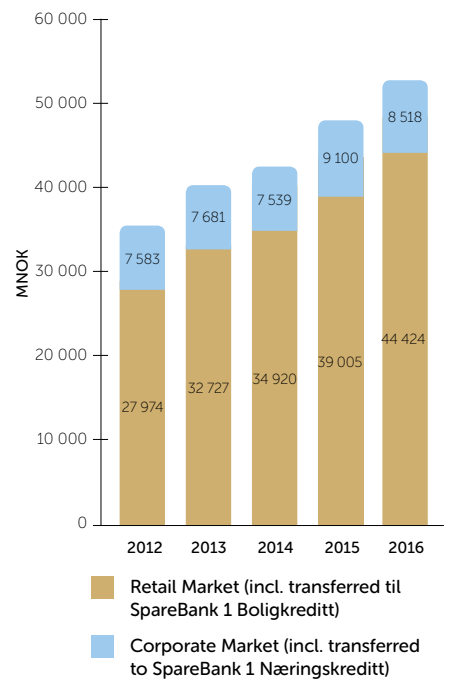
BALANCE SHEET



Total assets at year-end 2016 amounted to NOK 42.8 billion (NOK 39.0 billion), an increase of NOK 3.9 billion or 9.9%. The increase was primarily attributable to growth in loans to retail customers. Business capital (total assets inclusive of loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) amounted to NOK 61.1 billion (NOK 55.3 billion) after growth of NOK 5.9 billion or 10.6%.

Loans

At year-end 2016, gross loans amounted to NOK 52.9 billion, including NOK 18.3 billion transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.



Lending to customers increased by NOK 4.8 billion in 2016, or 10.1%. The retail market saw growth of NOK 4.8 billion (equivalent to 12.4%), while the corporate market saw zero growth in 2016.

The distribution between the retail market and the corporate market at year-end 2016 was 82/18% (81/19%), inclusive of loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Exclusive of these transferred loans, the ratio was 75/25% (71/29%). There was a general improvement in the credit risk profile in 2016,

represented by a positive trend in the probability of default in the loan portfolio. The proportion of loans with a low probability of default has increased and the proportion of loans with a high probability of default has decreased.

Deposits

Customer deposits at year-end 2016 amounted to NOK 26.8 billion (NOK 23.5 billion). This represents an increase of NOK 3.3 billion or 14.1%. The growth was distributed as follows: NOK 2.9 billion (or 25.1%) in the retail market and an increase of NOK 0.5 billion (or 3.8%) in the corporate market.

The on balance sheet deposit coverage ratio (deposits/loans) at year-end 2016 was 77.4% (73.9%).

Liquidity

The Bank's liquidity situation is regarded as satisfactory. In the next 12 months, securitised loans worth a total of NOK 1.3 billion will mature (NOK 1.1 billion when holdings of own papers are taken into account).

At year-end 2016, the Bank had transferred loans equivalent to NOK 18.3 billion to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. The Bank has NOK 10 billion in home mortgages and corporate loans on its balance sheet that qualify for transfer to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. This constitutes part of the Bank's liquidity reserves, together with the portfolio of liquid fixed income securities and access to loans in Norges Bank.

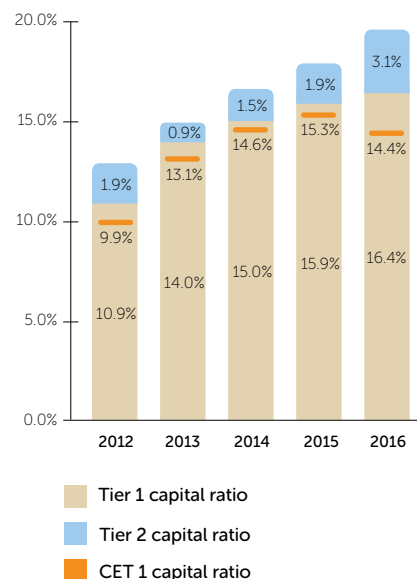
At year-end 2016, the Bank had a securities portfolio (including holding of its own papers) of NOK 4.7 billion, an increase of NOK 0.5 billion in 2016. The Bank has also placed NOK 350 million in the securities market. Any securities received as collateral for repo-transactions are not included.

