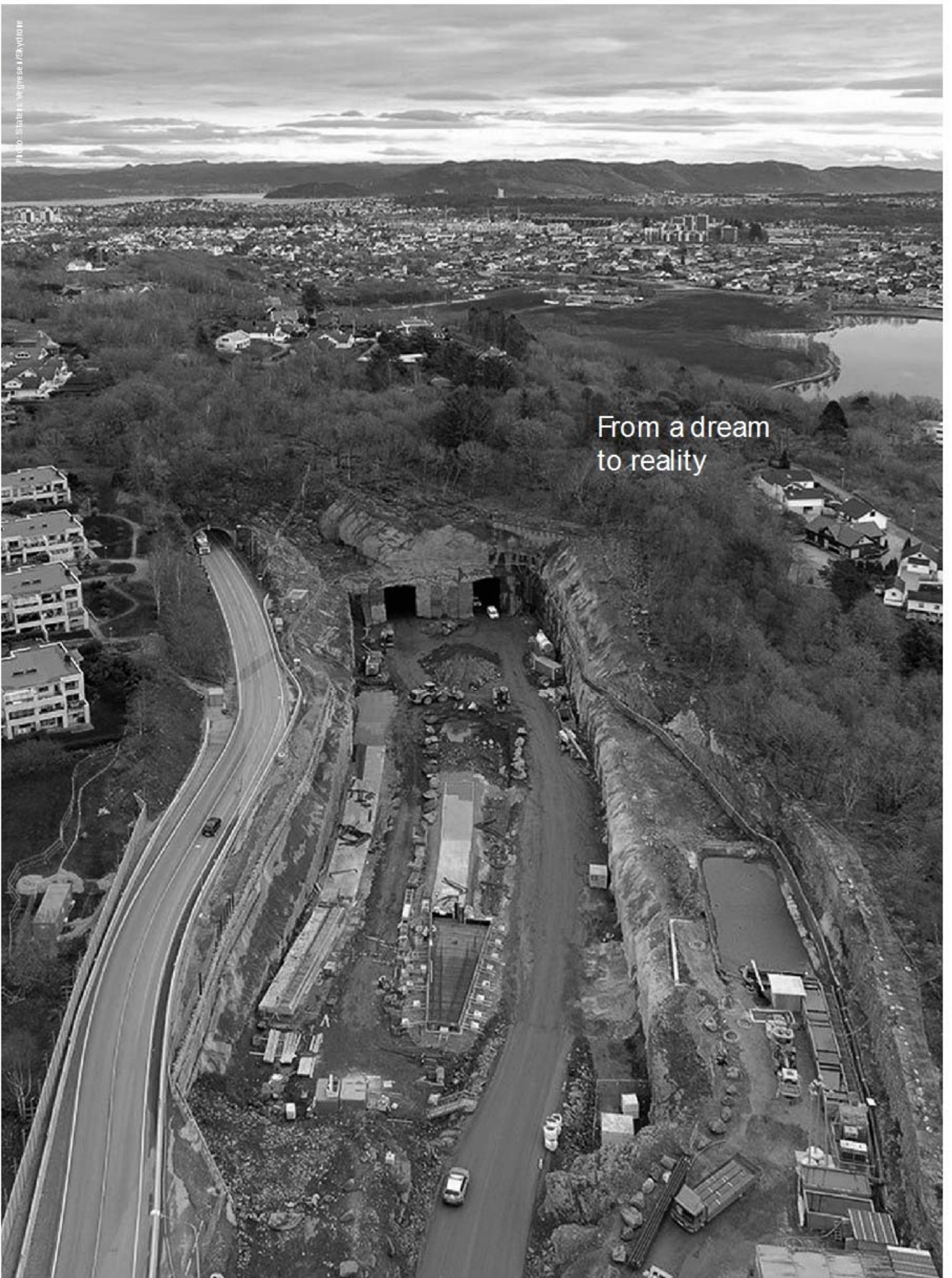


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From a dream
to reality

Interim Financial Statements Q4 2015

Key figures.....	3
Report of the board of directors.....	4
Income Statement.....	15
Balance Sheet.....	16
Statement of Changes in Equity	17
Cash Flow Statement	18
Notes to the Financial Statements.....	19-29
Note 1 Accounting policies	19
Note 2 Impairment losses on loans and guarantees recognised in the income statement.	20
Note 3 Impairment losses on loans and guarantees recognised in the balance sheet	20
Note 4 Non-performing and impaired loans	20
Note 5 Other assets	21
Note 6 Other liabilities	21
Note 7 Customer deposits by sector and industry	21
Note 8 Customer loans by sector and industry	22
Note 9 Capital adequacy.....	22
Note 10 Financial derivatives	24
Note 11 Securities issued and subordinated loan capital.....	24
Note 12 Segment reporting.....	25
Note 13 Net income/losses from financial instruments	26
Note 14 Pensions	27
Note 15 Sale of loans.....	28
Note 16 Liquidity risk.....	28
Note 17 Information about fair value.....	28
Note 18 Events after the balance sheet date	29
Results from the Interim Financial Statements.....	30
Contact information and 2016 financial calendar	32

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	01.01.15 - 31.12.15		01.01.14 - 31.12.14		
	MNOK	%	MNOK	%	
Net interest income	2.593	1,42	2.404	1,45	
Net commission and other income	1.532	0,84	1.732	1,04	
Net income on financial investments	304	0,17	778	0,47	
Total income	4.429	2,42	4.914	2,96	
Total operating costs	1.863	1,02	2.056	1,24	
Operating profit before impairment losses	2.566	1,40	2.858	1,72	
Impairment losses on loans and guarantees	420	0,23	257	0,15	
Pre-tax profit	2.146	1,17	2.601	1,57	
Tax expense	400	0,22	506	0,30	
Profit after tax	1.746	0,96	2.095	1,26	
	31.12.15		31.12.14		
PROFITABILITY					
Return on equity ¹⁾	10,8 %		14,2 %		
Cost ratio ²⁾	42,1 %		41,8 %		
Combined weighted total average spread for lending and deposits ³⁾	1,42 %		1,45 %		
BALANCE SHEET					
Gross loans to customers	155.190		141.620		
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	183.896		174.492		
Growth in loans ⁴⁾	9,6 %		17,7 %		
Growth in loans incl SB1 Boligkreditt and Næringskreditt	5,4 %		4,7 %		
Deposits from customers	89.444		81.489		
Growth in deposits	9,8 %		13,7 %		
Total assets	192.049		174.926		
Average total assets	182.768		166.017		
LOSSES AND NON-PERFORMING COMMITMENTS					
Impairment losses ratio, annualized ⁵⁾	0,28 %		0,20 %		
Non-performing commitments as a percentage of gross loans	0,55 %		0,30 %		
Other doubtful commitments as a percentage of gross loans	0,35 %		0,36 %		
SOLIDITY					
Common equity Tier 1 capital ratio	13,3 %		11,5 %		
Tier 1 capital ratio	14,2 %		12,3 %		
Capital ratio	16,7 %		14,5 %		
Tier 1 capital	16.882		14.828		
Risk weighted balance	119.124		120.189		
Leverage ratio	6,3 %		6,1 %		
Liquidity					
Liquidity Coverage Ratio (LCR) ⁶⁾	128 %		94,0 %		
Deposit-to-loan ratio	57,6 %		57,5 %		
BRANCHES AND STAFF					
Number of branches	49		50		
Number of employees (annualised)	1.161		1.106		
	31.12.15	31.12.14	31.12.13	31.12.12	31.12.11
SpareBank 1 SR-Bank share					
Market price	39,30	52,50	60,25	37,20	40,70
Market capitalisation	10.051	13.427	15.409	9.514	5.182
Book equity per share(including dividends) (group)	66,14	60,28	55,00	49,48	48,75
Earnings per share, NOK	6,83	8,20	7,28	5,33	5,42
Dividends per share	1,50	2,00	1,60	1,50	1,50
Price / Earnings per share	5,75	6,40	8,28	6,98	7,51
Price / Book equity (group)	0,59	0,87	1,10	0,75	0,83
Effective return ⁷⁾	-21,3 %	-10,2 %	66,0 %	-4,9 %	-23,8 %

¹⁾ Operating result as a percentage of average equity

²⁾ Total operating costs as a percentage of total operating income

³⁾ Net interest income as a percentage of average total assets

⁴⁾ High growth in loans in 2014 is attributable to a buy-back of loans from SpareBank 1 Boligkreditt AS

⁵⁾ Impairment losses on loans as a percentage of average gross loans, annualised

⁶⁾ High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario

⁷⁾ Percentage change in the market price in the last period, including paid share dividend

Good results, good cost control, moderate losses and improved financial strength

Q4 2015

- Pre-tax profit: NOK 477 million (NOK 553 million)
- Net profit for the period: NOK 442 million (NOK 448 million)
- Return on equity after tax: 10.6% (11.7%)
- Earnings per share: NOK 1.73 (NOK 1.75)
- Net interest income: NOK 678 million (NOK 655 million)
- Net commissions and other operating income: NOK 372 million (NOK 405 million)
- Net income from financial investments: NOK -13 million (NOK 116 million)
- Operating costs: NOK 368 million (NOK 530 million)
- Impairment losses on loans: NOK 192 million (NOK 93 million)

(Figures for Q4 2014 are shown in brackets)

Preliminary annual result for 2015

- Pre-tax profit: NOK 2,146 million (NOK 2,601 million)
- Net profit for the period: NOK 1,746 million (NOK 2,095 million)
- Return on equity after tax: 10.8% (14.2%)
- Earnings per share: NOK 6.83 (NOK 8.20)
- The board proposes a dividend of NOK 1.50 (NOK 2.00)
- Net interest income: NOK 2,593 million (NOK 2,404 million)
- Net commissions and other operating income: NOK 1,532 million (NOK 1,732 million)
- Net income from financial investments: NOK 304 million (NOK 778 million)
- Operating costs: NOK 1,863 million (NOK 2,056 million)
- Impairment losses on loans: NOK 420 million (NOK 257 million)
- Total lending growth over last 12 months: 5.4% (4.7%)
- Growth in deposits over last 12 months: 9.8% (13.7%)
- Common equity tier 1 capital ratio: 13.3% (11.5%)
- Tier 1 capital ratio: 14.2% (12.3%)

(As at 31 December 2014 in brackets)

Financial performance - Q4 2015

The group's pre-tax profit was NOK 477 million (NOK 553 million), NOK 12 million lower than in the third quarter of 2015. The return on equity after tax for the quarter was 10.6% (11.7%) compared with 9.3% in the third quarter of 2015. The reduction in profit from the third quarter of 2015 was attributable to a number of factors. The main ones were a NOK 96 million increase in loan loss provision and further impairment losses on financial instruments, which rose by NOK 57 million compared with the third quarter of 2015. The negative effect of these items was countered by a non-recurring NOK 163 million reduction in pension costs (curtailment). The results from underlying operations were solid. Both net interest income and net commissions and other operating income increased, while the normalised growth in costs was low.

Net interest income totalled NOK 678 million (NOK 655 million) compared with NOK 649 million in the third quarter of 2015. The average interest margin (net interest income as a percentage of average total assets) was 1.40% in the fourth quarter of 2015 (1.51%) compared with 1.39% in the third quarter of 2015.

Net commissions and other operating income was NOK 372 million (NOK 405 million) compared with NOK 353 million in the third quarter of 2015. Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt amounted to NOK 53 million (NOK 90 million), NOK 2 million lower than in the third quarter of 2015. Income from estate agency was also stable. It decreased by NOK 2 million from the third quarter

of 2015 to NOK 82 million in the fourth quarter of 2015. Other commissions increased by NOK 22 million due to a rise in arrangement fees and other income.

