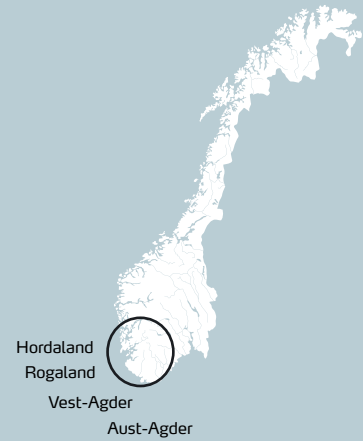


From dream
to reality

SOUTHERN AND WESTERN NORWAY'S LEADING FINANCIAL GROUP



NEARER TO
PEOPLE AND
COMPANIES



Rogaland

Population	467 000
Market share	37 %
Established year	1839
Market Strategy	Market leader
Unemployment	4,9 %*

Hordaland

Population	512 000
Market share	6 %
Established year	2006
Market Strategy	Emerging Markets
Unemployment	3,5 %*

Aust- og Vest-Agder

Population	296 000
Market share	9 %
Established year	2002
Market Strategy	Emerging Markets
Unemployment	4,5 %*

*Tall pr 31.01.2016

Source: Nav, SSB og SpareBank 1 SR-Bank

TABLE OF CONTENTS

KEY FIGURES	4
CEO'S ARTICLE	6
SPAREBANK 1 SR-BANK ASA IN BRIEF	8
GROUP STRUCTURE	9
MARKET AND CUSTOMER BASE	10
OUR HISTORY	11
THE SRBANK SHARE	12
CORPORATE SOCIAL RESPONSIBILITY (CSR)	15
HUMAN CAPITAL	19
BUSINESS AREAS	20
EXECUTIVE MANAGEMENT TEAM	22
CORPORATE GOVERNANCE	24
VERNING BODIES	30
BOARD OF DIRECTORS	32
REPORT OF THE BOARD OF DIRECTORS	34
ANNUAL FINANCIAL STATEMENTS - CONTENTS	47
KEY FIGURES LAST 5 YEARS	118

KEY FIGURES

(Figures in NOK millions)

	2015	2014
Net interest income	2 593	2 404
Net commissions and other operating income	1 532	1 732
Net income from financial investments	304	778
Total operating costs before impairment losses on loans	1 863	2 056
Operating profit before impairment losses on loans	2 566	2 858
Impairment losses on loans and guarantees	420	257
Pre-tax operating result	2 146	2 601

KEY FIGURES

	2015	2014
Profitability		
Return on equity %	10,8	14,2
Cost/income ratio	42,1	41,8
Average interest margin %	1,42	1,45
Balance sheet figures		
Gross loans to customers	155 190	141 620
Gross loans to customers, incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	183 896	174 492
Deposits from customers	89 444	81 489
Lending growth, incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	5,4 %	4,7 %
Deposit growth	9,8 %	13,7 %
Total assets 31 Dec	192 049	174 926
Financial strength		
Common equity tier 1 capital ratio %	13,3	11,5
Tier 1 capital ratio %	14,2	12,3
Capital ratio %	16,7	14,5
Leverage ratio %	6,3	6,1
Tier 1 capital	16 882	14 828
Liquidity		
Liquidity coverage ratio (LCR) %	128	94
Branches and staffing		
No. of full-time equivalents	1 161	1 106
No. of branches	49	50
The SpareBank 1 SR-Bank share		
Market price at year-end	39,30	52,50
Earnings per share	6,83	8,20
Dividend per share	1,50	2,00
Effective yield on share %	-21,3	-10,2

Please also refer to the complete review of key figures and definitions on pages 14 og 118.

GROUP PRE-TAX PROFIT:

2 146

NOK million (2 601 mill kr)

NET INTEREST INCOME:

2 593

NOK million (NOK 2 404 million)

RETURN ON EQUITY AFTER TAX:

10,8

per cent (14,2 per cent)

NET COMMISSIONS AND
OTHER OPERATING INCOME:

1 532

NOK million (NOK 1 732 million)

GROWTH IN LENDING, GROSS LAST
12 MONTHS, INCL. SB1 BOLIGKREDITT
AND SB1 NÆRINGSKREDITT:

5,4

per cent (4,7 per cent)

MPAIRMENTS AS % OF GROSS
LOANS, INCL. SB1 BOLIGKREDITT
AND SB1 NÆRINGSKREDITT:

0,23

per cent (0,15 per cent)

GROWTH IN DEPOSITS OVER THE
LAST 12 MONTHS:

9,8

per cent (13,7 per cent)

CORE EQUITY CAPITAL RATIO:

13,3

per cent (11,5 per cent)

WE HAVE TO LOOK FAR ENOUGH AHEAD

2015 is now history. It was the year in which oil prices continued to fall, both lower and for longer than we had expected. However, at the start of 2016, I choose to be optimistic on behalf of our region.

The developments we saw last year provide reason to ask: How can we do what we do in new and better ways, and how can we use our expertise and existing technology to do something new? Tomorrow's winners will be the people and companies that are dynamic and adapt to changing times, seize opportunities, and are financially robust.

THE DROP IN OIL PRICES

The Norwegian economy has proved very resilient, despite the falling oil prices. Unemployment has risen, but it is still low by international standards. Southern and Western Norway, our part of the country, has naturally experienced the greatest impact from the downturn in oil. Vest-Agder and Rogaland now have slightly higher unemployment rates than the rest of the country, while in Hordaland the unemployment rate is slightly lower than the national average. Higher unemployment is putting downwards pressure on housing prices in Rogaland. This correction in the housing market is not all bad; it also provides opportunities that could make tomorrow's housing market more sustainable.

OPPORTUNITIES FOR OTHER INDUSTRIES

Industries other than the traditional companies within the petromaritime industries are also starting to notice consequences from the lower activity within oil and gas. Downsizing is dampening consumer demand. At the same time, the drop in oil activity has made it easier for other industries to attract qualified personnel. Low interest rates are stimulating activity and the weak Norwegian kroner is making Norwegian goods and services more competitive.

BILLIONS IN INVESTMENTS WAITING IN THE WINGS

Investments worth many billions are planned for our region and some of several of these projects have already started. Ryfast and Rogfast will make Rogaland almost ferry-free. This, together with the improvements to the E39 road between Agder and Rogaland, will result in more predictable and efficient transport between Hordaland, Rogaland and the Agder counties. These investments will strength our region's competitiveness, both in a national and international perspective.

COST REDUCTIONS

If we summarise the status for 2015 in SpareBank 1 SR-Bank, the results were sound. They were achieved thanks to our systematic work on lowering costs, increasing income and improving the quality of our loan portfolio throughout the year. I am very satisfied with the cost cuts we implemented in 2015 and the fact that we have invested in new business areas that have provided us with new sources of income. This income will increase going forward and, therefore, I expect our operations to become even more efficient in the years ahead.

ON SCHEDULE WITH CAPITAL ADEQUACY

Our capital adequacy ratio improved from 11.5% to 13.3% over the year. The bank's Advanced IRB models for the corporate market were approved in February 2015. We have also strengthened our capital adequacy through balanced growth and transitioning from a benefit based pension scheme to a contribution based scheme. New capital requirements mean we need to continue building up our capital. We expect to have achieved a common equity tier 1 capital ratio of at least 14.5% before 2016 ends. Lower lending growth, increased income and continued good cost control will help us achieve the authorities' capital adequacy requirements by a good margin.

MODERATE LOSSES

The results for 2015 show moderate losses. Our unique knowledge about the market area partly explains why our losses are moderate, despite a demanding year. The situation for parts of the business sector in our region is difficult, but our position is good. Non-performance and impairment losses are expected to increase somewhat as more negative effects from the downturn within petromaritime industries materialise. SpareBank 1 SR-Bank has a moderate risk profile and no single event should be capable of seriously harming the group's financial position.

UNCERTAINTY IS BEING MET WITH FINANCIAL STRENGTH AND A FOCUS ON RISK MANAGEMENT

In 2016, SpareBank 1 SR-Bank will continue to be a competitive, profitable bank. The targets are an 11% return on equity and a moderate dividend of 20-25%, before this will be increased from 2017. The group is meeting the current uncertainty in the Norwegian economy with a solid portfolio, a sound framework for lending, and a continuous focus on risk management and control. For example, the concentration risk in the corporate market portfolio has been considerably reduced. Funding for lines of credit for private individuals has also been tightened further.

A PROACTIVE EYE ON THE FUTURE

At the start of 2016, the group can offer corporate customers even more services and a wider range of advice. SpareBank 1 Regnskapshuset SR was established in March 2015 and has grown from none to 90 employees. We are also continuing our digital journey together with our customers. The group has invested in a new CRM tool, a system for customer relations and customer management, which is currently being implemented throughout the organisation. I strongly believe that this will bring us even closer to our customers than we are today.

The region has undergone significant changes before. I am starting to see signs that the business sector is adapting to the new circumstances this time as well. SpareBank 1 SR-Bank wants to help energise this restructuring.