The holding of liquid assets, defined as cash, deposits in Norges Bank and receivables from financial institutions, at year-end 2016 amounted to NOK 1.1

billion (NOK 1.0 billion). At year-end 2016, the Bank had sufficient liquidity reserves to cover its refinancing needs for more than the next 18 months.

Capital adequacy and capital requirements

The Group's capital adequacy and tier 1 capital ratio at year-end 2016 were 19.5% (17.8%) and 16.4% (15.9%), respectively. The common equity tier 1 capital ratio was 14.4% (15.3%). The Group's total own funds amounted to NOK 3.5 billion (NOK 3.0 billion). During the fourth quarter, the Bank gained a significant ownership position in SpareBank 1 Boligkreditt. This reduces the Bank's deduction in the core equity tier 1 ratio against an increase in the basis for calculation pursuant to CRD IV. This increase in common equity tier 1 capital is counteracted by a de-escalation in the transitional rules for non-significant investments in the financial sector that results in a net reduction in common equity tier 1 capital.



The Board of Bank 1 Oslo Akershus continually assesses the capital situation and future capital requirements. The Board stresses that it is important that the Group is adequately capitalised so that it can at all times fulfil all of the regulatory requirements, including buffers, and maintain a buffer in excess of this (management buffer).

BANK 1 OSLO AKERSHUS AS

The Bank's profit before losses for 2016 was NOK 451 million (NOK 272 million). Net losses on loans of NOK 12 million were recognised (net recoveries on losses on loans of NOK 18 million), such that the profit after losses amounted to NOK 438 million (NOK 290 million). Calculated tax amounted to NOK 91 million (NOK 77 million) and the profit after tax for the year was thus NOK 348 million (NOK 213 million).

The Bank's capital adequacy and tier 1 capital ratio at year-end 2016 were 19.2% and 16.2%, respectively, compared with 17.4% and 15.6% at year-end 2015. The common equity tier 1 capital ratio was 14.1%, while the Bank's total own funds was NOK 3.5 billion.

SUBSIDIARIES AND JOINT VENTURES

The EiendomsMegler 1 Oslo og Akershus Group achieved a profit before tax of NOK 3.4 million in 2016 (NOK 4.1 million). The reduction is due to provisions in connection with the severance agreement for the previous chief executive and write-downs of fixed assets of NOK 1.8 million due to the scrapping of fixed assets in connection with closed estate agent branches. Income recognition linked to a single commitment of NOK 2.4 million pulls in the opposite direction. 3,397 homes were sold in 2016, compared with 3,592 in 2015, a reduction of 5.4%.

Invest 6 AS was established in 2011 and was an 'empty' company until the Bank took over properties in the second quarter of 2015 in connection with a non-performing commitment. The purpose of the company was to prepare the properties for sale. The last properties were sold in the second quarter and the Group wound up the company in the fourth quarter. The company posted a profit before tax of NOK 4 million for 2016.

SpareBank 1 Boligkreditt AS was established by the banks in the SpareBank 1-alliance for the issuing of covered bonds. The banks transfer well-secured home mortgages with low risk to the

company. The Bank's stake was 9.68% up to 28 December 2016 and 10.21% after this. This produced a profit contribution of NOK -11 million for 2016 (NOK 42 million). The result was heavily affected by a negative change in value for basis swaps linked to its own borrowing. The reasons for this are two-fold: 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 was established in line with the same model used for SpareBank 1 Boligkreditt. The Bank's stake from 1 October 2016 was 4.17%. This profit share amounted to NOK 1 million for the fourth quarter of 2016.

SpareBank 1 Gruppen AS is the SpareBank 1 banks' jointly-owned holding company for product deliveries that the banks do not produce themselves. The Bank's stake in SpareBank 1 Gruppen is 1.4%. This produced a profit contribution of NOK 22 million for 2016 (NOK 18 million).