Net income from financial investments was NOK -13 million (NOK 116 million) compared with NOK 12 million in the third quarter of 2015. Income from ownership interests increased by NOK 32 million compared with the previous quarter, while dividend receipts were unchanged from the third quarter of 2015. Capital losses on financial instruments increased by NOK 57 million in the fourth quarter of 2015 due in part to losses on derivatives, including the introduction of provisions for the counterparty risk associated with derivatives in line with IFRS 13.

Operating costs totalled NOK 368 million (NOK 530 million), a reduction of NOK 61 million compared with the third quarter of 2015. The reduction in operating costs compared with the third quarter of 2015 is primarily attributable to the NOK 107 million reduction in personnel costs, mainly due to reduced pension costs. The effect was partly countered by increased personnel costs in new operations, Sparebank 1 Regnskapshuset SR. Pension costs were reduced by NOK 163 million in the fourth quarter due to the non-recurring effect (curtailment) resulting from all of the employees still in a defined benefit scheme being transferred to a defined contribution scheme from 1 January 2016. The corresponding reduction in pension costs in the third quarter was NOK 63 million. Provisions of NOK 20 million were made in the fourth quarter of 2015 for ongoing restructuring costs. Other operating costs rose by NOK 46 million from the third quarter of 2015, in part due to higher ICT costs and an extraordinary VAT correction of NOK 11 million.

Impairment losses on loans amounted to NOK 192 million (NOK 93 million) compared with NOK 96 million in the third quarter of 2015. NOK 51 million of this was due to collective impairment losses in the fourth quarter of 2015. The increase in impairment losses on loans in the fourth quarter of 2015 was primarily attributable to impairment losses within oil related activities and higher collective impairment losses. Collective impairment losses rose in the fourth quarter because of the increased risk in a market with lasting low oil prices and greater uncertainty.

Preliminary annual result for 2015

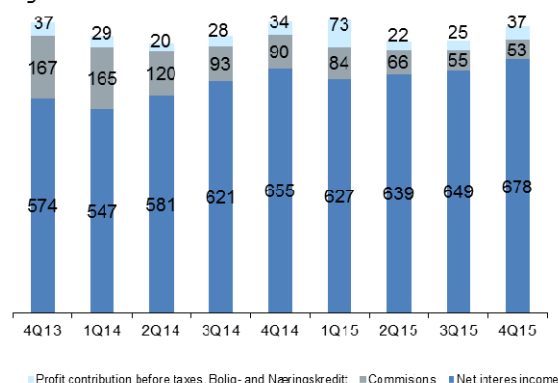
The group's pre-tax profit for 2015 was NOK 2,146 million (NOK 2,601 million), down NOK 455 million compared with 2014. The return on equity for the year

dropped to 10.8% (14.2%) and the cost/income ratio was 42.1% at year-end 2015, compared with 41.8% in 2014. The reduction in profit can largely be attributed to net income from financial investments. 2014 included a profit of NOK 202 million from the realisation of shares in Net Holding AS, which explains part of the lower results in 2015. In 2015, a weak securities market resulted in a drop in income from financial investments, exclusive of the Nets effect, of NOK 272 million. In addition to this, impairment losses on loans and guarantees increased by NOK 163 million compared with 2014. These negative effects on the result were countered by a non-recurring reduction in pension costs (curtailment) totalling NOK 226 million linked to the transition from a defined benefit scheme to a defined contribution agreement from 1 January 2016. Underlying this is a solid result for 2015 with stable operating income and low growth in costs.

Net interest income

The group's net interest income amounted to NOK 2,593 million in 2015 (NOK 2,404 million). Net interest income must be viewed in the context of commissions and profit contributions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Commissions from these companies amounted to NOK 258 million in 2015 (NOK 468 million), whilst profit contributions before tax were NOK 157 million (NOK 111 million). The increase in profit contributions was primarily attributable to SpareBank 1 Boligkreditt, which recognised the positive effects of basis swaps linked to borrowing in 2015. The group's share of this was NOK 94 million. Net interest income, commissions, and profit contributions before tax increased by a total of NOK 25 million in 2015 compared with 2014.

Fig. 1 Interest income



The average net interest margin was 1.42% in 2015 compared with 1.45% in 2014.

Net commissions and other operating income

Net commissions and other operating income totalled NOK 1,532 million in 2015 (NOK 1,732 million). NOK 210 million of the NOK 201 million year-on-year reduction is attributable to lower commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. The reduction was due to the group buying back NOK 17.6 billion in loans from the mortgage companies in 2014 and 2015. Other commissions increased by 0.7% from year-end 2014. The growth primarily came from income from accounting services in SpareBank 1 Regnskapshuset SR, although management fees, insurance income and guarantee commissions also made positive contributions.

Income from estate agency dropped by NOK 51 million in 2015 due to the weak housing market in the Stavanger region, especially in the second half of 2015.

Net income from financial investments

Net income from financial investments was NOK 304 million in 2015 (NOK 778 million). The capital losses on securities amounted to NOK 224 million (capital gains of NOK 181 million) and were primarily attributable to capital losses of NOK 275 million in the interest portfolio, of which NOK 74 million was linked to the group's trading portfolio and NOK 201 million to the group's liquidity portfolio. The latter was countered by positive effects from hedging instruments totalling NOK 91 million. The capital losses in the interest portfolio were largely due to a drop in the estimated value of covered bonds held as a liquidity reserve and the estimated value of high-interest bonds in the bank's trading portfolio. The portfolio of equities and equity certificates experienced capital losses of NOK 40 million (capital gains of NOK 232 million, inclusive of the Nets effect of NOK 202 million). Write-downs in the portfolio of SR-Investering accounted for NOK 24 million of these capital losses.

The group has recognised NOK 95 million in comprehensive income (against equity) due to the sale of Visa Europe Ltd to Visa Inc. For further information, see note 17.

The capital gains from interest and currency trading amounted to NOK 89 million (NOK 55 million). Included in these capital gains were costs totalling NOK 66 million (NOK 0 million) due in part to losses on derivatives, including the introduction of provisions for the counterparty risk associated with derivatives in

line with IFRS 13, while NOK 88 million in income (NOK 12 million) was due to the positive effects of basis swaps linked to borrowing, of which NOK 37 million were realised in 2015.

Dividends amounted to NOK 17 million (NOK 36 million), while income from ownership interests decreased by NOK 84 million from NOK 506 million in 2014 to NOK 422 million in 2015.

Table 1, The share of net profit

The share of net profit after tax	31.12.15	31.12.14
SpareBank 1 Gruppen	251	356
SpareBank 1 Boligkreditt	91	49
SpareBank 1 Næringskreditt	24	32
BN Bank	29	66
SpareBank 1 Kredittkort	20	2
Other	7	1
Total income from ownership interests	422	506

The profit contribution after tax from SpareBank 1 Gruppen fell by NOK 105 million compared with 2014. This was primarily due to higher compensation payouts for natural disasters and lower profit prior years in the P&C insurance company, as well as lower financial income.

The profit contribution after tax from SpareBank 1 Boligkreditt increased by NOK 42 million compared with 2014. This was due to SpareBank 1 Boligkreditt recognising the positive effects of basis swaps linked to borrowing in 2015, which totalled NOK 467 million for the company. The group's share of this was NOK 94 million.

BN Bank's profit contribution after tax was NOK 37 million lower than in 2014. The reduction in profit is partly explained by extra provisions totalling almost NOK 38 million in 2015 linked to restructuring costs for the corporate market portfolio in the third quarter of 2015. The group's share of these restructuring costs was NOK 9 million.

The share of the net profit from SpareBank 1 Næringskreditt increased by NOK 18 million compared with 2014. The company was established in 2014 and 2015 was the company's first full year of operations.

Operating costs

The group's operating costs amounted to NOK 1,863 million in 2015, a reduction of NOK 193 million (-9.4%) compared with 2014. Personnel costs were reduced by NOK 257 million (-21.4%) to NOK 945

million, whilst other costs increased by NOK 64 million (7.5%) to NOK 918 million.

The reduction in personnel costs was primarily attributable to a NOK 226 million reduction in pension costs due to a non-recurring reduction in costs (curtailment) resulting from all of the employees still in a defined benefit scheme being transferred to a defined contribution scheme from 1 January 2016. Provisions of NOK 20 million were made in the fourth quarter of 2015 for ongoing restructuring costs.

Other costs in the group increased by NOK 64 million in the last year. A large proportion of this increase was due to ICT costs and costs associated with developing international cash management in the corporate market division, as well as further development of the automated response management system and customer care model. These are considered as priority areas to allow us to offer customers ever more relevant and timely advice.

The group's normalised total growth in costs for continued business amounted to NOK 3 million (0.1%). The group's cost growth is under control and it is constantly increasing efficiency in order to keep costs at a satisfactorily low level.

The group's cost/income ratio, costs measured as a percentage of income, was 42.1% (41.8%) for 2015. In 2014, the financial statements included income of NOK 202 million linked to the write-up of the shares in Nets Holding AS. Adjusted for this income, the cost/income ratio was 43.6% in 2014.

Impairment losses on loans and non-performance

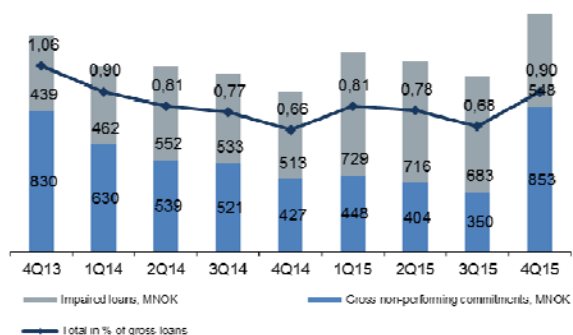
In 2015, the group recognised net impairment losses on loans totalling NOK 420 million (NOK 257 million). This corresponds to impairments as a percentage of gross loans of 0.28% (0.20%). The increase in impairment losses on loans in 2015 was largely attributable to impairment losses within oil related activities and higher collective impairment losses. Impairments on groups of loans increased by NOK 140 million in 2015. This increase was based on continued low oil prices, higher unemployment and a weak house price trend in the group's market area, combined with uncertainty about the expected future development of local and national economic conditions.

Closely monitoring customers and preventive work are important tools for maintaining this good credit

quality, and contribute to the continued moderate impairment losses on loans.

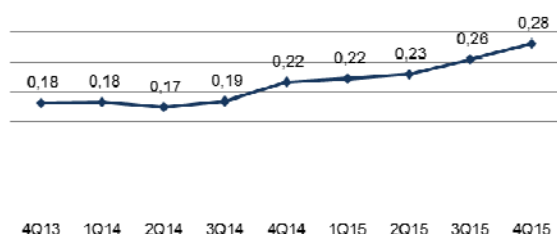
Gross non-performing commitments amounted to NOK 853 million at year-end 2015 (NOK 427 million). This corresponds to 0.55% (0.30%) of gross loans. NOK 528 million of this amount was due to the bankruptcy of a single customer. The portfolio of impaired (not non-performing) loans totalled NOK 548 million (NOK 513 million). This corresponded to 0.35% (0.36%) of gross loans. Total non-performing and impaired loans at year-end 2015 came to NOK 1,401 million (NOK 940 million). In terms of gross loans, this represents an increase over the last 12 months from 0.66% to 0.90%.