Arne Austreid
Chief Executive Officer



SPAREBANK 1 SR-BANK ASA IN BRIEF

SOUTHERN AND WESTERN NORWAY'S LEADING FINANCIAL GROUP

SpareBank 1 SR-Bank is the leading financial group in Southern and Western Norway with Rogaland, Hordaland and the Agder counties and as our market area. We offer a full range of financial services within areas such as loans, savings, advice, insurance, and pensions for personal and corporate customers. We had 49 branches in our market area and total assets of NOK 192.0 billion as of 31 December 2015.

SpareBank 1 SR-Bank is part of the SpareBank 1 Alliance, which is a banking and product alliance between independent, locally based Norwegian banks.

As one of the country's largest financial groups, we believe we have a special responsibility to stimulate growth and development in our market area. Our region is full of people and companies with good ideas, dreams, and the ability to create something. The group's mission is to help them succeed and thereby contribute to growth, development and value creation in society. We want to provide the power to make this happen and through our work create profitability and value for our customers and our owners. SpareBank 1 SR-Bank's objectives are to *stimulate growth and development in the region*.

THE GROUP'S VISION

The customer's first choice in Southern and Western Norway

Being the customer's first choice is a position that we must earn, each and every day. Either you are chosen or you are not chosen. It is about understanding the customer's needs and living up to their expectations. That means we have to constantly improve and renew ourselves in line with the market. Our vision entails us being the leading financial group in Southern and Western Norway through our goal of market growth.

THE GROUP'S VALUES

Prudence and respect - committed and efficient

Our values are our guiding tools because they provide guidelines for our decision-making and actions in our everyday work.

THE GROUP'S CUSTOMER PROMISES

Always available – understand the customer best – it pays – we are here, even during turbulent times.

Our customer promises are what characterise us as a group.

Our customer promises mean nothing unless we prove them through our actions, in other words via our customer services at all times.

POSITION

Nearer to people and companies.

We want to be nearer to people and companies than our competitors by understanding the people, companies and markets in the region better than our competitors.

We want to learn what is important for our customers through a combination of close, personal relationships and the proper utilisation of customer data. We want to be an accessible, long-term partner whom the customers trust.

CORPORATE RESPONSIBILITY

SpareBank 1 SR-Bank is a significant actor in the region and plays an important role. The group converted from a savings bank to a public limited company ('limited liability savings bank') with effect from 1 January 2012. The Sparebankstiftelsen SR-Bank foundation was established at the same time. The purpose of the foundation is to manage the shares received upon its formation and to exercise and maintain a substantial, long-term and stable ownership interest in SpareBank 1 SR-Bank ASA. The foundation can distribute its surplus and, in line with savings bank traditions, donates to publicly beneficial projects in the group's market area.

FINANCIAL GOALS

SpareBank 1 SR-Bank's main financial goal is to achieve results that provide a good, stable return on equity, thus providing its owners with a competitive return in the form of dividends and a higher share price. The return on equity and cost/income ratio must be in the upper half of a Nordic benchmark.

Financial ambitions in the lead up to 2017:

Return on equity: 11%

Common equity tier 1 capital ratio: target of a minimum of 14% by year-end 2016. The group's long-term dividend policy is to practise a distribution rate of up to 50% of its profit.

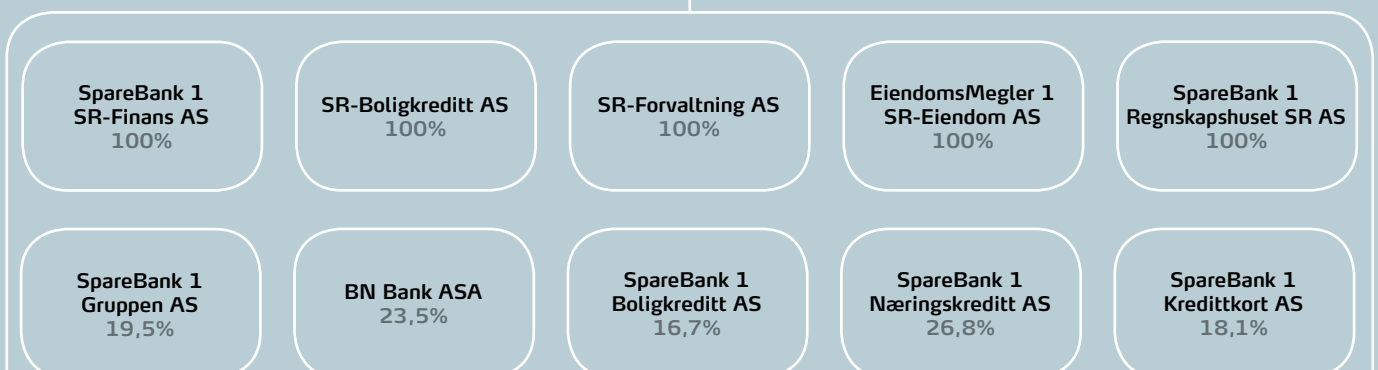
GROUP STRUCTURE



FINANCIAL GROUP SPAREBANK 1 SR-BANK



SpareBank 1 SR-Bank ASA



MARKET AND CUSTOMER BASE

SPAREBANK 1 SR-BANK'S MARKET POSITION AND CUSTOMER BASE

LOCATIONS AND DISTRIBUTION NETWORK

SpareBank 1 SR-Bank is Norway's largest regional bank and the second largest Norwegian-owned bank. SpareBank 1 SR-Bank's core area is Rogaland, although its focus on the Agder counties and Hordaland has produced good growth, both in terms of market share and profitability, in just a few years. The counties in our market area are home to around 1,260,000 inhabitants and approximately 208,000 companies and sole proprietorships are registered in the region.

Over the last 40 years, Southern and Western Norway, and particularly the Stavanger region, have been at the centre of the development of Norway as an oil and energy producer. About 40% of Norwegian oil service companies are located in the Stavanger region, and the majority of the Norwegian operating companies' headquarters are to be found here. Statoil, Norway's largest oil company, has its head office in Forus, Stavanger and the vast majority of the international operating companies also have their Norwegian headquarters in the Stavanger region. These include Total, ENI, ConocoPhillips and Shell. Government agencies such as Petoro, the Norwegian Petroleum Directorate and the Petroleum Safety Authority Norway also have their headquarters in Stavanger, as does the Norwegian Oil Industry Association (OLF). Around 18% of jobs in Rogaland are in the oil industry.

Southern and Western Norway has a diverse and dynamic business sector that is known for its high degree of internationalisation, exports, value creation and innovation. The region is well situated in terms of international communication, the Norwegian Continental Shelf and regional transport routes.

The business sector's international orientation and networks make the region open and accessible to the outside world. In the wake of the Norwegian petroleum adventure, we have seen a sharp increase in entrepreneurship and new business establishments, and in general the region is home to a great deal of innovation.

In the last few years there has been a significant level of industrial investment thanks to the region's main industry, oil and energy. This has provided a basis for greater activity and value creation in the region through ripple effects. National and international companies have made large investments on the Norwegian Continental Shelf and positioned themselves in the region. The result is greater demand for labour and a tighter labour market than elsewhere in the country, as well as a tight housing market. Oil prices dropped dramatically towards the end of 2014 and continued to fall in 2015. This resulted in a significant change of mood in the region, especially in the oil industry. The focus on costs has increased and investments are being postponed. The region must be prepared for far higher unemployment and a weaker housing market going forward. How great the effects will be depends on how long oil prices remain at a low level.

The region's industrial structure is dominated by oil and gas related activities, but it also possesses leading expertise in many other areas:

It is one of the most important producers of meat and dairy products and vegetables in Norway. The financial industry, led by

SpareBank 1 SR-Bank, HitecVision and Skagen Fondene, has grown large. It is also home to an extensive food processing industry.

SpareBank 1 SR-Bank's geographic exposure stretches from Grimstad in Aust-Agder to Åsane in Hordaland. However, most of it is still in its core area, namely Rogaland.

SpareBank 1 SR-Bank practises a multi-channel strategy based on building on the personal relationships between the bank and its customers through our 49 branches, while making both traditional and new banking services readily available via digital channels. This simplifies customers' lives and helps strengthen customer relationships.

SpareBank 1 SR-Bank's most important competitors are full-service banks like DNB, Nordea, Handelsbanken and Danske Bank, as well as local savings banks. Thanks to strong economic development in our market area, the competition situation is intense.

CUSTOMER BASE

SpareBank 1 SR-Bank's market area covers about 25% of Norway's population.

Overall, the region has experienced significant growth in employment and economic activity for a long time. The growth in employment in Rogaland has been significantly stronger than in Norway as a whole. The development of the oil industry has in particular provided a basis for growth in the labour market, meaning the county has attracted a significant share of immigration from abroad and domestic migration. The county also has a relatively high birth rate and a relatively young population. However, compared with previous decades, the rate of growth that has been seen in recent years has been particularly rapid. The big drop in oil prices towards the end of 2015 may result in the growth in employment and net migration to the region slowing down and in the worst case scenario falling.