SpareBank 1 Kredittkort AS started ordinary operations on 1 July 2014. The company is owned by the banks in the SpareBank 1-alliance and Bank 1 Oslo Akershus' stake was 9.6%. This produced a profit contribution of NOK 12 million for 2016 (NOK 11 million).

SpareBank 1 Mobilbetaling AS (mCASH) is the SpareBank 1-alliance's venture aimed at strengthening the SpareBank 1 banks' position in new mobile surfaces through friend-to-friend payments and mobile payments in shops. The company is owned by the banks in the SpareBank 1-alliance and Bank 1 Oslo Akershus' stake was 8.6%. This produced a profit contribution of NOK -12 million for 2016. In February 2017, the SpareBank 1-alliance decided to join forces with DNB and a number of other Norwegian banks in a joint project centred on the payment service Vipps. In connection with this, mCash will be phased out.

ALLOCATION OF THE PROFIT

The Board proposes that no dividend should be paid for 2016.

CORPORATE GOVERNANCE

In December 2015, Sparebanken Hedmark agreed to purchase the stakes of the Norwegian Confederation of Trade Unions (LO) (29.9%) and the other SpareBank 1 banks (29.6% in total) such that Bank 1 Oslo Akershus would become a wholly owned subsidiary of Sparebanken Hedmark. The transaction was completed on 29 June 2016. The authorities have given their permission for Bank 1 Oslo Akershus to be operated as a subsidiary of Sparebanken Hedmark for a period of three years. The goal of the two banks is to complete the merger on 1 April 2017.

Shares in Bank 1 Oslo Akershus AS are not publicly traded, but as of 31 December 2016 the company did have a bond issue listed on Oslo ABM. During 2016, the company became a wholly owned subsidiary and the owner is represented on the Board. The Board also includes a shareholder-elected, independent board member.

The Board of Bank 1 Oslo Akershus AS complies with the Norwegian Code of Practice for Corporate Governance wherever the guidelines apply and are relevant for a company whose shares are not listed on the stock exchange. Operations are managed in accordance with Norwegian law and the company's articles of association, as well as strategic goals and internal guidelines drawn up by the Board.

The Board has established both an audit committee and a risk committee. The committees consist of three members of the Bank's Board with the members being appointed to the committees for a period of two years. The same members sat on both committees in 2016. The audit committee's duties in 2016 included reviewing drafts of the interim and annual financial statements before they are considered by the Board. The committees have also considered mat-

ters related to the Group's risk, capital management and internal control. In addition to this, the committees have reviewed reports and letters from the Group's internal and external auditors and have assisted the Board with ensuring that both audit processes are functioning satisfactorily.

The Bank has its own remuneration committee, which consists of three members of the Bank's Board. The members are appointed to the committee for a period of two years. The committee normally meets twice a year. In 2016, the committee was involved in the preparation of guidelines and the remuneration of the Group's executive employees.

RISK MANAGEMENT AND RISK SITUATION

The Group manages risk on an overarching level through its own board-approved policy for risk and capital management. This contains target figures and guidelines for factors such as the Group's risk tolerance, describes processes for risk management and responsibilities and roles in risk management.

The Group's activities are primarily associated with four areas of risk: credit risk, market risk, liquidity risk and operational risk. The Group believes it is very important to identify and follow up key risks in a manner that ensures the Group can achieve its strategic goals and maintain adequate primary capital at any given time.

The Group expresses and quantifies risk through two performance indicators: financial capital requirement, which expresses the Bank's risk measured using internal risk models, and a so-called risk-adjusted capital requirement, which expresses the authorities' capital requirements (Pillar I) plus the Bank's self-calculated Pillar II requirement.