Fig 2. Impaired loans and gross non-performing commitments



The loan loss provision ratios, measured as individual write-downs as a percentage of non-performing and impaired loans, were 12% (22%) and 40% (45%) at year-end 2015. In the last 12 months, collective impairment losses have increased by a total of NOK 140 million, and the loan loss provision ratio, measured as collective impairment losses as a percentage of gross loans, inclusive of the volume sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, increased to 0.28% at year-end 2015 (0.22%).

Fig. 3 Collective impairment losses as % of gross loans including loans sold to SpareBank 1 Bolig- and Næringskreditt

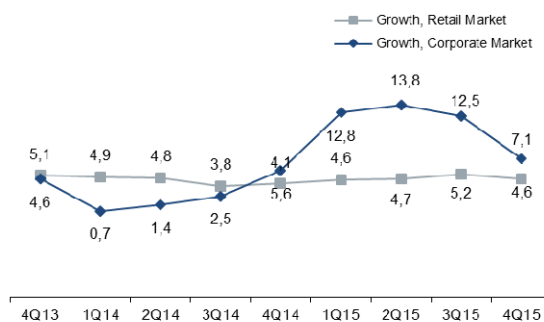


Loans to and deposits from customers

Gross loans at year-end 2015 amounted to NOK 155.2 billion (NOK 141.6 billion). Including loans totalling NOK 28.7 billion (NOK 32.9 billion) sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, gross loans amounted to NOK 183.9 billion at year-end 2015 (NOK 174.5 billion). Gross lending growth over the last 12 months was 5.4% (4.7%). The growth was higher in the first half of 2015. The gross lending growth in the second half of 2015 was only 1.4%, and the effect of exchange rate fluctuations accounted for 0.8%. The effect of exchange rate fluctuations accounted for NOK 1.7 billion (1.0%) of the NOK 9.4 billion growth in gross loans over the last 12 months.

Loans to the retail market accounted for 62.7% (63.0%) of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at year-end 2015.

Fig. 4 12 month lending growth (%)



The group's total loan exposure of NOK 183.9 billion included a majority of commitments with a probability of default of less than 0.5%. These commitments represented 59% of the portfolio. The total lending portfolio primarily consisted of commitments of less than NOK 10 million. These accounted for around 68% of loan exposure and approximately 98% of customers. 18.7% of the total loan exposure was to customers who had loans in excess of NOK 100 million. All of the commitments involving loan exposure of more than NOK 100 million are corporate market commitments and the credit quality in this portfolio was better than in the rest of the corporate market portfolio.

¹ The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit

Deposits from customers rose by 9.8% in 2015 (13.7%) to NOK 89.4 billion (NOK 81.5 billion). Deposits from the corporate market and public sector accounted for 52.9% (52.5%) of the group's customer deposits at year-end 2015.

In addition to good growth in ordinary customer deposits, the group also increased the capital under management in alternative investment products from NOK 15.5 billion to NOK 17.1 billion at year-end 2015. This management is primarily performed by SR-Forvaltning AS and ODIN Forvaltning AS.

The deposit coverage ratio at year-end 2015, measured as deposits as a percentage of gross loans, was 57.6% (57.5%). The group continued its policy of maintaining a high proportion of long-term funding in 2015, and the Financial Supervisory Authority of Norway's Funding Indicator 1 (ratio of illiquid assets financed by debt with a duration of more than 1 year) is 108.1% for the parent bank and 109.8% on a consolidated basis.

Business areas

SpareBank 1 SR-Bank's financial management is based on different business areas that are defined on the basis of their form of distribution, products and customers. The reporting format is based on the risk and return profile of the assets and is split into the retail market (including the self-employed), corporate market, capital market and subsidiaries of significant importance.

Retail market division¹

The retail market division's contribution before impairment losses on loans amounted to NOK 1,214 million in 2015. The result was NOK 156 million lower than in 2014 due to lower net interest income. Commissions increased by 6%. The growth was greatest within insurance.

The growth in digital channels has continued. Two out of three digital logins are now made via the mobile bank and the number of sales in digital channels rose by 70% compared with 2014. The strongest growth was seen in personal insurance and savings products. The purchase of mCASH and further digital ventures through the SpareBank 1 alliance will increase traffic and transaction volumes even more going forward.

premium). Differences between the group's actual funding costs and the interest applied on intercompany receivables are eliminated at the group level.

Total lending growth in the retail market increased by 4.8% in the retail market in 2015, while the volume of deposits grew by 5.0%. The growth in lending was strongest in Hordaland with greater market shares and good growth due to the group's focus in this market. The growth in Agder was good, while in Rogaland it was affected by strong competition in a market with weaker growth.

The quality of the retail market portfolio is considered to be very good with a low risk of losses. The proportion of loan exposure (including the portfolio in SpareBank 1 Boligkreditt) within a loan-to-collateral value ratio of 85% amounted to 89.6% (91.3%) at year-end 2015. The IRB risk weighting for home mortgages was 22.8% (16.3%) at year-end 2015, which reflects a solid, stable portfolio. The risk weightings increased in the first quarter due to the Financial Supervisory Authority of Norway's stricter rules for home mortgage models.

Impairment losses on loans remain low and the percentage of the bank's customers with payment remarks on their records is still small. Proportion of non-performing commitments over 30 days was 0.27% of total lending at year-end 2015 (0.29%).

Corporate market division^{1 2}

The corporate market division's contribution before impairment losses on loans was NOK 1,086 million in 2015, NOK 4 million higher than in 2014.

The division's lending increased by 7.2% in 2015. The increase in volume due to exchange rate fluctuations amounted to NOK 1.2 billion. Underlying growth in the last 12 months was 4.9%. The growth occurred in both the existing customer base and through the inflow of new customers, especially in focus areas in Hordaland. The division has not lost any key customers in the last 12 months. Most of the growth largely came in the first half of 2015. The second half of the year saw negative growth of 0.2% and the underlying weight corrected for the effect of exchange rates was -2.4%. The division has a strong focus on growth in deposits and has in the last 12 months enjoyed 16.8% growth here.

The quality of the corporate market portfolio is considered to be good. The average probability of default has developed positively over time, largely due to the stronger risk profile of the existing customer

base. The proportion of commitments with a probability of default of less than 2.5% was 76.1% (73.3%) of the portfolio at year-end 2015. The property sector portfolio represents the group's largest concentration in a single sector and accounted for 15.0% (15.6%) of total loan exposure, including retail customers. A large portion of this portfolio consisted of financing commercial properties for leasing. The portfolio is characterised by long-term leases and financially solid tenants.

Net individual impairment losses of NOK 242 million were recognised in 2015 compared with NOK 164 million in individual impairment losses in 2014. Collective impairment losses were increased by NOK 130 million during 2015 due to the higher risk in a market with lasting low oil prices and greater uncertainty. The division's ordinary pre-tax profit (after losses) was NOK 142 million lower than in 2014.

Balanced, profitable volume growth, good customer relations, and a well-developed range of products are priority areas for the division, as is closely monitoring the development of risk in the portfolio.

Capital market division²

Securities activities are organised under the SR-Bank Markets brand and include customer and own account trading in fixed income instruments, foreign exchange and equities, analysis and corporate finance services.

SR-Bank Markets's pre-tax profit was NOK 2 million in 2015, NOK 17 million lower than in 2014. The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division.

Prior to the allocation of customer income to other business areas, SR-Bank Markets had achieved operating income of NOK 111 million in 2015. This represents a decrease of NOK 32 million from 2014 and is primarily attributable to a drop in the value of the bank's bond portfolio, as well as less income from interest and currency instruments. The pre-tax profit before the allocation of customer income amounted to NOK 31 million in 2015, a reduction of NOK 39 million from 2014.

The bulk of this income came from customer trading in fixed income and foreign exchange instruments. The

² The capital market division serves customers throughout the group and customer income is now recognised, in its entirety, in the business area to which the customer belongs.

value of the bank's trading portfolio dropped by NOK 74 million in 2015. At year-end 2015, this portfolio was valued at NOK 410 million. Income from sales of equities and bonds was relatively stable in 2015.

Subsidiaries and associated companies

EiendomsMegler 1 SR-Eiendom AS

The company's pre-tax profit amounted to NOK 29.6 million in 2015 (NOK 55.5 million). The substantial drop in the result reflects the weak housing market in the Stavanger region in 2015, which saw a lower number of sales, especially in the second half of 2015.

In 2015, 6,551 (7,540) properties were sold with a total value of around NOK 20 billion. The supply of new assignments was satisfactory given the market situation, but overall it was around 12% lower than in the year before.

There have been and still are, significant differences in the regional markets, both with respect to price and turnover times. The housing market in Bergen was very good, with turnover times of fewer than 20 days and a price rise of 6.0% in 2015. The housing market in the Stavanger region in the second half of 2015 was impacted by downsizing and a fall in the level of activity within the oil industry. Prices have fallen 5.3% in the last 12 months and a continued weak downwards trend is expected going forward. The turnover time for used housing is now almost 60 days. The housing market in Kristiansand has been significantly energised in the last 12 months after many years of stagnation. This good development has continued and prices rose by around 3.6% in 2015. The turnover time is now around 60 days.

The overall market saw growth in both Hordaland and Agder, but the opposite was the case in Rogaland. Significantly fewer homes were sold here in 2015 than in 2014.

The supply of new homes is good, but turnover figures have been lower than wished for. The new homes market is sensitive to economic cycles and the situation in oil-oriented activities is having a negative impact on sales of new homes, especially in the Stavanger region. The market for new homes is expected to remain difficult in Rogaland in the coming period.

There was a good supply of commercial property for both lease and sale. The vacancy rate for office premises has risen significantly in the last 12 months

in the Stavanger region and a steadily increasing number of tenants are looking for premises suitable for the expected level of activity going forward. The levels of activity in Bergen are still very good within both the sale and leasing of commercial properties and the company has established itself as a leading player in commercial estate agency in the Bergen region.

The company expects continued good activity in the housing market in both Agder and Hordaland, but here too there is some uncertainty concerning developments since both of these counties are home to significant activities within the oil sector. The housing market in Rogaland is already being impacted by weak price growth and the poorer development of the overall market. This trend is expected to continue in the first half of 2016, with a gradual improvement during the second half of the year.

SpareBank 1 SR-Finans AS

The company's main products are lease financing for the business sector and car loans for retail customers. SpareBank 1 SR-Finans is the leading leasing company in Rogaland with total assets of NOK 6.9 billion.

SpareBank 1 SR-Finans achieved a profit before losses of NOK 190.1 million in 2015 (NOK 155.1 million). The improvement in the result is primarily attributable to higher net interest income due to both a higher lending volume and higher interest margin compared with 2014. The company once again maintained its low cost/income ratio in 2015 and continuously focuses on efficiency and digitalisation.

Net losses amounted to NOK 39.7 million in 2015 (NOK 9.2 million). This is a substantial increase compared with 2014 and is due to the fact that NOK 20.2 million was recognised in individual impairment losses in 2014, while individual impairment losses have increased by NOK 9.8 million in 2015. This increases the isolated losses by NOK 30.0 million in 2015. Given the uncertainty that characterised the market in 2015, losses are regarded as being at an acceptable level. The pre-tax profit was NOK 150.4 million in 2015 (NOK 145.9 million).

Net lending has increased by 1.9% in the last 12 months and at year-end 2015 it amounted to NOK 6,903 million (NOK 6,771 million). 7,482 new contracts were established in 2015 (6,907 contracts) with a total volume of NOK 2,444 million (NOK 2,569 million).

In 2015, the business sector in the company's market area has been characterised by falls in oil prices, cost cutting and downsizing. Because of this, lower growth is expected within lease financing for the corporate market going forward. Continued growth is expected in car loans for retail customers.