In its latest population forecast, Statistics Norway estimates that the population of Rogaland will grow by around 145,000 people by 2030 (mean estimate), which would imply an annual growth rate of about 1.42%. The long-term forecast indicates that Rogaland will see the strongest growth in the country. This will mean an increase of 35% compared with the current population. In the short-term, up to 2016, the estimated population growth in Rogaland is on a par with growth in Oslo and Akershus at approximately 2% per annum. The significant future rise in population will require sufficient land for house building and jobs for a much larger population than today. This probably means that parts of the population will have to live further away from the current growth centres in Nord-Jæren and the Haugesund region.

Population growth in the Agder counties up to 2016 will be on a par with the national average, about 1.35% per annum, although Statistics Norway's forecasts for 2030 indicate these counties will see annual growth of around 1.20% compared with the national average of about 1.03%.

Statistics Norway's forecasts for Hordaland indicate annual growth up to 2016 of about 1.54% and in the longer term up to 2030 of about 1.18%.

1839



SpareBank 1 SR-Bank's roots go back to 1839. Join us on a journey through our history. The first bank that today forms part of SpareBank 1 SR-Bank is established. Egersund Sparebank is founded with capital of 56 Norwegian specidaler, around NOK 224.



The herring fishery, salting factory and fish exports that provide most people with their livelihoods create the need for a savings bank.

1852



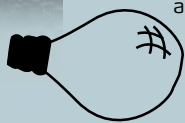
In the middle of the 1800s, an agricultural revolution takes place in Rogaland. The farmers need a dairy and modern equipment to increase food production. Finnøy Sparebank, which later becomes SR-Bank, is one of the first rural banks to furnish the farmers with the credit they need for their new investments.



1913



Theodor Nordaas literally sees the light at the Paris World's Fair in 1895, and brings the idea of electrical light home with him. 18 years later, Sands Herred Sparebank (Sand Sparebank), the future SR-Bank, purchases the waterfall rights to Hiimsfossen as a gift for the municipality. A number of savings banks follow this model and give light to the people.



1976



24 savings banks merge to form Sparebanken Rogaland. SR-Bank's total assets amount to NOK 1.5 billion and it has 350 staff. The Ekofisk find in the North Sea seven years earlier means huge revenues for and massive investments in Rogaland. The region's new need for capital provides the basis for the binding collaboration.



1994



SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange. This is necessary to strengthen the bank's equity at a difficult time for Norwegian banks.

1996



SR-Bank is one of the founders of SpareBank 1, an alliance consisting of SR-Bank, Sparebanken Nord Norge, Sparebanken Vest and Sparebanken Midt Norge. Under the SpareBank 1 name, the banks collaborate on insurance products, fund management, financial services, technology and brand building.



2012



SpareBank 1 SR-Bank is converted into a public limited company so it can continue to fulfil its purpose: to create value in the region of which we are a part. The most important goal is satisfying the region's need for capital. The Group's total assets amount to around NOK 150 billion and it has 1,300 staff.



2039



Our feet are firmly planted in Southern and Western Norway, but we still look to the horizon so we can adapt as our customers' needs change. As the region's most attractive provider of financial services we are the very symbol of Southern and Western Norway's capacity for creation.



THE SRBANK SHARE

FACTS ABOUT OUR SHARE

SpareBank 1 SR-Bank converted from an equity certificate bank to a limited liability savings bank on 1 January 2012. Earlier equity certificate holders received one share for each equity certificate they held at the time of the conversion. The share capital amounts to NOK 6,393,777,050 divided into 255,751,082 shares, each with a nominal value of NOK 25.

The ticker code on the Oslo Stock Exchange was changed at the same time from ROGG to SRBANK. SRBANK is included in the OSEAX All-share index and OSE40 Financials/OSE4010 Banks sector index. The liquidity segment is Match.

FACTS ABOUT SPAREBANKSTIFTELSEN SR-BANK

The Sparebankstiftelsen SR-Bank foundation was established as part of the conversion. The purpose of the foundation is to manage the shares received upon its formation and to exercise and maintain a substantial, long-term and stable ownership interest in SpareBank 1 SR-Bank ASA. Ownership should be exercised in accordance with the generally accepted principles of corporate governance and within the limits and guidelines adopted by the general meeting. The ownership interest must represent at least 25% of shares issued.

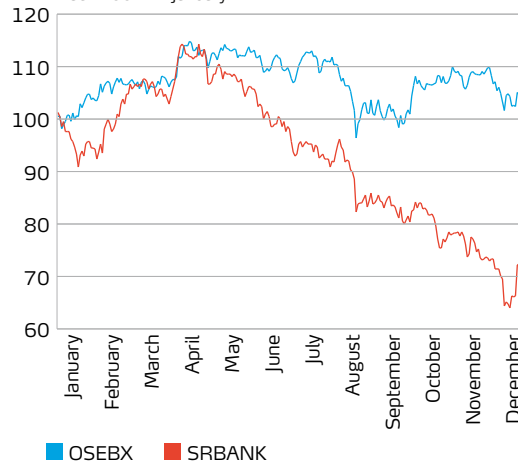
The foundation can distribute its surplus and, in line with savings bank traditions, donates to publicly beneficial projects in Rogaland, Aust-Agder, Vest-Agder, and Hordaland.

As of 31 December 2015, the foundation owned 72,419,305 shares, equivalent to 28.3% of shares issued.

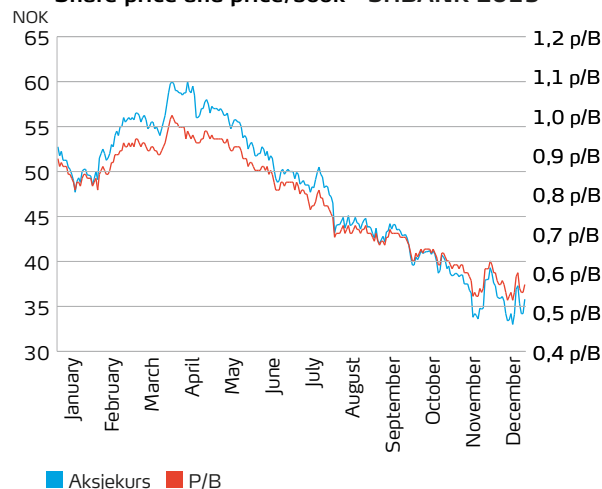
SHARE PRICE AND LIQUIDITY TRENDS

Relative share price trend 2015

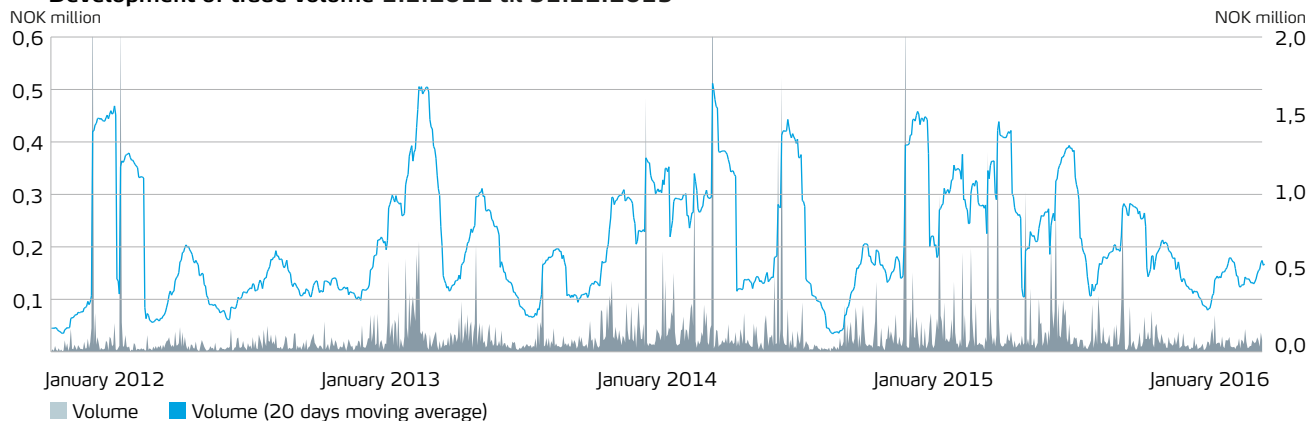
Index 100 = 1. January



Share price and price/book - SRBANK 2015



Development of trade volume 1.1.2012 til 31.12.2015



DIVIDEND POLICY

SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price.

Particular account is taken of the group's capital needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. The level of the annual cash dividend in the lead up to 2017 will take into account the fact that the banking sector is currently building up capital to satisfy new capital requirements. Unless capital requirements dictate otherwise, the board aims to gradually increase the distribution rate such that approximately half of the annual net profit for the year is distributed as cash dividends.

The parent company's distributable profit in 2015 was NOK 1,613 million, equivalent to NOK 6.31 per share. In line with SpareBank 1 SR-Bank's dividend policy, various factors have been taken into consideration in determining the dividend, including, in particular, our financial strength and the core capital adequacy ratio in light of the new regulatory requirements for banks. The requirements, which have now been published, will be gradually raised in the lead up to 30 June 2016.