Risk-adjusted capital requirement compared to the Group's CET 1 capital (MNOK) as at 31.12.16 (31.12.15)

Internal capital requirement	1 409 (1 396)
Difference between internal and regulatory capital requirement	654
Regulatory capital requirement	2 063 (1 884)
Pillar II	264
Risk-adjusted capital requirement	2 327 (2 143)
Buffer in relation to risk-adjusted capital requirement	248
CET 1 capital	2 575 (2 623)

The figure above shows that the Bank's internal capital requirement increased marginally during 2016 from NOK 1,396 million to NOK 1,409 million. The change is mainly attributable to increased ownership risk due to the increased stake in SpareBank 1 Boligkreditt. Operational risk has also increased, while the capital requirement associated with credit risk has decreased due to the general improvement in the portfolios' credit quality. The figure also shows an increase in the Bank's total risk-adjusted capital requirement (Pillar I + Pillar II) of NOK 184 million, from NOK 2,143 million to NOK 2,327 million. This increase is due to a combination of credit growth and rules changes in the area of capital adequacy.

Based on the use requirement for IRB models, communication with the Financial Supervisory Authority of Norway, and the circular 12/2016, the Bank has switched to using regulatory capital in both the management and assessment of the risk-adjusted capital requirement (Pillar I + Pillar II supplement). Internal economic models are on the other hand still used to measure and assess the actual risk.

The Bank's total net common equity tier 1 capital at year-end 2016 of NOK 2,575 million indicates a satisfactory buffer in relation the risk-adjusted capital requirement (Pillar I with the addition of the capital requirement pursuant to Pillar II).

Credit risk

Credit risk represents the single greatest risk in the Group and is defined as the risk of losses as a result of customers being unable or unwilling to fulfill their obligations to the Bank. The Bank's credit strategy is anchored in the Bank's business strategy and is designed to achieve a low to moderate risk profile. The credit strategy is reviewed by the Board at least annually.

The Bank's credit risk measured in terms of risk-adjusted capital requirement (11.5%) decreased by NOK 40 million in 2016, in spite of the high lending growth. The risk in the retail market is considered to be low and the risk in the corporate market low to moderate.

Market risk

Market risk is the risk associated with changes in the value of interest, currency positions, securities and property. Market risk is managed by setting detailed limits for activities such as investing in certificates, bonds, and currency positions. The limits are reviewed at least once a year and adopted by the Bank's Board. The Bank's exposure in relation to the adopted limits is reported to the Board every quarter.

The Group's market risk at year-end 2016 was about the same as at year-end 2015. The market risk is considered to be low.

Liquidity and funding risk

Liquidity risk is the risk of the Bank being unable to refinance its liabilities when they mature. At the same time, liquidity and funding risk entail a price element, which is defined as the risk of the Bank being unable to fund its operations without extraordinary costs during periods of market instability.

The Group's liquidity situation was satisfactory throughout 2016 and the Bank's liquidity situation is regarded as satisfactory as at 31 December 2016. All of the performance indicators were within the limits set by the Board at year-end 2016. The liquidity risk is considered to be low.

Operational risk

Operational risk includes the risk of financial losses due to human or system errors, either internally or inflicted externally on the Bank. The risk of loss of reputation, legal risk, and risk due to lack of expertise, ethics and appropriate attitudes among the personnel are all elements of operational risk.

The Bank continued to work on registering and following up operational losses and other adverse incidents in 2016. The Bank maintains a continuous focus on the development of efficient internal control systems. The guidelines specify how employees should report events related to operational risk.

Like the other SpareBank 1-alliance banks, the Bank experienced many IT related incidents of a severity on a par with that in 2015.

The risk-adjusted capital requirement for operational risk was somewhat higher at year-end 2016 than it was at the same time in 2015. This was due to an increase in the volume of business in 2016 and the fact that the risk-adjusted capital requirement is calculated on the basis of a template formulated by the authorities. In the opinion of the Board, the Group generally has good control of operational risk as a result of both preventive and identifying control measures.

Ownership risk

In addition to the four risk categories described above, the Group must also maintain a high proportion of primary capital in order to satisfy the regulatory capital requirements associated with strategic ownership positions. The largest item in relation to this is the Bank's stake in SpareBank 1 Boligkreditt.

For more information about the Bank's risk and capital management, please see the Bank's Pillar III document (available from: <https://www.sparebank1.no/nb/oslo-akershus/om-oss/investor.html>).

CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate social responsibility work is described in a separate chapter of the annual report. This also provides information about the working environment, equal opportunities and measures in relation to the external environment.