SpareBank 1 Regnskapshuset SR AS

The company was established in the first quarter of 2015 in connection with the purchase of the Rogaland's branch of SpareBank 1 Regnskapshuset Østlandet AS, which comprised three accounting offices in Stavanger, Sandnes and Ålgård. ODB Regnskap AS in Sotra was acquired at the end of the second quarter of 2015 and in the fourth quarter an agreement was signed to acquire Advis AS, which has branches in Stavanger and Haugesund. The company's acquisitions in 2015 have provided it with a solid foothold in Southern and Western Norway, and it has built up a good foundation for further growth in the bank's market area. At the end of 2015, the company had 50 employees.

The accounting firm venture will enable the group to satisfy customers' total needs better by being able to offer customers in the region accounting services and advice. The company has drawn up an aggressive growth strategy for the coming 3-year period. This will be realised through both organic growth and further acquisitions. The company will focus on developing new advice services and will, by developing its expertise well and utilising relationships and its network, become Southern and Western Norway's leading actor in the sector. The establishment of the company was well received in the market.

SpareBank 1 Regnskapshuset achieved a pre-tax profit of NOK 0.6 million in 2015, which includes NOK 0.8 million in depreciation of intangible assets. The company's result was in line with the expectations for its start-up year.

SR-Boligkreditt AS

SR-Boligkreditt is a wholly owned subsidiary and was established in the second quarter of 2015. The purpose of the company is to purchase home mortgages from SpareBank 1 SR-Bank and it funds this by issuing covered bonds. SR-Boligkreditt enables SpareBank 1 SR-Bank to diversify and optimise its funding. Moody's has given SR-Boligkreditt its best rating, Aaa.

The company issued its first bond in June 2015 and it has, as at year-end 2015, two covered bonds in the Norwegian market worth a combined NOK 4.6 billion

and one international covered bond worth EUR 500 million. SR-Boligkreditt had purchased loans equivalent to NOK 9.9 billion from SpareBank 1 SR-Bank by year-end 2015.

In 2015, SR-Boligkreditt achieved a pre-tax profit of NOK 39.3 million, which is in line with the company's business plan.

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen is a holding company that develops and delivers common IT/mobile solutions, brands and marketing concepts, business concepts, products and services, expertise, analyses, processes, best practice solutions and purchases for the banks in the SpareBank 1 Alliance. Its subsidiaries produce, deliver and distribute SpareBank 1 Gruppen products within P&C insurance, life insurance, fund management, factoring, debt collection and long-term monitoring.

SpareBank 1 Gruppen achieved a net profit of NOK 1,287 million in 2015 (NOK 1,849 million). The lower profit in 2015 was primarily due to higher compensation payouts for natural disasters and lower profit prior years in the P&C insurance company, as well as lower financial income.

SpareBank 1 SR-Bank's stake in SpareBank 1 Gruppen was stable at 19.5% at year-end 2015.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are licensed mortgage companies that issue covered bonds secured by home mortgage loan or commercial real estate portfolios sold by the owner banks. The companies are owned by the savings banks that make up the SpareBank 1 Alliance and help ensure the owner banks have access to stable, long-term funding at competitive rates.

SpareBank 1 Boligkreditt's total lending volume at year-end 2015 amounted to NOK 166.2 billion, NOK 28.2 billion (NOK 32.3 billion) of which were home mortgages bought from SpareBank 1 SR-Bank. The bank owned a 16.7% stake in the company at year-end 2015. This is normally updated at the end of each year in line with the volume sold.

SpareBank 1 Næringskreditt's total lending volume at year-end 2015 amounted to NOK 14.4 billion, NOK 0.5 billion (NOK 0.6 billion) of which were loans bought

from SpareBank 1 SR-Bank. The bank owned a 26.8% stake in the company.

Funding

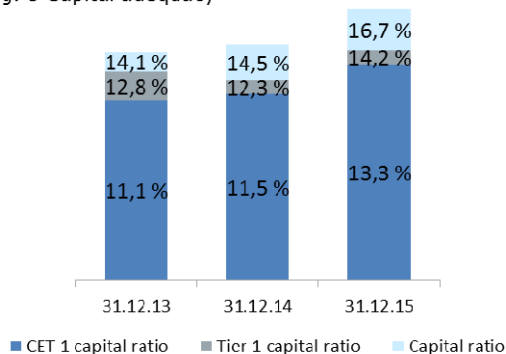
SpareBank 1 SR-Bank's access to market funding has been very good. The risk premium the bank pays above the money market rate for senior unsecured debt increased during the second half of 2015. This had an insignificant impact on SpareBank 1 SR-Bank's funding costs.

SpareBank 1 SR-Bank had good liquidity at year-end 2015 and believes it will continue to have good access to long-term funding at competitive prices. The group strives to achieve an even maturity structure for funding and believes it is important to have good relations with Norwegian and international investors and banks. The liquidity buffer³ amounted to NOK 21.3 billion at year-end 2015. NOK 12.6 billion of the bank's external funding will fall due in the next 12 months. In addition to the liquidity buffer, the bank has NOK 24.3 billion in home mortgages ready for covered bond funding.

Capital adequacy

At year-end 2015, the common equity tier 1 capital ratio was 13.3%, up from 11.5% at the same time in 2014. The tier 1 capital ratio was 14.2% (12.3%), while the total capital ratio rose from 14.5% to 16.7%.

Fig. 5 Capital adequacy



All capital adequacy figures are based on the transitional rule (Basel I floor) that states that the capital requirement for using internal methods cannot be less than 80% of the capital requirement according to the Basel I regulations.

³ Liquidity buffer: cash, short-term investments, and drawing rights in Norges Bank (bonds including covered bonds).

The common equity tier 1 capital ratio requirement, inclusive of the countercyclical capital buffer, is 11.0% and the capital ratio requirement is 14.5%. SpareBank 1 SR-Bank therefore fulfils the requirements by a good margin.

There is a countercyclical capital buffer requirement in Norway in the range of 0-2.5% in the form of common equity tier 1 capital. On 18 June 2015, on the advice of Norges Bank, the Ministry of Finance set the buffer at 1 percentage point from 30 June 2015. At the same time, the Ministry of Finance decided to increase the buffer requirement to 1.5 percentage points from 30 June 2016. The formal requirement for common equity tier 1 capital will then be 11.5% for non-systemically important financial institutions and 13.5% for systemically important financial institutions.

On 12 May 2014, the Ministry of Finance issued regulations concerning systemically important financial institutions (SIFI). Institutions with total assets of at least 10% of Mainland Norway's GDP, or at least a 5% share of the market for loans, will be covered by this definition. Upon implementation, DNB, Nordea Bank Norway and Kommunalbanken Norway were defined as systemically important. The three SIFI banks will thus be subject to a special capital buffer requirement from 1 July 2015. From 1 July 2016, when the new capital requirements have been fully implemented, the systemically important institutions must satisfy a minimum requirement for their common equity tier 1 capital ratio of 12%, while the minimum requirement for other institutions will be 10%. The countercyclical capital buffer comes on top of this. SpareBank 1 SR-Bank is close to the SIFI requirement concerning market share and takes account of this in its capital planning.

In February 2015, SpareBank 1 SR-Bank received permission to use Advanced IRB to calculate regulatory capital requirements for credit risk for the corporate market. Based on this permission the bank uses internal models for calculating the necessary requirements for compulsory savings. This in turn means that the regulatory capital requirements will better suit the actual credit risk the bank is bearing in its overall loan portfolio.

The Financial Supervisory Authority of Norway will set an individual Pillar 2 premium for Norwegian banks in

Assuming deposits and lending remain unchanged, and no new borrowing during the period.

2016. The Pillar 2 premium is intended to ensure that the banks have adequate capital to cover the risk associated with operations, including risks not covered by the regulatory minimum requirement. The Pillar 2 premium will be implemented as an addition to the regulatory minimum requirement and include buffers for the individual banks. The Financial Supervisory Authority of Norway has yet to communicate the size of the Pillar 2 premium for SpareBank 1 SR-Bank.

SpareBank 1 SR-Bank's common equity tier 1 capital target for year-end 2016 is minimum 14.0% and for 2017 it is 14.5%. These targets will be achieved through good profitability, moderate dividends, zero growth in the risk-weighted balance sheet and runoff of BN Banks's corporate portfolio.

The bank's shares

The share price for the bank's shares (SRBANK) was NOK 39.30 at year-end 2015. This represents a decrease of 25.1% since year-end 2014. The main Oslo Stock Exchange index rose by 5.9% in the same period. 3.4% (7.7%) of outstanding SRBANK shares were traded in the fourth quarter of 2015.

There were 10,153 (10,422) shareholders of SRBANK at year-end 2015. The proportion owned by foreign companies and individuals was 17.3%, whilst 49.8% were owned by residents of Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned a combined 63.9% of the shares. The bank holds 25,398 treasury shares, while group employees owned 1.8%.

The table below shows the 20 largest shareholders as at 31 December 2015:

Table 2, 20 largest shareholders

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,3 %
Gjensidige Forsikring ASA	26.808	10,5 %
State Street Bank and Trust Co, U.S.A.	9.671	3,8 %
Vpf Nordea Norge Verdi	8.268	3,2 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,4 %
Wimoh Invest AS	5.761	2,3 %
Odin Norge	5.382	2,1 %
Pareto Aksje Norge	3.944	1,5 %
Danske Invest Norske Instit. II	3.028	1,2 %
State Street Bank and Trust Co, U.S.A.	2.990	1,2 %
Clipper AS	2.565	1,0 %
The Bank of New York Mellon, U.S.A.	2.542	1,0 %
State Street Bank and Trust Co, U.S.A.	2.182	0,9 %
State Street Bank and Trust Co, U.S.A.	1.890	0,7 %
Danske Invest Norske Aksjer Inst.	1.675	0,7 %
Vpf Nordea Kapital	1.653	0,6 %
Pareto AS	1.641	0,6 %
Vpf Nordea Avkastning	1.630	0,6 %
Westco	1.578	0,6 %
The Northern Trust Co, U.K.	1.512	0,6 %
Total 20 largest	163.367	63,9 %

Accounting policies

Please refer to note 1 for a description of the accounting policies applied in the parent company's and consolidated financial statements. The same accounting policies are applied in interim and annual financial statements.

Events after the balance sheet date

No material events have been registered after 31 December 2015 that affect the interim financial statements as prepared.

Future prospects

Oil prices fell heavily in the second half of 2014 and continued to drop in 2015 from USD 55 a barrel to USD 36 a barrel by year-end. The drop in oil prices has resulted in greater uncertainty, especially in the petroleum sector. Oil investments decreased by 12% in 2015 compared with 2014. A further reduction of around 12-14% in relation to 2015 is expected in the petroleum sector in 2016. Both oil companies and the supplier industry are in the process of rationalising operations and reducing costs. The risk of lower growth in the Norwegian economy has consequently increased. There are now clear signs of lower levels of activity in the Stavanger region in the building and construction sector, as well as in some commodity segments.

The unemployment rate in Rogaland was 4.9% at the end of January 2016. This is higher than the rate of

2.8% at the end of January 2015. The unemployment rate was somewhat higher than the national average, which was 3.4%. The unemployment rate in Agder was 4.4% (3.5%) at the end of January 2016, while the unemployment rate in Hordaland was 3.5% (2.6%) in January 2016. The unemployment rate in our market area, and particular in Rogaland, is expected to increase further during 2016.