The board proposes a dividend of NOK 1.50 per share for 2015. This represents a dividend rate of around 22% of the group's earnings per share.

INVESTOR POLICY

SpareBank 1 SR-Bank makes every effort to ensure that accurate, relevant and timely information is disclosed about the group's performance and results in order to maintain the confidence of the investor market. Market information is primarily provided via quarterly investor presentations, websites, press releases and financial statements. Regular presentations are also made to international partners, rating agencies, lenders and investors.

It is in SpareBank 1 SR-Bank's own interests to publish current, financial analyses of the highest possible quality. All analysts are treated equally at all times regardless of their recommendations and views on the bank's share. At the end

of 2015, 12 brokerage houses officially covered SRBANK. Updated contact information for these is available at all times on: www.sr-bank.no/ir.

INFORMATION ADDRESSES

SpareBank 1 SR-Bank publishes information for the market online at: www.sr-bank.no.

Other links to financial information: www.ose.no (Oslo Stock Exchange)

2016 financial calendar

General meeting	27.04.2016
Ex dividend date:	28.04.2016
First quarter:	27.04.2016
Second quarter:	10.08.2016
Third quarter:	27.10.2016

Preliminary accounting figures for 2016 will be published in February 2017.

OWNERSHIP

SpareBank 1 SR-Bank aims to ensure the good liquidity of its share and that it has a good range of owners who represent customers, regional investors and Norwegian and international investors.

The share price fell from NOK 52.50 to NOK 39.30 in 2015. Taking into account the paid dividend of NOK 2.00, this represents an effective return of negative 21.3%. The Oslo Stock Exchange Benchmark Index rose by 5.9% in the same period.

There were 10,153 (10,422) owners of SRBANK at year-end 2015. The percentage owned by companies and individuals based abroad was 17.3%, and the percentage owned by companies and individuals resident in Rogaland, the Agder counties and Hordaland was 49.8%. The 20 largest shareholders owned a combined total of 63.9% of the shares. The bank owned 25,398 treasury shares. Group employees owned a total of 1.8% of the shares at year-end 2015.

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

SpareBank 1 SR-Bank ASA shares		
20 largest shareholders	No of shares (1,000s)	Stake %
Sparebankstiftelsen SR-Bank	72 419	28,3 %
Gjensidige Forsikring ASA	26 808	10,5 %
State Street Bank and Trust Co, USA	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, USA	2 990	1,2 %
Clipper AS	2 565	1,0 %
The Bank of New York Mellon, USA	2 542	1,0 %
State Street Bank and Trust Co, USA	2 182	0,9 %
State Street Bank and Trust Co, USA	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, UK	1 512	0,6 %
Total 20 largest	163 367	63,9 %

	2015	2014	2013	2012	2011
Regional share	49,8 %	48,9 %	53,0 %	61,2 %	47 %
Other Norwegian owners	32,9 %	28,7 %	32,9 %	32,8 %	43 %
Foreign owners	17,3 %	22,4 %	14,1 %	6,0 %	10 %
Total owners	10 153	10 422	11 151	11 959	11 887

Key figures*	2015	2014	2013	2012	2011
Market price 31.12, NOK	39,30	52,50	60,25	37,20	40,70
Dividend per share, NOK	1,50	2,00	1,60	1,50	1,50
Direct return ¹⁾	3,80 %	3,8 %	2,7 %	4,0 %	3,7 %
Effective return ²⁾	-21,3 %	-10,2 %	66,0 %	-4,9 %	-23,8 %
Book equity per share, NOK ³⁾	66,14	60,28	55,00	49,48	48,75
Earnings per share, NOK ⁴⁾	6,83	8,20	7,28	5,33	5,42
Payout ratio, net ⁴⁾	22 %	24 %	22 %	28 %	32 %
No. of shares issued 31.12	255 751 082	255 751 082	255 751 082	255 751 082	127 313 361
Treasury shares 31.12	25 398	231 043	207 645	345 134	133 248
No. of outstanding shares 31.12	255 725 684	255 520 039	255 543 437	255 405 948	127 180 113

¹⁾ From and including 1 January 2012, the old equity certificates were converted to shares

¹⁾ Dividend as a percentage of market price at year-end.

²⁾ Appreciation during the year plus dividend paid as a percentage of market price at the beginning of the year.

³⁾ Equity divided by number of shares issued.

⁴⁾ Dividend as a percentage of the group's net profit for the period.

CREDIT RATING

Moody's Investor Services confirmed its A1 with a stable outlook credit rating of SpareBank 1 SR-Bank on 6 November 2015.

The short-term funding rating remained unchanged throughout 2015 at Prime 1.

Fitch Ratings confirmed its A- (long-term) and F2 (short-term) with stable outlook credit ratings of SpareBank 1 SR-Bank on 4 April 2015.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

SpareBank 1 SR-Bank is a responsible social actor

Since the establishment of Egersund Sparebank in 1839, one of our key purposes has been to be a committed, responsible social actor. This has formed part of our basic philosophy ever since. We make judgements about the economy and risk on a daily basis based on our in-depth local knowledge, our proximity to our customers, and the fact that we have a social mission. A mission that is about stimulating growth and development in the region in which we operate. We will do this by, among other things, ensuring the region has capital for business development and building homes, contributing expertise, and actively helping to create good conditions for continued growth.

Shareholder structure

Sparebankstiftelsen SR-Bank is our largest owner with a stake of 28.3%. According to the decision taken by the Ministry of Finance (case 11/1402 of 21 June 2011) concerning converting to a public limited company, one of the conditions for allowing the conversion was that Sparebankstiftelsen SR-Bank must own a stake of equal to or higher than 25% in SpareBank 1 SR-Bank. In addition to this, the foundation's purpose must be to exercise long-term and stable ownership of SpareBank 1 SR-Bank, and through this ensure that SpareBank 1 SR-Bank continues its saving bank operations with local roots in Rogaland, Hordaland and the Agder counties. This ensures both business and private households have ready access to a large, regionally anchored financial group with highly qualified personnel, a broad range of services, and good, stable access to capital.

Responsibility is profitable

SpareBank 1 SR-Bank aims to use the group's combined knowledge and resources to create growth and development in the region of which we are a part. We believe that active social involvement creates value directly by reducing risk, opening up new business opportunities, producing motivated staff, and helping to maintain a good reputation.

Our corporate social responsibility strategy

SpareBank 1 SR-Bank wants to stimulate growth and development in the communities of which we are a part. Decisions will be based on a long-term perspective, which means that the group will

avoid short-term gains if they are likely to significantly diminish or harm the communities of which we are a part.

By Sparebankstiftelsen SR-Bank the savings bank tradition is continued, which represents a key part of our corporate social responsibility strategy. The foundation's grants to socially beneficial causes in the region, which are based on SpareBank 1 SR-Bank's capacity to distribute dividends, are well integrated into the work performed by the group's bank committees. The interaction between the bank committees, organised as local advisory bodies to both the group and Sparebankstiftelsen SR-Bank, is intended to reinforce our local presence and local participation.

Social responsibility – an integral part of our activities

Our work on social issues forms an integral part of our continuous planning. This is how we ensure that ethics, the environment and important social questions remain on the agenda at all times. Ensuring that daily operations focus strongly on financial value creation within all business areas is a very important part of our corporate social responsibility.

We have defined the following four categories, and associated focus areas, which are based on the group's integration of corporate social responsibility:

HR <ul style="list-style-type: none"> ▪ Ethics committee ▪ Code of conduct ▪ Personnel handbook with a heavy focus on values and attitudes ▪ Training 	Environment <ul style="list-style-type: none"> ▪ Health, Safety and Environment ▪ Video conferencing ▪ Criteria for suppliers ▪ Hybrid and electric cars
Society <ul style="list-style-type: none"> ▪ Employment ▪ Inclusive Work company ▪ Anti-corruption ▪ Code of conduct ▪ Fraud prevention measures ▪ Our purpose "stimulate growth and development in our region" ▪ Financial grants and sponsorship ▪ Competence sharing ▪ Innovation 	Financial <ul style="list-style-type: none"> ▪ Good corporate governance ▪ Risk management ▪ Credit management ▪ Profitability ▪ Financial strength

STATUS 2015

Corporate governance

Corporate governance in SpareBank 1 SR-Bank ASA comprises the objectives and overriding principles according to which the group is governed and controlled, in order to secure the interests of shareholders, customers and other groups. The main principles for corporate governance are: openness, predictability and transparency.

The group complies with the Norwegian Code of Practice for Corporate Governance.

SpareBank 1 SR-Bank has clear guidelines intended to prevent violations of human and labour rights, and employees taking advantage of corruption or contributing to serious environmental harm and/or other actions that could be deemed unethical.

Employees and the organisation

SpareBank 1 SR-Bank aims to be an attractive and inclusive place to work for employees in all age groups and phases of their life. The SpareBank 1 SR-Bank Group tries to ensure that all employees are satisfied with the balance between work, home and leisure. At the same time, a number of different measures have been implemented to motivate employees to stay healthy, both by developing a good working environment and by encouraging them to exercise. We believe that employees whose needs are catered for will perform better, which benefits both them and the group.