GOING CONCERN

The annual financial statements have been prepared on the assumption that the Group is a going concern.

FUTURE PROSPECTS

The macro situation in Norway appears to be improving and a number of key economic indicators are showing positive trends. The Board regards this as beneficial for the Group's operations, credit risk and loss trends going forward.

The Bank has strengthened its capitalisation in the last few years, both nominally and in relation to the authorities' increased requirements, and today has comfortable capital adequacy in relation to the current buffer requirements. The development of its capital adequacy in the last six months must be viewed in the context of the Bank being acquired by Sparebanken Hedmark on 29 June and thereafter adapting to the capital adequacy at a group level. The Bank has a robust funding structure and is equipped to withstand considerable market instability should this infect the Bank's market and operating area.

Bank 1 Oslo Akershus AS still aims to grow significantly in the retail market, as long as this can be done profitably. This is also in line with the expressed strategy of the Parent Bank, Sparebanken Hedmark, concerning growth in new market areas.

A comprehensive integration process has started between the banks since Sparebanken Hedmark's acquisition of the Bank. Bank 1 Oslo Akershus AS will be operated as a subsidiary of Sparebanken Hedmark until the legal merger has been completed. The plan is to complete the merger on 1 April 2017.

The merger will improve the capital situation and preserve expertise and the range of services for the benefit of the customers, the employees and the market. The new bank will be one of the largest savings banks in Norway with business capital of around NOK 138 billion, more than 1,180 employees, and more than 250,000 customers.

The Board of Directors would like to thank the Group's employees for their efforts in the past year.

Oslo, 17. March 2017

THE GOVERNING BOARD OF BANK 1 OSLO AKERSHUS AS



Richard Heiberg
Richard Heiberg
Chair



Roar Flåthen
Roar Flåthen
Deputy Chair



Tore Anstein Dobloug
Tore Anstein Dobloug



Jan-Egil Pedersen
Jan-Egil Pedersen



Arve Bakke
Arve Bakke



Tone Bjørnø
Tone Bjørnø



Tor Morten Nygård
Tor Morten Nygård



Dordi Formoe
Dordi Formoe
Employees' representative



Torbjørn Vik
Torbjørn Vik
CEO

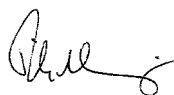
INCOME STATEMENT

Parent			Group	
2015	2016	(MNOK)	2016	2015
1 187	1 148	Interest income	1 154	1 193
716	638	Interest expenses	643	721
471	510	Net interest income	511	472
397	384	Commision income	592	600
-37	-38	Commision expenses	-36	-37
5	11	Other operating income	14	10
364	358	Net commision and other income	570	572
35	77	Dividend	32	2
0	0	Income from ownership interests	13	71
-65	56	Net change in value of financial investments	66	-66
-30	133	Net return on financial investments	111	7
806	1 001	Total income	1 192	1 051
266	269	Personell expenses	395	388
268	281	Other operating expenses	357	349
534	550	Total operating expenses before losses	753	737
272	451	Profit before losses	439	314
-18	12	Losses on loans and guarantees	12	-18
290	438	Profit before tax	427	333
77	91	Tax expenses	93	79
213	348	Profit after tax	334	254
Profit attributable to:				
213	348	Owners of the company	334	254
0	0	Non-controlling interests	0	0
Other comprehensive income				
213	348	Profit after tax	334	254
<i>Items that will not be reclassified to statement of income</i>				
51	-54	Changes in estimate deviations pensions	-54	51
-14	14	Tax on estimate devations pensions	14	-14
1	0	Tax effect of changed tax rate for estimate devations pensions	0	1
<i>Items that may be subsequently reclassified to statement of income</i>				
34	-18	Change in value of financial assets available for sale	-18	34
73	-59	Other comprehensive income	-59	73
286	289	Total comprehensive income	275	327
Total comprehensive income attributable to:				
286	289	Owners of the company	275	327
0	0	Non-controlling interests	0	0