The banking market is highly competitive, especially with respect to new home mortgage customers. The group therefore lowered home mortgage rates on three occasions in 2015. The negative effect on the group's lending margin will partly be counteracted by the terms for deposits being adjusted at the same time, as well as falling costs for the group's external funding. Continued strong competition for home mortgage customers is expected going forward.

In the last year, the Stavanger region has experienced a weaker house price trend than the rest of the country with a drop in prices of 5.3% compared with the national average of a 7.2% rise in prices. The volume of sales is also dropping and 15.9% fewer homes were sold than in 2014. This development must be seen in the context of house prices having grown much more in recent years in Stavanger and Rogaland than in the rest of the country. In the Kristiansand region, there has been a 3.6% rise in prices over the last 12 months, while the Bergen region has experienced a rise in prices of 6.0%. A higher degree of uncertainty about how the economy will develop will

contribute to dampening the demand for loans, while lower interest rates have the opposite effect. Non-performing commitments are expected to rise somewhat in 2016. The level of impairment losses is expected to be around NOK 500-700 million in 2016. The board would like to stress that a certain level of uncertainty is associated with assessments of future conditions.

SpareBank 1 SR-Bank is a solid, profitable group, but must, like other banks, continue to strengthen its solidity in line with the authorities' new capital requirements. Because of its good earnings from a business model with breadth and efficient operations, the group well positioned to implement the necessary build-up of capital, while ensuring strong competitiveness. As a consequence of technological developments, changes in customer behaviour and the lower activity in the region, the group will implement further cost-reducing measures that ensure its competitiveness. The group will focus on strict capital management in order to achieve its target of minimum 14% for common equity tier 1 capital by year-end 2016. This also entails lower lending growth, a stronger focus on risk pricing and a moderate level of dividends.

Stavanger, 3 February 2016

The Board of Directors of SpareBank 1 SR-Bank ASA

Income statement

Parent bank				Note	Group			
Q4 2014	Q4 2015	01.01.14 - 31.12.14	01.01.15 - 31.12.15		01.01.15 - 31.12.15	01.01.14 - 31.12.14	Q4 2015	Q4 2014
					Income statement (MNOK)			
1.530	1.285	5.918	5.399		5.752	6.137	1.408	1.588
932	702	3.736	3.113		3.159	3.733	730	933
598	583	2.182	2.286		2.593	2.404	678	655
311	271	1.319	1.126		1.605	1.804	388	423
18	16	73	70		78	78	17	19
1	2	6	6		5	6	1	1
294	257	1.252	1.062		1.532	1.732	372	405
0	0	24	15		17	36	1	1
30	0	473	530		422	506	110	138
-55	-139	125	-173	13	-135	236	-124	-23
-25	-139	622	372		304	778	-13	116
867	701	4.056	3.720		4.429	4.914	1.037	1.176
226	56	900	669	14	945	1.202	114	308
114	114	412	422		480	468	125	128
64	80	244	287		438	386	129	94
404	250	1.556	1.378		1.863	2.056	368	530
463	451	2.500	2.342		2.566	2.858	669	646
86	167	248	380	2, 3 and 4	420	257	192	93
377	284	2.252	1.962	12	2.146	2.601	477	553
94	24	446	340		400	506	35	105
283	260	1.806	1.622		1.746	2.095	442	448
					Other comprehensive income			
-149	23	-415	187		200	-444	28	-166
40	-6	112	-46		-50	120	-7	45
-109	17	-303	141		150	-324	21	-121
0	-17	0	-21		-21	0	0	0
0	95	0	95		95	0	95	0
0	0	0	0		32	5	1	-11
0	78	0	74		106	5	96	-11
-109	95	-303	215		256	-319	117	-132
174	355	1.503	1.837		2.002	1.776	559	316
					Earnings per share (group)			
					6,83	8,20	1,73	1,75

* From and including the first quarter of 2015, income from real estate sales has been transferred from other operating income to commissions. The historical figures have been correspondingly restated.

Balance sheet

Parent bank			Note	Group	
31.12.14	31.12.15	Balance sheet (MNOK)		31.12.15	31.12.14
1.847	931	Cash and balances with central banks		931	1.847
8.117	8.813	Balances with credit institutions		2.984	2.222
134.158	137.506	Loans to customers	3, 8	154.357	140.920
15.248	20.314	Certificates, bonds and other fixed-income securities		19.533	15.261
7.344	6.133	Financial derivatives	10	6.135	7.340
477	300	Shares, ownership stakes and other securities	17	441	626
22	168	Business available for sale		168	22
3.250	3.172	Investment in associates		4.792	4.727
1.226	2.698	Investment in subsidiaries		0	0
1.605	2.307	Other assets	5	2.708	1.961
173.294	182.342	Total assets	12	192.049	174.926
6.145	6.005	Balances with credit institutions		5.296	6.139
81.723	89.632	Deposits from customers	7	89.444	81.489
63.253	63.338	Listed debt securities	11	71.979	63.253
3.317	2.879	Financial derivatives	10	2.786	3.317
2.095	1.895	Other liabilities	6	2.171	2.361
2.964	3.459	Subordinated loan capital	11	3.459	2.964
159.497	167.208	Total liabilities		175.135	159.523
6.394	6.394	Share capital		6.394	6.394
1.587	1.587	Premium reserve		1.587	1.587
512	384	Proposed dividend		384	512
59	163	Fund for unrealised gains		163	59
5.245	6.606	Other equity		8.386	6.851
13.797	15.134	Total equity		16.914	15.403
173.294	182.342	Total liabilities and equity	12	192.049	174.926

Statement of changes in equity

SpareBank 1 SR-Bank Group (Amounts in NOK million)	Share- capital	Premium reserve	Other equity	Reserve for unrealised gains	Total equity
Equity as of 31.12.2013	6.394	1.587	5.913	162	14.056
Profit after tax			2.198	-103	2.095
Unrecognised actuarial gains and losses after tax			-324		-324
Share of profit associated companies and joint ventures			5		5
Total items not reclassified through profit or loss			1.879	-103	1.776
Adjusted equity accosiates			-19		-19
Dividend 2013, resolved in 2014			-409		-409
Purchase/sale of own shares			-1		-1
Items reclassified through profit or loss	0	0	-410	0	-410
Equity as of 31.12.2014	6.394	1.587	7.363	59	15.403
Profit after tax			1.737	9	1.746
Unrecognised actuarial gains and losses after tax			129		129
Change in value of financial assets available for sale				95	95
Share of profit associated companies and joint ventures			32		32
Total items not reclassified through profit or loss			1.898	104	2.002
Adjusted equity accosiates			9		9
Dividend 2014, resolved in 2015			-512		-512
Purchase/sale of own shares			12		12
Items reclassified through profit or loss	0	0	-500	0	-500
Equity as of 31.12.2015	6.394	1.587	8.770	163	16.914

Cash flow statement

Parent bank			Group	
01.01.14 - 31.12.14	01.01.15 - 31.12.15	Cash flow statement	01.01.15 - 31.12.15	01.01.14 - 31.12.14
-20.812	-3.466	Change in gross lending to customers	-13.522	-21.347
5.214	4.834	Interest receipts from lending to customers	5.329	5.570
9.883	7.909	Change in deposits from customers	7.955	9.822
-1.760	-1.355	Interest payments on deposits from customers	-1.350	-1.734
-4.602	-1.795	Change in receivables and debt from credit institutions	-1.702	-4.129
-256	-381	Interest on receivables and debt to financial institutions	-505	-438
5.804	-5.066	Change in certificates and bonds	-4.272	5.804
480	384	Interest receipts from commercial paper and bonds	384	480
2.075	1.025	Commission receipts	1.533	2.557
267	-12	Capital gains from sale of trading	-15	267
-1.537	-1.323	Payments for operations	-1.847	-2.084
-280	-102	Taxes paid	-206	-377
1.487	2.408	Other accruals	2.884	1.563
-4.037	3.060	A Net change in liquidity from operations	-5.334	-4.046
-70	-130	Investments in tangible fixed assets	-203	-81
47	0	Receipts from sale of tangible fixed assets	0	47
-456	-1.381	Change in long-term investments in equities	-1.406	-466
870	221	Receipts from sales of long-term investments in equities	221	884
497	545	Dividends from long-term investments in equities	546	509
888	-745	B Net cash flow, investments	-842	893
15.659	4.328	Debt raised by issuance of securities	12.861	15.659
-8.292	-7.332	Repayments - issued securities	-7.332	-8.292
-1.058	-1.018	Interest payments on securities issued	-1.070	-1.058
44	481	Additional subordinated loan capital issued	481	44
-1.115	0	Repayments - additional capital instruments	0	-1.115
-222	-137	Interest payments on subordinated loans	-137	-222
-409	-512	Dividend to share holders	-512	-409
4.607	-4.190	C Net cash flow, financing	4.291	4.607
1.458	-1.875	A+B+C Net cash flow during the period	-1.885	1.454
1.526	2.984	Cash and cash equivalents as at 1 January	2.996	1.542
2.984	1.109	Cash and cash equivalents as at 31 March	1.111	2.996
		Cash and cash equivalents specified		
1.847	931	Cash and balances with central banks	931	1.847
1.137	178	Balances with credit institutions	180	1.149
2.984	1.109	Cash and cash equivalents	1.111	2.996

The cash and cash equivalents includes cash and claims on central banks, plus the share of the total of claims on credit institutions that pertains to placement solely in credit institutions. The cash flow statement shows cash provided and used by SpareBank 1 SR-Bank and SpareBank 1 SR-Bank Group.

Notes to the financial statements

(in MNOK)

Note 1 Accounting policies

1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 31 December 2015. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited. These interim financial statements were prepared in accordance with the applicable IFRS standards and IFRIC interpretations.

The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements for 2014.

Effects of applying IFRIC 21 for reporting in the fourth quarter of 2015

IFRIC 21 Levies regulates the recognition of obligations to pay levies that fall within the scope of IAS 37 Provisions. The interpretation deals with what events trigger levies being recognised as a liability.

Following the introduction of the standard, there has been some debate about whether or not the annual charge for the Norwegian Banks Guarantee Fund for 2015 should have been charged as a cost in its entirety in the first quarter of 2015. The charge for the Norwegian Banks Guarantee Fund is normally based on the average guaranteed deposit and average basis for calculation for previous quarters. The extent to which a withdrawal from the scheme would entail a repayment of any overpaid charge has not been regulated. The practice has been a pro-rata charge upon enrolment. The practice and the principle of equal treatment indicate pro-rata upon disenrollment. The Ministry of Finance will determine this through individual decisions. This is of significance when recognising the charge in the accounts. The Financial Supervisory Authority of Norway has in its circular entitled "Finanstilsynets kontroll med finansiell rapportering i 2015" of 19 November 2015 concluded that the charge for the guarantee fund must be recognised as a cost, in its entirety, in the first quarter every year and it expects banks to change their practices from the first quarter of 2016. SpareBank 1 SR-Bank continued its previous practice in the fourth quarter of periodising the charge on a monthly basis and the cost amounted to NOK 63 million as at the fourth quarter of 2015.

New standards and interpretations that have not been adopted yet

A number of new standards, amendments to standards and interpretations will be compulsory in future annual financial statements. Among those the group has chosen not to apply early are the two most important standards, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The group is currently assessing the effects of these standards.

There are no other standards or interpretations which are not currently in effect and would be expected to have a material effect on the consolidated financial statements.