The group had 1,249 employees as of 31 December 2015.

The sick leave rate in SpareBank 1 SR-Bank is low. The total sick leave rate was 3.1% in 2015, compared with 3.7% in 2014. This results in a healthy rate of 96.9% for 2015. The balance between gender and age groups is good. We are working to increase the percentage of women in executive positions. In 2015, 45.0 % of executive positions were filled by women. This represents an increase of 2 percentage points in relation to 2014.

The group has established a well thought through framework for managing organisational matters, including: a personnel handbook, HSE handbook, inclusive workplace agreement, and several internal committees regulated by agreements. The executive management team and the group's two unions work well together in these areas. 2 x 3 contact meetings were held between the executive management team and trade unions in 2015. The following key topics were discussed:

1. Adjusting staffing and distribution to changes in customer behaviour (digitalisation), including the need for new and different expertise.
2. The level and scope of the employees' benefits, including winding up the benefit based pension scheme and transitioning to a more sustainable pension scheme.
3. Adapting the life phase policy due to changes in the Working Environment Act.

In 2015, the group again refunded a significant amount to cover part of employees' regular exercise expenses in order to promote better health, greater motivation and satisfaction.

The group's working environment is characterised by diversity, respect and consideration. Discrimination and harassment are not tolerated. The group conducts regular organisation surveys with good results. Overall, the employees gave us a score of 865 out of 1,000 in the organisation survey for 2015, which represents an increase of 29 points compared with 2014. The increase was due to both better communication between the management and the group's employees and a clarification of our direction and goals. The results are regarded as very good given the major organisational changes that were implemented during the year, including reductions in staff numbers.

Environment

As a responsible financial group, we are taking a proactive approach to climate challenges, including by setting criteria for environmental prevention measures in our own organisation. The group has a specific environmental strategy and guidelines, which are reviewed annually.

The group regularly introduces measures that are intended to help reduce the consumption of electricity, paper and other resources, as well as ensure that resource-demanding travel is limited. A great deal of attention is also paid to managing technological waste and purchasing environmentally friendly solutions. Overall, the group is doing good work to ensure it buys the right technological equipment based on specific assessment criteria for energy and environmental requirements.

All technological equipment is treated as special waste, which ensures the equipment is properly dealt with from an environmental perspective. The group returned 2.2 tons of technological waste in 2015, a decrease of 0.1 ton compared with 2014.

An increase in paper consumption of 0.7 tons was registered in 2015 compared with 2014. One of the reasons for this was the increase in the number of written notices about changes to customers' lending terms and conditions.

A number of internal courses, both physical and digital, were arranged in 2015 to ensure there is a focus on security skills. During the year we have, together with the other SpareBank 1 banks, implemented a common internal awareness and training programme to educate the group's employees in security for digital platforms. A nationwide security exercise (catastrophe exercise) was also conducted.

The employees in the SpareBank 1 SR-Bank Group took 3,698 flights during 2015, compared with 3,425 flights in 2014. The increase is primarily attributable to increased employee travel between the Bergen region, one of our growth areas, and the increased use of resources for projects under the auspices of the SpareBank 1-alliance in Oslo.

The use of video conferences, phone conferences and digital tools for interacting and information sharing is one important means of keeping the group's travel activity at a moderately low level. The group had 25 videoconference rooms in 2015, the same number as in 2014.

A number of new steps were taken in 2015 to create an organisation that takes even more account of global environmental concerns that in the future society will require of us as a sustainable and future-oriented organisation.

Plans for building a new head office for the group were drawn up in 2015. The planned solution heavily focuses on environmental factors. The planned building could become the country's first commercial property, of a certain size, based on a wood load-bearing structure. The proposed materials are intended to produce a better working environment, both physical and psychological. The aim is for the planned new building to achieve BREEAM-NOR certification with a quality level of 'Excellent'.

In 2015, we joined the UN Global Compact, an organisation with a programme that aims to ensure more sustainable global development. Global Compact is a global network for companies that want to work on corporate social responsibility and contribute to proper, sustainable corporate practices. Global Compact is based on ten fundamental principles within the areas of human rights, labour standards, the environment, and anti-corruption.

In 2015, we played an active part in various measures that are intended to strengthen the region's robustness. Among other things, we have been involved in projects and programmes that are intended to stimulate the establishment of new companies and increase innovation in the region.

One of these projects, 'New Opportunities', is a partnership involving Innovation Norway, Ipark, the Stavanger Chamber of Commerce, and SpareBank 1 SR-Bank. We have established an entrepreneur centre in which we have made office premises available to entrepreneurs in combination with the expertise

they require. The entrepreneur centre is funded and run by SpareBank 1 SR-Bank and costs the participants nothing. 13 entrepreneurs qualified for a space in the centre in 2015.

Ethics and anti-corruption

The group's code of conduct is meant to help improve awareness of and compliance with the high ethical standards required of all employees. The code of conduct is intended to contribute to, among other things, fighting corruption, extortion, bribery, whitewashing, fraud, terrorism funding and criminal activity funding. In 2015, SpareBank 1 SR-Bank focused heavily on training and raising awareness in relation to the most important ethical risk areas through general meetings for most employees, through digital ethical role playing, the bank's mandatory adviser programme, the training programme for new managers, and as a key part of the training programme for all new employees.

The personnel handbook describes how employees can report if they learn about situations that contravene the applicable regulations, material breaches of internal rules, or other materially unacceptable situations. Whistle-blowers are able to report anonymously, in writing or verbally. 1 report was registered in 2015.

Employees of SpareBank 1 SR-Bank shall under no circumstances use their position to achieve personal benefit or act in a manner that could harm the group's reputation or be in breach of Norwegian law.

SpareBank 1 SR-Bank emphasises the prevention of corruption and wants to develop a culture of anti-corruption in the companies that make up the group. The group's code of conduct, which is readily accessible in digital format, contains specific rules on this. They cover 'personal benefit and corruption' and are intended to raise awareness and improve people's knowledge about corruption-related issues. They are also meant to clarify the group's attitude and routines to ensure that all employees comply with anti-corruption legislation. Every year, employees must sign to confirm that they have read and understood the contents of the group's code of conduct.

The group's ethics committee held 3 meetings in 2015. The purpose of the committee is to evaluate and improve the group's code of conduct. The committee also developed its own digital, ethical role play that all employees were encouraged to take part in during the year.

Financial investments

SpareBank 1 SR-Bank's investment activities, both on its own account and on behalf of customers, follow rules that are intended to ensure that the group avoids participating

in violations of human and labour rights, corruption, serious environmental harm or other actions that could be considered unethical. SpareBank 1 SR-Bank's aims not invest in companies which, themselves or through units they control, produce tobacco or pornography. The same applies for other investments in companies that are involved in anti-personnel mines and cluster weapons, as described in the Convention on the Prohibition of Anti-Personnel Mines and the Convention on Cluster Munitions, or in companies that develop and produce key components of weapons of mass destruction. Weapons of mass destruction are defined as ABC weapons (atomic or nuclear weapons, biological weapons and chemical weapons).

Key measures planned for 2016

1. Complete the construction of a new head office that satisfies the BREEAM-NOR environmental standard and achieves the quality level of 'Excellent'.
2. Reduce the total consumption of paper.
3. Reduce the total energy consumption in the group's various offices.
4. Develop and strengthen the partnership between Sparebankstiftelsen SR-Bank and the SpareBank 1 SR-Bank Group for the benefit of socially useful causes in the region.
5. Reduce the number of flight and increase the use of videoconferencing.

OVERALL SOCIAL ACCOUNTS

Strategisk	2014	2015
Group strategy	Updated	Updated
CSR strategy	Implementing	Updated
Value creation		
Taxes and duties (MNOK) *	937	848
Net pay/pensions and other benefits (MNOK)	1 202	945
Cash dividend shareholders (MNOK)	512	384
Growth capital, retained earnings (MNOK)	1 685	1 353
Purchased goods and services (MNOK)	854	918
Social factors		
No. of working full time equivalents, incl. temps	1 162	1 190
Healthy rate	96,7 %	96,9 %
Percentage of women in executive positions	43,0 %	45,0 %
Average age	44,0	44,3
Organisational satisfaction**	815	865
Inclusive workplace agreement	Continued	Continued
Life phase strategy	Continued	Continued
Management development programme	Continued	Continued
Code of conduct	Continued	Continued
No. of meetings of ethics committee	2	3
Grants for publicly beneficial purposes/sponsorship (MNOK)	21	25
Environment		
Technological waste (tons)	2,3	2,2
Reduction in paper consumption (tons)	-1,6	-0,7 %
Air travel	3 425	3 698
No. of video conferencing rooms	25	25
Energy consumption (kWh)	6 323 420	6 070 697

* Incl. corporate tax, tax paid by employees, and employers' National Insurance contributions

** In 2015, changes were made to the calculation of OU points, the comparable figure for 2014 is 844.

Sparebankstiftelsen SR-Bank awarded 330 different teams and organisations, as well as 30 motivated individuals, a total of NOK 30.45 million in the form of donations and grants in 2015. The grants, which are provided for socially beneficial purposes in Southern and Western Norway, represent part of the dividends Sparebankstiftelsen SR-Bank receives due to its stake in SpareBank 1 SR-Bank.