BALANCE SHEET

Parent			Group	
31.12.15	31.12.16	(MNOK)	31.12.16	31.12.15
ASSETS				
615	388	Cash and deposits with central banks	389	615
410	694	Loans and deposits with credit institutions	694	410
31 728	34 525	Loans to customers	34 525	31 718
3 864	4 559	Commercial paper and bonds at fair value	4 559	3 864
611	461	Financial derivatives	461	611
72	426	Shares, participations and other equity interests	426	72
1 169	1 343	Investments in associated companies	1 404	1 249
58	58	Investments in group companies	0	0
222	198	Fixed assets	206	230
0	0	Assets held for sale	0	14
0	0	Goodwill and other intangible assets	27	27
0	9	Deferred tax assets	11	0
101	87	Other assets	147	169
38 851	42 748	Total assets	42 850	38 980
LIABILITIES				
345	1 141	Deposits from credit institutions	1 141	345
23 541	26 859	Deposits from and liabilities to customers	26 838	23 521
10 396	9 946	Debt securities issued	9 946	10 396
202	116	Financial derivatives	116	202
89	95	Tax payable	95	90
11	0	Deferred tax liabilities	0	7
125	217	Other liabilities	263	185
1 102	701	Subordinated loan capital	701	1 102
35 811	39 075	Total liabilities	39 099	35 849
457	457	Share capital	457	457
653	653	Share premium reserve	653	653
0	400	Additional Tier 1 capital	400	0
1 929	2 163	Other equity	2 240	2 021
3 040	3 673	Total equity	3 751	3 131
38 851	42 748	Total liabilities and equity	42 850	38 980

Oslo, 17. March 2017



Richard Heiberg
Chair

Roar Flåthen
Deputy Chair


Tore Anstein Dobloug



Jan-Egil Pedersen



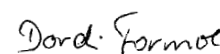
Arve Bakke



Tone Bjørnov



Tor Morten Nygård


Dordi Formoe
Employees' representative

Torbjørn Vik
CEO

STATEMENT OF CHANGES IN EQUITY

Parent

(MNOK)	Equity capital	Share premium reserve	Additional Tier 1 capital	Other equity	Total equity
Equity as of 01.01.15	457	653	0	1 771	2 881
Profit after tax 2015	0	0	0	213	213
Changes in estimate deviations pensions	0	0	0	51	51
Tax on estimate deviations pensions	0	0	0	-12	-12
Change in value of financial assets available for sale	0	0	0	34	34
Total comprehensive income	0	0	0	286	286
Paid dividend	0	0	0	-127	-127
Equity as of 31.12.15	457	653	0	1 929	3 040
Equity as of 01.01.16	457	653	0	1 929	3 040
Profit after tax 2016	0	0	0	348	348
Changes in estimate deviations pensions	0	0	0	-54	-54
Tax on estimate deviations pensions	0	0	0	14	14
Change in value of financial assets available for sale	0	0	0	-18	-18
Total comprehensive income	0	0	0	289	289
Additional Tier 1 capital issued	0	0	400	0	400
Interest payments additional Tier 1 capital	0	0	0	-13	-13
Paid dividend	0	0	0	-43	-43
Equity as of 31.12.16	457	653	400	2 163	3 673

Group

(MNOK)	Equity capital	Share premium reserve	Additional Tier 1 capital	Other equity	Total equity
Equity as of 01.01.15	457	653	0	1 821	2 931
Profit after tax 2015	0	0	0	254	254
Changes in estimate deviations pensions	0	0	0	51	51
Tax on estimate deviations pensions	0	0	0	-12	-12
Change in value of financial assets available for sale	0	0	0	34	34
Total comprehensive income	0	0	0	327	327
Paid dividend	0	0	0	-127	-127
Equity as of 31.12.15	457	653	0	2 021	3 131
Equity as of 01.01.16	457	653	0	2 021	3 131
Profit after tax 2016	0	0	0	334	334
Changes in estimate deviations pensions	0	0	0	-54	-54
Tax on estimate deviations pensions	0	0	0	14	14
Change in value of financial assets available for sale	0	0	0	-18	-18
Total comprehensive income	0	0	0	275	275
Additional Tier 1 capital issued	0	0	400	0	400
Interest payments additional Tier 1 capital	0	0	0	-13	-13
Paid dividend	0	0	0	-43	-43
Equity as of 31.12.16	457	653	400	2 240	3 751