1.2 Critical accounting estimates and judgements

The preparation of the consolidated financial statements entails the group executive management making estimates, judgements and assumptions that affect the effect of the application of the accounting policies and thus the amounts recognised for assets, liabilities, income and costs. Note 3 of the annual financial statements for 2014 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Note 2 Impairment losses on loans and guarantees recognised in the income statement

Parent bank			Group	
01.01.14 - 31.12.14	01.01.15 - 31.12.15		01.01.15 - 31.12.15	01.01.14 - 31.12.14
-103	-14	Change in individual impairment losses provisions for the period	-4	-124
69	135	Change in collective impairment loss provisions for the period	140	75
11	7	Amortised cost	7	11
217	71	Actual loan losses on commitments for which provisions have been made	78	228
60	201	Actual loan losses on commitments for which no provision has been made	223	74
0	1	Change in assets taken over for the period	1	0
-6	-21	Recoveries on commitments previously written-off	-25	-7
248	380	The period's net losses / (reversals) on loans and advances	420	257

Note 3 Impairment losses on loans and guarantees recognised in the balance sheet

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
405	302	Provisions for Individual impairment losses at start of period	322	446
42	65	Increases in previous provisions for individual impairment losses	65	42
-35	-102	Reversal of provisions from previous periods	-107	-54
109	96	New provisions for individual impairment losses	118	118
-2	-2	Amortised cost	-2	-2
-217	-71	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-78	-228
302	288	Provisions for individual impairment losses at period end	318	322
277	272	Net losses	301	302

Note 4 Non-performing and impaired loans

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
		Non-performing loans and advances		
395	829	Gross non-performing loans above 90 days	853	427
91	98	Provisions for Individual impairment losses	100	93
304	731	Net non-performing loans and advances	753	334
23 %	12 %	Loan loss provision ratio	12 %	22 %
		Other problem commitments		
481	493	Problem commitments	548	513
211	190	Provisions for Individual impairment losses	218	229
270	303	Net other problem commitments	330	284
44 %	39 %	Loan loss provision ratio	40 %	45 %

Note 5 Other assets

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
0	2	Intangible assets	61	20
295	342	Tangible fixed assets	404	327
29	15	Income earned but not received from SpareBank 1 Bolig- and Næringskredit	15	29
16	25	Prepaid expenses	29	17
35	35	Capital contribution SR-Pensjonskasse	35	35
1.053	1.756	Unsettled trades	1.756	1.053
177	132	Other assets	408	480
1.605	2.307	Total other assets	2.708	1.961

Note 6 Other liabilities

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
264	239	Accrued expenses and prepaid revenue	322	363
855	643	Deferred tax	654	821
625	238	Pension liabilities	263	674
1	3	Other specified provisions	3	1
102	544	Taxes payable	637	206
0	0	Unsettled trades	0	0
248	228	Other liabilities	292	296
2.095	1.895	Total other liabilities	2.171	2.361

Note 7 Customer deposits by sector and industry

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
1.121	1.146	Agriculture/forestry	1.146	1.121
252	351	Fishing/Fish farming	351	252
2.135	2.529	Mining/extraction	2.529	2.135
1.403	1.426	Industry	1.426	1.403
2.030	2.090	Power and water supply/building and construction	2.090	2.030
2.210	2.599	Retail trade, hotels and restaurants	2.599	2.210
1.369	1.662	Foreign trade shipping, pipeline transport and other transport activities	1.662	1.369
6.883	7.078	Real estate	7.078	6.883
9.730	12.431	Service industry	12.243	9.496
15.043	16.217	Public sector and financial services	16.217	15.043
42.176	47.529	Total corporate sector	47.341	41.942
39.545	42.101	Retail customers	42.101	39.545
2	2	Accrued interests corporate sector and retail customers	2	2
81.723	89.632	Deposits from customers	89.444	81.489

Note 8 Loans by sector and industry

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
4.225	4.204	Agriculture/forestry	4.443	4.458
467	721	Fishing/Fish farming	903	596
4.210	5.097	Mining/extraction	5.330	4.341
1.973	2.451	Industry	3.093	2.650
2.681	2.561	Power and water supply/building and construction	3.437	3.520
2.174	2.179	Retail trade, hotels and restaurants	2.578	2.529
7.642	9.112	Foreign trade shipping, pipeline transport and other transport activities	9.666	8.239
27.020	27.435	Real estate	27.568	27.163
5.845	6.104	Service industry	8.113	7.860
1.686	2.037	Public sector and financial services	2.209	1.877
57.923	61.900	Total corporate sector	67.342	63.233
76.107	75.719	Retail customers	87.229	77.651
423	339	Unallocated (excess value fixed interest loans and amort. lending fees)	323	411
323	284	Accrued interests corporate sector and retail customers	296	325
134.776	138.242	Gross loans	155.190	141.620
-302	-285	- Individual impairment losses provisions	-315	-322
-316	-451	- Collective impairment losses provisions	-518	-378
134.158	137.506	Loans to customers	154.357	140.920

Note 9 Capital adequacy

On 22 August 2014, the Ministry of Finance stipulated amendments to the capital requirements regulations with effect from 30 September 2014. The amendments are adjustments implemented to comply with the EU's new capital adequacy regulations for banks and securities undertakings (CRD IV/CRR) and entail the minimum requirement for common equity Tier 1 capital ratio gradually increasing in the run up to 1 July 2016.

SpareBank 1 SR-Bank has permission from the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk. The use of IRB requires the bank to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems. In February 2015, SpareBank 1 SR-Bank was granted permission by the Financial Supervisory Authority of Norway to switch to Advanced IRB for the corporate portfolio, which was previously reported in accordance with Foundation IRB.

Investments in associated companies and joint ventures are recognised in the group using the equity method and in accordance with the acquisition method in the parent bank. The investments are treated identically for the purposes of determining the capital adequacy ratio except for the group's investments in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt and BN Bank. A proportionate consolidation is carried out for the group's capital adequacy.

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
6.394	6.394	Share capital	6.394	6.394
1.587	1.587	Premium reserve	1.587	1.587
512	384	Allocated to dividend	384	512
59	163	Reserve for unrealised gains	163	59
5.245	6.606	Other equity	8.386	6.851
13.797	15.134	Total book equity	16.914	15.403

Note 9 Capital adequacy (continued)

Parent bank			Group	
31.12.14	31.12.15		31.12.15	31.12.14
		Tier 1 capital		
0	-2	Deferred taxes, goodwill and other intangible assets	-67	-24
-512	-384	Deduction for allocated dividends	-384	-512
-622	-380	Deduction for expected losses on IRB, net of write-downs	-421	-676
0	0	Deduction for common equity Tier 1 capital in essential investments in financial institutions	-191	-326
-35	-39	Value of derivative liabilities at fair value	-57	-48
12.628	14.329	Total Common equity Tier 1 capital	15.794	13.817
794	794	Tier 1 capital instruments	1.088	1.011
13.422	15.123	Total Tier 1 capital	16.882	14.828
		Tier 2 capital		
2.069	2.536	Term subordinated loan capital	3.111	2.697
-60	-60	Deduction for essential investments in financial institutions	-60	-60
2.009	2.476	Total Tier 2 capital	3.051	2.637
15.431	17.599	Net primary capital	19.933	17.465
		Credit risk Basel II		
21.786	14.820	SME	14.822	21.789
30.354	20.445	Specialised enterprises	22.148	32.685
8.429	6.316	Other corporations	6.830	8.789
1.011	1.092	Mass market SME	1.236	1.144
14.468	20.024	Mass market - mortgage on real estate	27.170	20.661
823	928	Other mass market	950	845
6.944	7.802	Equity positions	0	0
83.815	71.427	Total credit and counterparty risk IRB	73.156	85.913
		Total credit and counterparty risk standard method		
72	70	States and central banks	70	72
6	116	Local and regional authorities, state-owned enterprises	191	150
5.126	5.628	Institutions	5.985	5.872
2.157	2.075	Enterprises	6.886	6.642
116	121	Mass market	1.386	1.258
0	0	Mass market - mortgage on real estate	4.114	5.612
1.051	1.228	Covered bonds	1.205	1.101
2.995	4.600	Equity positions	4.661	3.642
1.639	1.507	Other assets	1.840	1.981
13.162	15.345	Total credit and counterparty risk standard method	26.338	26.330
		Risk weighted balance		
598	0	Position risk for equity instruments	0	598
524	499	Credit value adjustment risk (CVA)	1.050	1.127
4.760	5.295	Operational risk	6.794	6.220
0	1.429	Transitional scheme	11.786	0
102.859	93.995	Risk weighted balance	119.124	120.189
		Buffer requirements		
4.629	4.230	Minimum requirement for common equity Tier 1 capital ratio 4,5 %	5.361	5.409
		Buffer requirement		
2.571	2.350	Capital conservation buffer 2,5 %	2.978	3.005
3.086	2.820	Systemic risk buffer 3 %	3.574	3.606
	940	Countercyclical capital buffer 1 %	1.191	
5.657	6.110	Total buffer requirement to common equity Tier 1 capital ratio	7.743	6.610
2.342	3.990	Available common equity Tier 1 capital ratio after buffer requirement	2.690	1.798
		Capital ratios		
15,00 %	18,72 %	Capital ratio	16,73 %	14,53 %
13,05 %	16,09 %	Tier 1 capital ratio	14,17 %	12,34 %
1,95 %	2,63 %	Tier 2 capital ratio	2,56 %	2,19 %
12,28 %	15,24 %	Common equity Tier 1 capital ratio	13,26 %	11,50 %
15,00 %	19,01 %	Capital ratio, IRB	18,57 %	14,53 %
13,05 %	16,34 %	Tier 1 capital ratio, IRB	15,73 %	12,34 %
12,28 %	15,48 %	Common equity Tier 1 capital ratio, IRB	14,71 %	11,50 %
7,30 %	7,67 %	Leverage Ratio	6,30 %	6,11 %

Note 10 Financial derivatives

Group

At fair value through profit and loss	Contract amount	Fair value at 31.12.15	
	31.12.15	Assets	Liabilities
Currency instruments			
Currency forward contracts	2.891	239	27
Currency swaps	44.129	1.104	323
Currency options	0	0	0
Total currency instruments	47.020	1.343	350
Interest rate instruments			
Interest rate swaps(including cross-currency)	66.073	1.687	2.068
Other interest rate contracts	164	2	2
Total interest rate instruments	66.237	1.689	2.070
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	53.512	2.318	93
Total hedging / Interest rate instruments	53.512	2.318	93
Accrued interests			
Accrued interests		785	273
Total accrued interests		785	273
Total currency and interest rate instruments			
Total currency instruments	47.020	1.343	350
Total interest rate instruments	119.749	4.007	2.163
Total accrued interests		785	273
Total financial derivatives	166.769	6.135	2.786

Counterparty risk associated with derivatives is reduced via ISDA agreements and CSA supplements. The CSA supplement regulates the counterparty risk through payments of margins in relation to exposure limits. The contract sum and effect of reinvestment costs covered by offsetting agreements amounted to NOK 146.9 billion and NOK 3.2 billion as of the fourth quarter of 2015.

Note 11 Issuance of unsecured debt and additional capital instruments

Group

Change in debt raised through issuance of securities	Balance as at 31.12.15	Issued/ sale own 2015	Past due/ redeemed 2015	FX rate- and other changes	31.12.14
				2015	
Bonds and certificates, nominal val	68.935	12.866	-7.332	3.459	59.942
Adjustments	2.242			-226	2.468
Accrued interests	802			-41	843
Total debt raised through issuance of securities	71.979	12.866	-7.332	3.192	63.253
Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 31.12.15	Issued/ sale own 2015	Past due/ redeemed 2015	FX rate- and other changes	31.12.14
				2015	
Term subordinated loan capital, nominal amount	2.550			0	2.069
Perpetual subordinated loan capital, nominal amount	0				0
Tier 1 capital instruments, nominal amount	795				794
Adjustments	102			13	89
Accrued interests	12			0	12
Total additional Tier 1 and Tier 2 capital instruments	3.459	0	0	13	2.964

The nominal value of the net outstanding covered bonds in SR-Boligkredit is NOK 8,540 million.