HUMAN CAPITAL

HUMAN CAPITAL FOR THE BENEFIT OF THE CUSTOMER

Our employees and managers are important resources for creating added value for customers, the region of which we are a part, and for our owners. SpareBank 1 SR-Bank is an attractive place to work where employees and managers thrive, deliver good results, and want to continue working for the benefit of the customer. In order to forge ever closer ties with people and companies, we need to deliver on the promises we make to our customers. We want to prove that we are available and understand our customers best. We also want to prove that it pays to bank with us and that we will always be here – even in turbulent times. At year-end 2015, the group had 1,190 full time equivalents. The number of full time equivalents rose by 29 in 2015 because of our new venture SpareBank 1 Regnskapshuset SR, which employs 44 full time equivalents.

CORE VALUES

Our values are prudence, respect, commitment and efficiency. Our core values obligate us. They obligate us in our meetings with customers. The obligate the group as an employer; they obligate our employees in their work. Acting based on our values creates added value. Our core values guide everything we do and better enable us to achieve our vision of being the customer's first choice in Southern and Western Norway.

WORKING ENVIRONMENT

The group scored well on its working environment and organisation survey with a high average score (865, up from 844 the year before). It is also worth noting that the response rate was high at 84%. This shows that the quality in relation to important parameters, e.g. job satisfaction, working environment, trust in management, and loyalty to the group as an employer, is good. The survey was reviewed in all of our departments in order to reinforce the positive development of our working environment, contribute to a high level of commitment, and improve our efficiency through our employees reflecting the fact that they are responsible for respecting each other, our customers, and the rules – in line with the group's core values.

THE POWER TO GROW AND DEVELOP – EXPERTISE AND CHANGE

Great importance is attached to providing all employees with thorough training and opportunities to develop their skills. The goal of skills enhancement is to strengthen efficient, proper operations, solid service provision and, most of all, make a positive difference in the competition for customers. Annual employee performance reviews ensure we have clear expectations vis-à-vis delivery and results. It also ensures the continuous and appropriate development of all employees and managers. The group offers good career development opportunities along customer, discipline and management paths. On

average, each employee in the group spends half a business day a week improving their skills. An average of around NOK 9,600 was spent per employee in 2015 on education, courses and training; a stable use of resources throughout recent years. The rapid development and change in customer behaviour requires an organisation that is both willing and able to change. SpareBank 1 SR-Bank is such an organisation. We systemically work to enhance our expertise, including through various certification processes. Skills that are not relevant are being phased out. Our line management has been further strengthened through training and various courses.

HSE

The group systematically works on health, safety and the environment, primarily through a HSE committee, which focuses on operations. The group is an IW company. In 2015, the IW committee played a major role in developing preventive measures as a means of increasing wellness in the group. It is also encouraging partial sick leave and focusing on degree of capacity for work during periods of ill health. The wellness rate is stable and high at 96.68%. Where people are on long-term sick leave, we actively work on follow-up and facilitation.

The group's life phase policy enables employees to deliver as desired and planned in various phases of life. It also encourages the group's seniors who want to follow the group's development to stay in work longer. The target retirement age has been increased from 63 to 64.5. The average retirement age in 2015 was 64.1, an increase of 0.8 years compared with 2014.

EQUAL OPPORTUNITIES

SpareBank 1 SR-Bank wants to ensure that men and women have the same opportunities in relation to professional development, pay and careers. In 2015, women accounted for 56% of the full time equivalents in the group and men 44%, the same figures as in 2014. The average age has risen by 0.4 years since 2014 to 44.3 and the average length of service is 12.9 years. The group's executive management team comprises seven men and one woman. The proportion of women managers in the group increased from 41.6% to 43% in 2014. It rose by a further 2% in 2015 and the percentage of women is now 45%.

COOPERATION WITH EMPLOYEES ORGANISATIONS AND THE SAFETY SERVICE

One important resource for the group and for the administration of its human capital is the constructive cooperation it has with both employee organisations and the safety service. They both provide appropriate help based on their missions in order to ensure that the group can achieve its goals.

BUSINESS AREAS

RETAIL MARKET

SpareBank 1 SR-Bank is the leader in the retail market in Southern and Western Norway with 270,500 retail customers older than 13. SpareBank 1 SR-Bank had a customer relationship with 25% of retail customers older than 13 and a market share of 20% at year-end 2015. In addition to retail customers, the division also serves 5,600 small business and agricultural customers. A complete range of good digital services, a modern customer service centre, and a well-developed network of branches provide our customers with fast, easy access to financial services and expertise via all channels.

RETAIL MARKET	31.12.2015
Gross loans	89,133
Total deposits	46,910
Pre-tax operating result	1,206
No. of full time equivalents	463

CORPORATE MARKET

In 2015, the corporate market division was responsible for serving 13,830 corporate customers via a good, broad distribution network. The division has five regional business units and two specialist units: one for the energy and maritime sector and one for the public sector. The overall expertise the division possesses in managing business opportunities and uncovering risk will be crucial when it comes to customers choosing SpareBank 1 SR-Bank as their partner for 2016 as well.

CORPORATE MARKET	31.12.2015
Gross loans	55,852
Total deposits	38,359
Pre-tax operating result	713
No. of full time equivalents	168

CAPITAL MARKET

SpareBank 1 SR-Bank Markets is the region's leading securities firm. Its activities include own account and customer trading in interest rate instruments, foreign exchange and equities, providing advice and facilitating debt and equity funding, as well as administrative securities services. Its primary mission is to serve customers in collaboration with the group's other business areas and help combine special expertise with knowledge and an understanding of the local region.

CAPITAL MARKET	31.12.2015
Total income	111
Customer income	70
Own account	41
Pre-tax operating result	31
No. of full time equivalents	34

SUBSIDIARIES:

EIENDOMSMEGLER 1 SR-EIENDOM AS

EiendomsMegler 1 SR-Eiendom AS is the market leader in the group's market area and the largest company in the nationwide EiendomsMegler 1 chain. Its activities cover commercial real estate, as well as brokerage, holiday homes, new builds and existing homes. In 2015, the company sold 6,551 properties via its 41 estate agent branches in Rogaland, Hordaland and the Agder counties.

EM1	31.12.2015
Total income	386
Value of sales	NOK 20 billion
No. of sales	6,551
Pre-tax profit	30
No. of full time equivalents	202

SPAREBANK 1 SR-FINANS AS

SpareBank 1 SR-Finans AS is a financing company that offers lease financing to the business sector, as well as car, boat and personal loans to retail customers. The company is the market leader in Rogaland and is planning to become a significantly stronger market player in Hordaland and the Agder counties as well. Its products are distributed via the bank's distribution network, its own advisers, self-service solutions, and external distributor channels. About half of its new leasing business involves customers who have a business relationship with both SpareBank 1 SR-Finans and SpareBank 1 SR-Bank.

SR-Finans	31.12.2015
Total income	235
Total assets	NOK 7.0 billion
New sales	2,444
Pre-tax profit	150
No. of full time equivalents	33

SR-FORVALTNING AS

SR-Forvaltning is licensed to provide active management and securities management services. The latter were launched in May 2013 and consist of three funds: SR-Utbytte, SR-Kombinasjon and SR-Rente. The company manages portfolios for SpareBank 1 SR-Bank's pension fund and for more than 2,000 external customers on the basis of discretionary mandates. The external customer base comprises pension funds, public and private enterprises and affluent individuals.

SR-Forvaltning	31.12.2015
Total income (gross)	9
Assets under management	NOK 9.4 billion
Net new assets	-111
Pre-tax profit	36
No. of full time equivalents	14

SpareBank 1 SR-Bank ASA

Capital Market

No. of full time equivalents: 33

Retail market

No. of full time equivalents: 460

Corporate market

No. of full time equivalents: 168

Administration and support

No. of full time equivalents: 208

WHOLLY OWNED SUBSIDIARIES

EiendomsMegler 1

SR-Eiendom AS
 • Sales of homes and commercial properties

SpareBank 1

SR-Forvaltning
 • Fond management
 • Active management

SpareBank 1

SR-Finans
 • Leasing

SpareBank 1

Regnskapshuset SR
 • Accounting
 • Consultations

SR-Boligkreditt:

• Mortgage company
 - issuer of covered bonds (home mortgages)

DELEIDE SELSKAPER

SpareBank 1

Gruppen AS
 (19.5 %)

• Holding company for the products companies in the SpareBank 1 Alliance

BN Bank ASA

(23.5 %)

• Commercial bank with offices in Oslo and Trondheim

SpareBank 1

Boligkreditt AS
 (16.7 %)

• Mortgage company - issuer of covered bonds (home mortgages)

SpareBank 1

Næringskreditt AS
 (26.8 %)

• Mortgage company - issuer of covered bonds (commercial property mortgages)

SpareBank 1

Kredittkort AS
 (18.1 %)

• Card company, based in Trondheim

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.