CASH FLOW STATEMENT

Parent			Group	
31.12.15	31.12.16	(MNOK)	31.12.16	31.12.15
290	438	Profit before tax	427	333
-1 269	-1 223	Recognition on interest related to customer loans	-1 223	-1 269
394	331	Recognition on interest related to customer deposits	331	394
1 187	1 148	Interest recieved from customers	1 148	1 187
-365	-299	Interest paid to customers	-299	-365
65	-56	Net (gain) loss in financial derivatives	-56	65
0	0	Generated by associates	-13	-71
26	32	Depreciation, amortisation, revaluation, impairment	40	31
-18	12	Losses on loans and guarantees	12	-18
-35	-77	Items classified as investing activities	-32	-2
-94	-95	Taxes paid	-95	-94
180	212	Generated by the year's operations	239	189
-25	164	Decrease/(increase) other recievables	172	-39
-37	0	Increase/(decrease) in other current liabilities	26	-26
-57	54	Difference between expensed and paid pensions	54	-57
-4 074	-2 735	Decrease/(increase) in lending	-2 745	-4 174
1 641	3 286	Increase/(decrease) in deposits from customers	3 285	1 646
-4	796	Increase/(decrease) in deposits from credit institutions	796	-4
-8 055	-6 913	Payments on redeemed bonds and commercial paper	-6 913	-8 055
8 676	6 215	Receipts on issued bonds and commercial paper	6 215	8 676
-1 755	1 079	A) Net cash flow from operating activities	1 129	-1 844
-38	-8	Purchases of tangible fixed assets	-12	-44
0	0	Proceeds from sale of tangible fixed assets	0	0
-142	-173	Paid-in capital associates/subsidiaries	-173	-142
0	-350	Purchases of other investments	-350	0
0	0	Proceeds from sales of other investments	0	0
35	77	Dividend received	32	2
-145	-455	B) Net cash flow from investing activities	-503	-184
0	-13	Interest payments on additional Tier 1 capital	-13	0
3 369	878	Increase in issued securities	878	3 369
-1 718	-1 389	Decrease in issued securities	-1 389	-1 718
-127	-43	Dividends paid	-43	0
1 524	-567	C) Net cash flow from financing activities	-567	1 650
-377	57	A) + B) + C) Net cash flow during the period	58	-377
1 402	1 025	Cash and cash equivalents as at 1 January	1 025	1 402
1 025	1 082	Cash and cash equivalents as at 31 December	1 083	1 025
-377	57	Net cash flow during the period	58	-377
Cash and cash equivalents specified				
615	388	Cash and deposits with central banks	389	615
410	694	Loans and deposits with credit institutions	694	410
1 025	1 082	Cash and cash equivalents as at 31 December	1 083	1 025



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To the Annual Shareholders Meeting of Bank 1 Oslo Akershus AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank 1 Oslo Akershus AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, statements on Corporate Governance and Corporate Social Responsibility, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to



continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 17 March 2017
KPMG AS

Svein Arthur Lyngroth
State Authorised Public Accountant

The SpareBank 1-alliance

SpareBank 1 Banksamarbeidet DA is part of the SpareBank 1-alliance. The SpareBank 1-alliance was established in 1996. The Alliance is a banking and product collaboration in which the SpareBank 1 banks in Norway cooperate through the jointly-owned holding companies SpareBank 1 Gruppen AS and SpareBank 1 Banksamarbeidet DA. The SpareBank 1 banks also own two commercial banks and some other companies.

One overarching goal of the SpareBank 1-alliance is to ensure the individual banks' independence and regional presence through good competitiveness, profitability and financial strength. At the same time, the SpareBank 1-alliance represents a full, competitive banking alternative at a national level.