Note 12 Segment reporting

Management has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, the capital market and subsidiaries of considerable significance. The Bank's own investment activities are not a separate reportable segment and they appear under the item "Other activities" together with activities that cannot be allocated to the retail market, corporate market, capital market or subsidiaries of considerable significance. Own account trading/support/staff parent bank consists of administration, management, investment services, strategy and ownership, treasury and finance function. SR-Boligkreditt AS was established in the second quarter of 2015. The activities in SR-Boligkreditt AS are divided between the retail market and own account trading/support/staff in the parent bank segments. Commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are included under "Net commission and other income".

SpareBank 1 SR-Bank Group 01.01.15 - 31.12.15									
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market ¹⁾	Own account trading/support	Eiendoms-Megler 1	SR-Finans	Other activities	Eliminations	Total
Interest income	1.855	1.679	1.168	822	3	390	2	-166	5.752
Interest expense	775	607	1.096	710	0	136	0	-164	3.159
Net interest income ¹⁾	1.080	1.072	72	112	3	254	2	-2	2.593
Commission income ¹⁾	744	333	36	15	383	4	141	-49	1.605
Commission expenses	38	25	5	3	0	23	33	-48	78
Other operating income	1	0	0	5	0	0	1	-2	5
Net commission and other income	706	308	31	17	383	-19	109	-3	1.532
Dividend income	3	0	1	11	0	0	1	0	17
Income from investment in associates	0	40	0	490	0	0	0	-108	422
Net gains/losses on financial instruments ¹⁾	12	-91	-22	-74	0	0	-30	70	-135
Net income on investment securities	15	-51	-21	427	0	0	-29	-38	304
Personnel expenses	383	179	57	49	216	24	39	-3	945
Administrative expenses	103	30	13	276	41	9	7	0	480
Other operating expenses	101	34	10	150	99	12	35	-3	438
Total operating expenses	587	243	80	475	356	45	81	-6	1.863
Operating profit before losses	1.214	1.086	2	81	30	190	2	-37	2.566
Change in individual write-downs in the period	3	242	0	0	0	35	0	0	280
Change in group write-downs in the period	5	130	0	0	0	5	0	0	140
Pre-tax profit	1.206	713	2	81	30	150	2	-37	2.146
Net interest income ¹⁾									
External net interest income	1.080	1.072	72	112	0	390	2	-135	2.593
Internal net interest income	0	0	0	0	3	-136	0	133	0
Net interest income	1.080	1.072	72	112	3	254	2	-2	2.593
Balance sheet (MNOK)									
				0					
Loans to customers	89.133	55.852	698	2.509	0	7.000	0	-2	155.190
Individual loss provisions	-66	-219	0	0	0	-30	0	0	-315
Group loss provisions	-45	-406	0	0	0	-67	0	0	-518
Certificates/bonds/financial derivatives	0	0	6.022	20.520	0	1	17	-893	25.668
Other assets	55	962	142	17.937	168	105	572	-7.917	12.024
Total assets	89.077	56.190	6.862	40.966	168	7.008	589	-8.811	192.049
Deposits from customers	46.910	38.359	3.699	664	0	0	0	-188	89.444
Other debt and equity ²⁾	42.167	17.830	3.164	40.302	168	7.008	589	-8.623	102.605
Total debt and equity	89.077	56.190	6.862	40.966	168	7.008	589	-8.811	192.049
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	28.168	538							28.706

¹⁾ The capital market division serves customers throughout the group. Previously, most of the income this division generates was recognised in the division. From the 1 January 2014, the internal income recognition policy was changed and income is now recognised, in its entirety, in the business area to which the customer belongs. Historical accounting figures have not been changed as the effect on the accounts are considered to have an insignificant effect.

²⁾ Other liabilities contain allocated arrangements between the segments. Interest on intercompany receivables for the retail market division and the corporate market division is determined based on expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long term financing (credit premium). Deviations between the group's actual financing costs and the applied interest on intercompany receivables are eliminated at the group level.

Note 12 Segment reporting (continued)

SpareBank 1 SR-Bank Group 01.01.13 - 31.12.14									
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market ¹⁾	Own account trading/support	Eiendoms-Megler 1	SR-Finans	Other activities	Eliminations	Total
Interest income	2.085	1.651	1.183	997	4	395	2	-181	6.137
Interest expense	1.041	686	1.130	879	0	168	4	-175	3.733
Net interest income ¹⁾	1.045	965	54	118	4	226	-2	-5	2.404
Commission income ¹⁾	937	345	30	7	434	4	100	-53	1.804
Commission expenses	40	26	4	2	0	21	29	-45	78
Other operating income	0	0	0	6	0	0	1	-1	6
Net commission and other income	897	318	27	9	434	-17	73	-9	1.732
Dividend income	0	0	3	21	0	0	12	0	36
Income from investment in associates	0	0	0	473	0	0	0	33	506
Net gains/losses on financial instruments ¹⁾	9	25	8	84	7	0	5	98	236
Net income on investment securities	9	25	11	578	7	0	16	132	778
Personnel expenses	376	175	53	295	248	32	28	-7	1.202
Administrative expenses	108	24	15	266	40	9	7	0	468
Other operating expenses	97	26	5	115	100	13	19	10	386
Total operating expenses	581	225	73	677	389	54	54	4	2.056
Operating profit before losses	1.370	1.082	19	28	56	155	34	113	2.858
Change in individual write-downs in the period	15	164	0	0	0	3	0	0	182
Change in group write-downs in the period	6	63	0	0	0	6	0	0	75
Pre-tax profit	1.349	855	19	28	56	146	34	114	2.601
Net interest income ¹⁾									
External net interest income	1.045	965	54	118	0	395	-4	-167	2.404
Internal net interest income	0	0	0	0	4	-168	2	162	0
Net interest income	1.045	965	54	118	4	226	-2	-5	2.404
Balance sheet (MNOK)									
Loans to customers	79.727	52.019	671	2.359	0	6.853	0	-9	141.620
Individual loss provisions	-60	-241	0	0	0	-20	0	0	-322
Group loss provisions	-40	-276	0	0	0	-61	0	0	-378
Certificates/bonds/financial derivatives	0	0	6.641	15.951	0	0	13	-3	22.601
Other assets	84	912	2.546	13.003	209	250	560	-6.159	11.405
Total assets	79.710	52.413	9.859	31.312	209	7.022	573	-6.172	174.926
Deposits from customers	44.681	32.837	1.700	2.505	0	0	0	-234	81.489
Other debt and equity ²⁾	35.029	19.576	8.159	28.807	209	7.022	573	-5.938	93.437
Total debt and equity	79.710	52.413	9.859	31.312	209	7.022	573	-6.172	174.926
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	32.288	584							32.872

Note 13 Net income/losses from financial instruments

Parent bank			Group	
01.01.14 - 31.12.14	01.01.15 - 31.12.15		01.01.15 - 31.12.15	01.01.14 - 31.12.14
122	-79	Net gains/losses on equity instruments	-39	233
-92	-274	Net gains/losses for bonds and certificates	-275	-92
41	91	Net derivatives; bonds and certificates	91	41
0	-66	Net counterparty risk, inclusive of CVA	-66	0
6	-35	Net derivatives; other assets	-35	6
-72	0	Net derivatives; liabilities	0	-72
12	85	Net derivatives; basis swap spread	85	12
108	105	Net gain currency	104	108
125	-173	Net income/losses from financial instruments	-135	236

Note 14 Pensions

The SpareBank 1 SR-Bank group has two types of pension scheme: defined benefit-based and contribution benefit-based pension schemes. For more information about the accounting treatment of the schemes see note 1 above and note 24 to the annual financial statements for 2014.

A decision was taken at the board meeting in June 2015 that employees who are members of the defined benefit scheme must transfer to a defined contribution pension scheme from 1 January 2016. Upon transitioning to a contribution based pension scheme from 1 January 2016, employees who were in the defined benefit scheme will receive a paid-up policy for their earned rights from the defined benefit scheme. Paid-up policies will be managed by the pension fund, which from 1 January 2016 will become a paid-up fund. A framework agreement has been established between SpareBank 1 SR-Bank and the pension fund that covers things such as financing, capital management, etc. Because of the responsibilities SpareBank 1 SR-Bank ASA still has, future liabilities will have to be incorporated in the financial statements. The board of the pension fund must consist of representatives of the group and pension scheme participants in accordance with the pension fund's articles of association. The change has reduced pension liabilities.

The consequences recognised in the financial statements for the third and fourth quarter of 2015 are:

Parent bank			01.01.15 - 31.12.15	Curtailments included in the income statement	Group		
Q3 2015	Q4 2015	01.01.15 - 31.12.15			01.01.15 - 31.12.15	Q4 2015	Q3 2015
-60	-153	-213		-226	-163	-63	

The following economic assumptions have been used to calculate the obligations for the defined benefit-based pension scheme:

Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Parent bank and group
2,30 %	2,40 %	2,80 %	2,60 %	2,70 %	Discount rate
2,30 %	2,40 %	2,80 %	2,60 %	2,70 %	Expected return on assets
2,75 %	2,75 %	2,75 %	2,50 %	2,50 %	Forecast salary increase
2,50 %	2,50 %	2,50 %	2,25 %	2,25 %	National Insurance scheme's basic amount
2,00 %	2,00 %	2,00 %	2,00 %	1,60%/2,00%	Pension adjustment/paid-up policy adjustment

Change in pension obligations (NOK million):

Q4 2014	Q4 2015	01.01.14 - 31.12.14	01.01.15 - 31.12.15		01.01.15 - 31.12.15	01.01.14 - 31.12.14	Q4 2015	Q4 2014
480	398	223	625	Net obligations opening balance	674	242	437	512
149	-23	415	-187	Actuarial liabilities and losses recognised in comprehensive income	-200	444	-28	166
22	19	83	88	Net pension cost	95	88	23	22
-23	0	-79	-66	Company contributions	-71	-82	-1	-23
-3	-3	-12	-9	Payments from operations	-9	-13	-5	-3
0	-153	-5	-213	Curtailments included in the income statement	-226	-5	-163	0
625	238	625	238	Net pension obligations closing balance	263	674	263	674

Note 15 Sale of loans

In the 3rd quarter of 2010, in association with the other owners of Sparebank 1 Boligkreditt, Sparebank 1 SR-Bank entered into an agreement to establish a liquidity facility for SpareBank 1 Boligkreditt. This implies that the banks undertake to buy mortgage bonds limited to a total value equal to 12 months' maturities in SpareBank 1 Boligkreditt. Each owner is primarily liable for its share of the need, secondarily for twice the amount of the primary liability under the same agreement. The bonds can be deposited with Norges Bank and represent, therefore, no significant increase in the bank's inherent risk.

The bank has concluded agreements concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. For more information about the accounting treatment of the agreements see note 2 and note 9 in the 2014 annual financial statements.

SpareBank 1 SR-Bank has also concluded an agreement concerning the sale of loans with good security and collateral in real estate from SpareBank 1 SR-Bank to SR-Boligkreditt. Such loans are derecognised from the parent bank's balance sheet, but are recognised in the consolidated financial statements.