SpareBank 1 Regnskapshuset SR AS	31.12.2015
Total income (gross)	35
Pre-tax profit	1
No. of full time equivalents	44

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.

SR-Boligkreditt AS	31.12.2015
Sum inntekter	49
Forvaltet kapital	NOK 9.9 billion
Resultat før skatt	39
Årsverk	0

PART-OWNED COMPANIES: SPAREBANK 1 GRUPPEN AS

The SpareBank 1 banks run the alliance through their ownership of, and participation in, SpareBank 1 Banksamarbeidet DA. The development and organisation of the product companies are organised through the banks' ownership of the holding company SpareBank 1 Gruppen AS. The purpose of the alliance

is to procure and provide competitive financial services and products, and to exploit economies of scale in the form of lower costs and/or higher quality. The alliance thus helps ensure customers local roots, expertise and a simpler everyday life.

SpareBank 1 Gruppen AS is owned by SpareBank 1 SR-Bank (19.5%), SpareBank 1 Nord-Norge (19.5%), SpareBank 1 SMN (19.5%), Sparebanken Hedmark (11%), Samarbeidende Sparebanker AS (19.5% – owned by 11 savings banks in Southern Norway), the Norwegian Confederation of Trade Unions (LO)/trade unions affiliated to LO (9,6%) together with SpareBank 1 Oslo Akershus (1,4%). SpareBank 1 Gruppen AS owns 100% of SpareBank 1 Forsikring AS, SpareBank 1 Skadeforsikring AS, ODIN Forvaltning AS, SpareBank 1 Medlemskort AS, Conecto AS and SpareBank 1 Gruppen Finans AS.

SPAREBANK 1 BOLIGKREDITT AS AND SPAREBANK 1 NÆRINGSKREDITT AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are mortgage companies operating under licences issued by the Financial Supervisory Authority of Norway and issue covered bonds (with pre-emptive rights) on the bank's home mortgage and commercial properties portfolios respectively that are bought from 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. At year-end 2015, SpareBank 1 Boligkreditt AS's total lending volume amounted to NOK 169.3 billion, NOK 28.2 billion of which were home mortgages bought from SpareBank 1 SR-Bank. The bank holds a 16.7% stake in the company and this is adjusted at the end of each year in line with its share of the volume sold. At year-end 2015, SpareBank 1 Næringskreditt AS's total lending volume amounted to NOK 14.4 billion, NOK 0.5 billion of which were loans that had been bought from SpareBank 1 SR-Bank. The bank owns a 26.8% stake in the company.

BN BANK ASA

SpareBank 1 SR-Bank and the other savings banks in the SpareBank 1 Alliance acquired Glitnir Bank ASA in the fourth quarter of 2008. It has since been renamed BN Bank ASA. SpareBank 1 SR-Bank owns a 23.5% stake.

EXECUTIVE MANAGEMENT TEAM



Arne Austreid has been the chief executive of SpareBank 1 SR-Bank since January 2011. He is a trained petroleum engineer and holds an MBA (Master of Business Administration) from the University of Aberdeen, UK. He has previously worked for Transocean ASA and Prosafe SE: offshore, onshore and abroad. His final management position in Prosafe SE was President and CEO. He is a member of the boards of SpareBank 1 Gruppen AS and SpareBank 1 Banksamarbeidet DA, and the chairman of the board of Pilehagen Invest AS.

For mer utfyllende CV se www.sr-bank.no/jr.



Ingleen Haugland graduated in economics/administration from Stavanger University College (1996) and also holds a Masters in Management from the Norwegian Business School (BI) (2009). She has worked in various positions in SpareBank 1 SR-Bank since 1983. Haugland has been a member of the retail market division's management team since 1999. She has been responsible for various units and areas, most recently as regional director for Mid-Rogaland, including the bank's customer service centre. She is a member of the boards of SpareBank 1 SR-Finans AS, SpareBank 1 SR-Bank's pension fund and Stiftelsen Jærmuseet. She is also a deputy member of the boards of BN Bank ASA.



Frode Bø became Executive VP Risk Management & Compliance in January 2006. He holds a Bachelor of Management and has also a master's degree programme in operational auditing and risk management at BI Norwegian Business School. Alongside his EVP position, he has worked as a lecturer in the Department of Industrial Economics, Risk Management and Planning at the University of Stavanger until 2016. He has worked for SpareBank 1 SR-Bank since 2001.



Inge Reinertsen became CFO in February 2010. Reinertsen has a degree in Business Administration from the Norwegian School of Economics in Bergen. He has experience from various management positions in the SpareBank 1 SR-Bank Group and has worked for the group since 2001. He is the chairman of the board of SR-Boligkreditt AS, SR-Investering AS and SR-Forvaltning AS, the deputy chairman of SpareBank 1 Boligkreditt AS, and sits on the boards of SpareBank 1 Gruppen Finans AS, SpareBank 1 SR-Bank's pension fund, and Conecto AS. He is also a deputy member of the boards of SpareBank 1 Gruppen AS and SpareBank 1 Banksamarbeidet DA.



**GLENN SÆTHER,
EXECUTIVE VP
BUSINESS SUPPORT
& DEVELOPMENT**

Glenn Sæther became Executive VP Business Support & Development in May 2010. He was educated in economics and business administration at BI Norwegian Business School. He has previously worked as the chief accountant of the municipality of Sandnes, a consultant and marketing executive in Webcenter Unique ASA and a senior consultant in Helse Vest RHF. He has worked for SpareBank 1 SR-Bank since 2005. He is the chairman of the board of Finansparken Bjergsted AS and sits on the boards of SpareBank 1 Skadeforsikring AS, SR-Forvaltning AS, Riskaverven Borettslag and deputy member of the boards of SR-Forvaltning AS.



**JAN FRIESTAD,
EXECUTIVE VP
RETAIL MARKET**

Jan Friestad became Executive VP Retail Market in August 2011. He holds a degree in economics and business administration from Stavanger University College and has also taken various master of management courses within marketing strategy and management at BI Norwegian Business School. He has worked for SpareBank 1 SR-Bank since 1988. He is the chairman of the board of EiendomsMegler 1 SR-Eiendom AS and sits on the boards of SpareBank 1 Mobilbetaling AS and Helse Stavanger HF.



**TORE MEDHUS,
EXECUTIVE VP
CORPORATE MARKET**

Tore Medhus became Executive VP Corporate Market in September 2000. He holds a Master of Business and Marketing (Handelsøkonom) from Oslo Business School/BI. He has previous experience from Elcon Finans, Forende Credit Finans and Telenor. He has worked for SpareBank 1 SR-Bank since 1994. He is the chairman of the board of SpareBank 1 SR-Finans AS and SpareBank 1 Regnskapshuset SR AS, as well as the deputy chairman of BN Bank ASA.



**THOR-CHRISTIAN
HAUGLAND,
EXECUTIVE VICE PRESIDENT
COMMUNICATIONS**

Thor-Christian Haugland became Executive VP Communications in 2005. He was educated at Stavanger University College, the University of Salford and BI Norwegian Business School in economics, communications and management. He has previously worked as the sales and marketing manager in at Radisson SAS in Stavanger and general manager in Brødrene Pedersen AS. He has more than 20 years' experience from various positions in SpareBank 1 SR-Bank. Haugland sits on the board of Odin Forvaltning AS.

CORPORATE GOVERNANCE

The board of directors and executive management team of SpareBank 1 SR-Bank annually review the corporate governance principles and how they are functioning in the group. The formal requirements for this report follow from section 3-3b of the Accounting Act and the Oslo Stock Exchange's requirements concerning complying with, or explaining deviations from, the Norwegian Code of Practice for Corporate Governance of 30 October 2014.

POINT 1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

There are no significant deviations between the Code of Practice and SpareBank 1 SR-Bank's compliance with it. Two deviations are described below under sections 7 and 14 respectively.

Customer promises	Purpose We want to stimulate growth and development in the region	Values
Always available	Vision The customer's first choice in Southern and Western Norway	Prudence and respect
Understand the customer best	Position Closer to people and companies	Committed and efficient
It pays		
We are here, even during turbulent times		
Communication concept alltid litt nærmere		

SpareBank 1 SR-Bank's object is to provide power to the growth and development in the region. It is the very foundation of the company's business model. Allocating capital, for both business development and house building, is one of the company's most important social tasks.

SpareBank 1 SR-Bank's vision is: 'The customers first choice in southern and western Norway'. The vision is based on the values 'Responsibility and respect. Committed and dynamic' - through long-term thinking, openness, honesty, prudence, respect, and displaying a capacity and willingness to improve.

The vision and values provide the basis for the group's code of conduct and corporate responsibility. SpareBank 1 SR-Bank ASA shall be characterised by high ethical standards and good corporate governance. The code of conduct states that employees of the group shall show respect and consideration, and that all communication shall be open, honest and plain.

The group's code of conduct is available from the bank's website.