Collectively, the SpareBank 1-alliance is one of the largest providers of financial products and services in the Norwegian market. The Alliance has established a national market profile and developed a common strategy for brand building and communications. The strategic marketing platform also provides the basis for joint product and concept development. Marketing efforts are primarily directed at the retail market, small and medium-sized enterprises, and unions affiliated to LO. Both the banks and product areas are doing well in the competitive landscape and profit trends are good.

As at 31 December 2016, the banks in the SpareBank 1-alliance represent 15 independent savings banks and one jointly-owned commercial bank.

The 15 independent banks in the Alliance are:

- SpareBank 1 SR-Bank ASA
- SpareBank 1 SMN
- SpareBank 1 Nord-Norge
- Sparebanken Hedmark
- Samarbeidende Sparebanker (SamSpar) which consists of the following local savings banks:
 - SpareBank 1 BV
 - SpareBank 1 Gudbrandsdal
 - SpareBank 1 Hallingdal Valdres
 - SpareBank 1 Lom og Skjåk
 - SpareBank 1 Modum
 - SpareBank 1 Nordvest
 - SpareBank 1 Nøtterøy-Tønsberg
 - SpareBank 1 Ringerike Hadeland
 - SpareBank 1 Søre Sunnmøre
 - SpareBank 1 Telemark
 - SpareBank 1 Østfold Akershus

The one jointly-owned commercial bank is BN Bank ASA.

The SpareBank 1-alliance also includes SpareBank 1 Gruppen AS, which is the parent company in a jointly-owned group consisting of the following product companies:

- SpareBank 1 Skadeforsikring AS (100%)
- SpareBank 1 Forsikring AS (100%)
- ODIN Forvaltning AS (100%)
- SpareBank 1 Medlemskort AS (51%)
- SpareBank 1 Gruppen Finans AS (100%)
- Conecto AS (100%)

Other central companies in the SpareBank 1-alliance are SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kredittkort AS, SpareBank 1 Markets AS and SpareBank 1 Mobilbetaling AS.

The banks in the SpareBank 1-alliance distribute SpareBank 1 Gruppen's products and collaborate via SpareBank 1 Banksamarbeidet DA in key areas such as brand building, work processes, competence building, IT operations, system development and purchasing. SpareBank 1 Banksamarbeidet DA has also developed a common technology platform for the enterprises in the Alliance.

The SpareBank 1-alliance has entered into strategic partnership agreements with the Norwegian Confederation of Trades Unions (LO) and its unions and delivers financial products and services to LO members through a loyalty programme, LOfavør.

Sharing lessons learned and competence within the Alliance, based on best practice, are important elements in further developing the Alliance. As part of these efforts, centres of excellence have been established for Credit Management in Stavanger and Payments in Trondheim.

SpareBank 1 Banksamarbeidet DA

– operations and activities

About the company

SpareBank 1 Banksamarbeidet DA is an innovations and development company for services and solutions in the SpareBank 1-alliance. The company has around 250 employees working within IT and market and business development. The company is a proactive and innovative partner and facilitator for the SpareBank 1 banks. SpareBank 1 Banksamarbeidet DA is responsible for developing and delivering common IT and mobile phone solutions, brand building and marketing concepts, products and services, competence, analysis, processes, best practice solutions, and purchasing.

In 2016, the Alliance focused even more heavily on digitalisation and simplification, both for customers and advisers. SpareBank 1 Banksamarbeidet DA's office address is in Oslo.

SpareBank 1 Banksamarbeidet DA has the following wholly owned subsidiaries:

SpareBank 1 Kundesenter AS

SpareBank 1 Verdipapirservice AS

EiendomsMegler 1 Norge AS

SpareBank 1 Asept AS

SpareBank 1 ID AS

SpareBank 1 Banksamarbeidet DA had the following ownership structure as at 31 December 2016:

	Stake
SpareBank 1 SR-Bank ASA	17.74%
SpareBank 1 SMN	17.74%
SpareBank 1 Nord-Norge	17.74%
Samarbeidende Sparebanker Utvikling DA	17.74%
Sparebanken Hedmark	11.3%
SpareBank 1 Gruppen AS	10.0%
Bank 1 Oslo Akershus AS	7.74%

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