Note 16 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 bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has adopted internal limits such that the bank has 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 and covered bonds was 3.1 years at the end of the fourth quarter of 2015. The total LCR was 128% at the end of the fourth quarter and the average total LCR was 140% in the quarter. The LCR in NOK and EUR at the end of the quarter was 74% and 688%, respectively.

Note 17 Information about fair value

Group

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

Level 1: Listed price in an active market for an identical asset or liability.

Level 2: Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices) for the asset or liability.

Level 3: Valuation based on factors not obtained from observable markets (non-observable assumptions).

Fair value 31.12.15	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers			10.565	10.565
Commercial paper and bonds at fair value	15.109	4.424		19.533
Financial derivatives		6.135		6.135
Equities, units and other equity interests	186	18	236	440
Operations that will be sold			168	168

Liabilities

Financial derivatives		2.786		2.786
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No transfers between levels 1 and 2

Fair value 31.12.14	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers			9.994	9.994
Commercial paper and bonds at fair value	14.203	1.058		15.261
Financial derivatives		7.340		7.340
Equities, units and other equity interests	217	118	288	623
Operations that will be sold			22	22

Liabilities

Financial derivatives		3.317		3.317
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No transfers between levels 1 and 2

Note 17 Information about fair value (continued)

Change in holding during the financial year of assets valued on the basis of factors other than observable market data

Group	Loans to customers	Shares, ownership stakes and other securities	Business available for sale
Balance 01.01	9.994	288	22
Additions	3.985	25	137
Disposals	-3.319	-145	
Transferred from or to measurement according to prices in an active market or observable market data			
Change in value ¹⁾	-95	68	9
Balance 31.12	10.565	236	168
Nominal value/cost price	10.145	180	107
Fair value adjustment	420	56	61
Balance 31.12	10.565	236	168

The stake in Bank 1 Oslo Akershus is valued every quarter by SpareBank 1 Gruppen and distributed to all of the alliance banks. In 2015, Sparebanken Hedmark exercised its option to purchase the remaining shares in Bank 1 Oslo Akershus and the transaction is expected to be finally completed in the first quarter of 2016. Valuation of the stake in Bank 1 Oslo Akershus is based on an average of five different methods in which the last known transaction price, earnings per share, dividends per share and EBITDA are inputs for the valuation.

A contract on the sale of the stakes in Nets Holding was signed in the first quarter of 2014. The value according to the sales contract was used in the interim financial statements and resulted in income of NOK 202 million in the first quarter of 2014.

SpareBank 1 SR-Bank is a member of Visa Norge FLI. Visa Norge FLI is, as a group member of Visa Europe, also a shareholder in Visa Europe Ltd. On 2 November 2015, an agreement was announced concerning the sale of Visa Europe Ltd to Visa Inc. The transaction, which is expected to be completed in the second quarter of 2016, will considerably increase the equity in Visa Norge IFS. SpareBank 1 SR-Bank's ownership interests in Visa Norge IFS are considered a financial asset in the available for sale category (AFS investment) and must therefore be recognised at fair value as long as this can be reliably measured. The remuneration consists of assets in Visa Inc., a cash settlement and contingent remuneration. Visa Europe Ltd has estimated the value of the shares in Visa Inc. The fair value of the shares in Visa Inc was arrived at using the price of the shares and exchange rate on 31 December 2015, with deductions for the liquidity discount priced in the acquisition analysis and liquidity discount estimated by SpareBank 1 SR-Bank. The cash remuneration is indicated by Visa Europe Ltd. SpareBank 1 SR-Bank has used its share of the voting rights in Visa Norge IFS, 3.1%, to calculate its proportion of the total estimated value. The estimated fair value was used in the interim financial statements and resulted in income of NOK 95.2 million in the fourth quarter of 2015.

Other assets are measured using various methods such as last known transaction price, earnings per share, dividend per share, EBITDA and discounted cash flows.

Fixed-rate loans are measured on the basis of the interest rate agreed with the customer. Loans are discounted using the applicable interest curve, having taken into account a market premium, which is adjusted for the profit margin. The conducted sensitivity analyses indicate an increase in the discount rate of 10 basis points would have a negative effect on the result amounting to NOK 32 million.

¹⁾ Value changes are recognised in net income from financial instruments

Note 18 Events after the balance sheet date

No material events that have influence on the prepared interim financial statements have been registered after 31 December 2015.

QUARTERLY INCOME STATEMENT

SpareBank 1 SR-Bank Group, MNOK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2015	2015	2015	2015	2014	2014	2014	2014	2013
Interest income	1.408	1.431	1.436	1.477	1.588	1.568	1.543	1.438	1.466
Interest expense	730	782	797	850	933	947	962	891	892
Net interest income	678	649	639	627	655	621	581	547	574
Commission income	388	372	418	427	423	421	462	498	500
Commission expenses	17	21	20	20	19	20	19	20	12
Other operating income	1	2	1	1	1	2	1	2	1
Net commission and other income	372	353	399	408	405	403	444	480	489
Dividend income	1	1	8	7	1	10	7	18	-2
Income from investment in associates	110	78	101	133	138	150	137	81	95
Net gains/losses on financial instrument	-124	-67	-15	71	-23	-18	57	220	102
Net income on financial investments	-13	12	94	211	116	142	201	319	195
Total income	1.037	1.014	1.132	1.246	1.176	1.166	1.226	1.346	1.258
Personnel expenses	114	221	300	310	308	307	293	294	323
Administrative expenses	125	114	122	119	128	114	120	106	109
Other operating costs	129	94	114	101	94	99	88	105	102
Total operating cost	368	429	536	530	530	520	501	505	534
Operating profit before impairment losses	669	585	596	716	646	646	725	841	724
Impairment losses on loans and guarantees	192	96	44	88	93	69	41	54	50
Pre-tax profit	477	489	552	628	553	577	684	787	674
Tax expense	35	112	121	132	105	123	150	128	107
Profit after tax	442	377	431	496	448	454	534	659	567

Profitability

Return on equity per quarter ¹⁾	10,6 %	9,3 %	10,8 %	12,7 %	11,7 %	12,2 %	14,5 %	18,4 %	16,2 %
Cost percentage ²⁾	35,5 %	42,3 %	47,3 %	42,5 %	45,1 %	44,6 %	40,9 %	37,5 %	42,4 %
Combined weighted total average spread for lending and deposits ³⁾	1,40 %	1,39 %	1,44 %	1,45 %	1,51 %	1,48 %	1,41 %	1,40 %	1,46 %

Balance sheet figures from quarterly accounts

Gross loans to customers	155.190	151.911	150.245	144.686	141.620	137.343	135.335	121.723	120.273
Gross loans to customers including SB1 Boligkredit og Næringskredit	183.896	182.940	181.440	178.750	174.492	170.270	168.624	166.593	166.662
Growth in loans over last 12 months ⁴⁾	9,6 %	10,6 %	11,0 %	18,9 %	17,7 %	17,7 %	17,5 %	8,4 %	-16,8 %
Growth in loans incl SB1 Boligkredit and Næringskredit	5,4 %	7,4 %	7,6 %	7,3 %	4,7 %	3,5 %	3,6 %	3,8 %	5,3 %
Deposits from customers	89.444	88.980	90.788	85.984	81.489	81.228	81.728	74.440	71.667
Deposit-to-loan ratio	57,6 %	58,6 %	60,4 %	59,4 %	57,5 %	59,1 %	60,4 %	61,2 %	59,6 %
Growth in deposits over last 12 months	9,8 %	9,5 %	11,1 %	15,5 %	13,7 %	14,9 %	11,5 %	8,5 %	6,0 %
Total assets	192.049	191.500	181.889	176.913	174.926	168.310	167.273	157.752	156.985
Average total assets	192.315	185.459	177.861	175.938	172.179	166.894	164.949	158.867	155.489

Losses and non-performing commitments

Impairment losses ratio, annualized ⁵⁾	0,50 %	0,25 %	0,12 %	0,25 %	0,27 %	0,20 %	0,13 %	0,18 %	0,17 %
Non-performing commitments as a percentage of total loans	0,55 %	0,23 %	0,27 %	0,31 %	0,30 %	0,38 %	0,40 %	0,52 %	0,69 %
Other doubtful commitments as a percentage of total loans	0,35 %	0,45 %	0,51 %	0,50 %	0,36 %	0,39 %	0,41 %	0,38 %	0,37 %

Solidity

Common equity Tier 1 capital ratio	13,3 %	12,2 %	12,3 %	12,1 %	11,5 %	11,3 %	11,4 %	11,2 %	11,1 %
Tier 1 capital ratio	14,2 %	13,1 %	13,1 %	12,9 %	12,3 %	13,1 %	13,2 %	13,0 %	12,8 %
Capital ratio	16,7 %	15,2 %	15,3 %	15,2 %	14,5 %	15,4 %	14,6 %	14,5 %	14,1 %
Tier 1 capital	16.882	16.063	15.771	15.206	14.828	15.304	14.978	14.691	14.511
Net primary capital	19.933	18.635	18.403	17.838	17.465	18.037	16.584	16.407	15.915
Risk weighted balance	119.124	122.380	120.363	117.589	120.189	117.278	113.725	113.413	113.075
Leverage ratio	6,3 %	5,9 %	6,3 %	6,1 %	6,1 %				

Liquidity

Liquidity Coverage Ratio (LCR) ⁶⁾	128 %	164 %	111 %	113 %	94 %				
Deposit-to-loan ratio	57,6 %	58,6 %	60,4 %	59,4 %	57,5 %	59,1 %	60,4 %	61,2 %	59,6 %

Se next page for definition of key figures

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
SpareBank 1 SR-Bank share	2015	2015	2015	2015	2014	2014	2014	2014	2013
Market price at end of quarter	39,30	42,40	52,25	56,25	52,50	61,00	59,75	60,75	60,25
Market capitalisation	10.051	10.844	13.363	14.386	13.427	15.601	15.281	15.537	15.409
Number of shares issued, millions	255,75	255,75	255,75	255,75	255,75	255,75	255,75	255,75	255,75
Book equity per share(including dividends)	66,14	64,02	62,56	62,40	60,28	59,21	57,63	57,45	55,00
Earnings per share, NOK (annualised)	1,73	1,47	1,69	1,94	1,75	1,78	2,09	2,58	2,22
Price/earnings per share	5,68	7,21	7,73	7,25	7,50	8,57	7,15	5,89	6,78
Price / Book equity (group)	0,59	0,66	0,84	0,90	0,87	1,03	1,04	1,06	1,10
Annualised turnover rate in quarter ⁷⁾	3,4 %	5,1 %	5,6 %	7,4 %	7,7 %	3,0 %	5,5 %	7,6 %	6,3 %
Effective return ⁸⁾	-7,3 %	-18,9 %	-3,6 %	7,1 %	-13,9 %	2,1 %	1,0 %	0,8 %	26,3 %

Key figure definitions

¹⁾ Operating result as a percentage of average equity

²⁾ Total operating costs as a percentage of total operating income

³⁾ Net interest income as a percentage of average total assets

⁴⁾ High growth in loans in 2014 is attributable to a buy-back of loans from SpareBank 1 Boligkredit AS

⁵⁾ Impairment losses on loans as a percentage of average gross loans, annualised

⁶⁾ High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario

⁷⁾ Annualised turnover of the share during the period, measured as a percentage of the number of outstanding shares

⁸⁾ Percentage change in the market price in the last period, including paid share dividend

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2016 Financial Calendar

Preliminary annual results for 2015	Thursday 4 February
Annual General Meeting	Wednesday 27 April
Ex-dividend	Thursday 28 April
Q1 2016	Wednesday 27 April
Q2 2016	Wednesday 10 August
Q3 2016	Wednesday 26 October