The group's corporate social responsibility is described in more detail in a separate section of the group's annual report, which states that SpareBank 1 SR-Bank wants to use the group's

combined knowledge and resources to contribute to the sustainable development of the society of which the company is a part. Active social involvement creates value directly by reducing risk, opening up new business opportunities, producing motivated staff and, not least, helping to maintain a good reputation.

The corporate responsibility guidelines are available on the company's website.

Deviations from the Code of Practice: None

POINT 2 BUSINESS

SpareBank 1 SR-Bank's business is explained in the company's articles of association. SpareBank 1 SR-Bank's purpose is to manage the funds controlled by the group in a prudent manner and in accordance with the applicable legislation at any given time. SpareBank 1 SR-Bank can perform all normal banking transactions and banking services in accordance with applicable law. SpareBank 1 SR-Bank can also provide investment services within the framework of the licences it holds at any given time. The full text of the articles of association is available on the company's website. The group's goals and main strategies are described in the annual report.

Deviations from the Code of Practice: None

POINT 3 EQUITY AND DIVIDENDS

The board of directors assesses the capital situation on an ongoing basis in light of the company's objectives, strategies and desired risk profile.

As at 31 December 2015, the SpareBank 1 SR-Bank Group had equity of NOK 16,9 billion (incl. allocated dividend).

According to the applicable calculation rules for financial institutions' capital ratio, the group had an overall capital ratio of 16,7% and a common equity tier 1 capital ratio of 13,3% as at 31 December 2015.

The board considers its capital ratio to be satisfactory as at 31 December 2015, but stipulates that that the capital ratio continue to be strengthened in coming years in line with the Norwegian authorities' capital strengthening regulations.

Dividends

Particular account is taken of the group's capital ratio, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. The level of the annual cash dividend in the next few years will take into account the fact that the banking sector is currently building up capital to satisfy new capital requirements. Unless capital requirements dictate otherwise, the board aims to gradually increase the distribution rate such that approximately half of the annual net profit for the year is distributed as cash dividends.

Share buy back

On 28 April 2015, the general meeting authorised the board to acquire and register liens on the bank's own shares for up to 10% of the bank's share capital. The shares must be acquired in the securities market via the Oslo Stock Exchange. Each share can be purchased at a price of between NOK 1 and NOK 150. The authorisation is valid for 12 months from the date it is adopted by the general meeting.

Capital increases

The board is not currently authorised to increase capital in SpareBank 1 SR-Bank.

POINT 4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

SpareBank 1 SR-Bank has one class of share. All shares have equal voting rights. In the event of an increase in share capital, existing shareholders have pre-emptive rights, unless special circumstances dictate that these rights can be waived. The background for such a waiver would then have to be explained. In cases where the board asks the general meeting to authorise a share buy back, any buy back must be carried out in the market at market prices.

Largest shareholder

Sparebankstiftelsen SR-Bank is SpareBank 1 SR-Bank's largest shareholder with a stake of 28.32%. The foundation was established on 1 January 2012 when SpareBank 1 SR-Bank was converted into a public limited company. Pursuant to the foundation's articles of association, its purpose is to manage the shares that were transferred to the foundation upon its establishment and to exercise and maintain a significant long-term and stable stake in SpareBank 1 SR-Bank. The ownership interest must represent at least 25% of the outstanding shares of SpareBank 1 SR-Bank.

Transactions with close associates

The instructions issued to the board stipulate that the board shall ensure that the company complies with sections 3-8 and 3-9 of the Public Limited Liability Companies Act in agreements between the company and the parties listed therein. The board shall obtain the opinion of an independent third party

when entering into agreements between the company and shareholders, board members or members of the executive management team, or any parties closely related to them. All board members and members of the executive management team must immediately inform the board if they have a direct or indirect interest in a transaction or agreement that the company has entered into or is considering entering into. This applies even if the board member is deemed to be disqualified from considering the matter.

Deviations from the Code of Practice: None

POINT 5 FREELY NEGOTIABLE SHARES

The bank's shares are listed on the Oslo Stock Exchange with the ticker SRBANK and are freely negotiable. The articles of association contain no restrictions on the negotiability of shares.

Deviations from the Code of Practice: None

POINT 6 GENERAL MEETINGS

General meetings

Pursuant to the articles of association, the annual general meeting must be held before the end of April each year. The notice and registration form must be sent to shareholders and published on the group's website no later than 21 days before the date of the meeting. Procedures for voting and submitting proposals must be specified in the notice. According to the articles of association, the chairman of the supervisory board chairs general meetings. The chairman of the board, supervisory board's chair and the auditor attend general meetings. The minutes of general meetings are available on the company's website.

In general, resolutions require a simple majority. Decisions about disposals of shares, mergers, demergers, sales of a substantial part of SpareBank 1 SR-Bank's operations or issuing shares in the company require the approval of at least two thirds of the votes and share capital represented at the general meeting.

Voting procedures allow for separate votes for each candidate to the various bodies. It is possible for shareholders to issue a proxy to others. A person is also appointed to act as a proxy who can vote for shareholders. To the extent possible, the proxy form is designed in such a way that it allows for voting on each agenda item and for each candidate standing for election.

Deviations from the Code of Practice: None

POINT 7 NOMINATION COMMITTEE

The general meeting and supervisory board have, in accordance with the articles of association, established a nomination committee consisting of five members. The bank's articles of association specify that the committee must be chaired by the chair of the supervisory committee. Members are elected by the general meeting for up to 2 years at a time. The committee has members from both groups on the supervisory board (owners and employees). No board members or members of the executive management team can be members of the nomination committee.

The nomination committee provides detailed recommendations to the general meeting concerning the election of the supervisory board's shareholder-elected members and the members of the nomination committee. Furthermore, the nomination committee provides recommendations to the supervisory board concerning the election of the chairman and members of the board. The recommendation should provide pertinent information about the candidates' background and independence. The nomination committee also proposes the remuneration for members of the bodies mentioned above. The supervisory board determines the nomination committee's remuneration.

Information about the nomination committee and information about how to submit contributions to the nomination committee can be found on www.sr-bank.no. The nomination committee held five meetings in 2015.

Deviations from the Code of Practice: The NCGB recommends that the nomination committee's chair be elected by the general meeting. In SR-Bank, the nomination committee's chair is indirectly elected by the supervisory board since the chair of the supervisory board must, pursuant to the articles of association, also be the chair of the nomination committee. Furthermore, it follows from the bank's articles of association that all members of the company's nomination committee are members of the bank's supervisory committee. This is a deviation from the Code of Practice that stipulates that at least one member of the

nomination committee should not be a member of the corporate assembly, supervisory board or board. The deviation is due to fact that the independence between the board and supervisory board is safeguarded since one cannot be elected a member of both the board and the supervisory board at the same time and that, furthermore, the supervisory board is elected by the annual general meeting. In line with the new Act on Financial Undertakings and Financial Groups, a proposal to dissolve the supervisory board will be presented at the next ordinary general meeting. The general meeting will thereafter elect the members of both the board and nomination committee, assuming that the general meeting does not choose to establish a corporate assembly.

POINT 8 SUPERVISORY BOARD AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Supervisory board

The supervisory board's main task is to supervise the board of directors' and the chief executive's management of the company. The supervisory board has 30 members, of whom 22 are shareholder-elected members elected by the general meeting. The emphasis is on ensuring broad representation of the company's shareholders. Furthermore, eight representatives are elected by and from among the employees.

Board of directors

The board consists of nine members and currently has the following composition: Ingvald Løyning, (chairman of the board), Erling Øverland, Kate Henriksen, Birthe Cecilie Lepsøe, Siv Juvik Tveitnes, Tor Dahle, Odd Torland, Sally Lund-Andersen and Oddvar Rettedal. The latter two were elected by and from among the employees. Detailed information about the individual board members is available on the company's website.

Participation in board meetings and board committees in 2015

There were 14 board meetings in 2015: 11 full day meetings and 3 board meetings via phone. The audit committee, remuneration

Participation	Board meetings	Board meetings via phone	Audit committee	Remuneration committee	Risk committee
Ingvald Løyning	10	3			
Erling Øverland	11	3	6		7
Gunn-Jane Håland <small>(until May 2015)</small>	5	1		3	
Birthe C. Lepsøe	11	3	6		6
Siv Juvik Tveitnes	9	2	3	2	3
Odd Torland	11	3		5	
Tor Dahle	10	3	6		6
Kate Henriksen <small>(until June 2015)</small>	6	2	3		
Oddvar Rettedal	11	3		5	
Sally Lund-Andersen	11	3			

committee and risk committee held six, seven and five meeting, respectively.

Board's independence

All board members are independent of the bank's executive management team and important business connections. Tor Dahle is the general manager of the Sparebankstiftelsen SR-Bank foundation and Erling Øverland is a board member of the foundation. The foundation owned 72,419,305 shares and was thus the bank's largest shareholder with an ownership interest of 28.3% as at 31 December 2015.

Election of the board

The supervisory board elects the board of directors. Members are elected for up to 2 years at a time. A suitability assessment is made when board members are being elected that takes into account the need for continuity and independence, as well as the balanced composition of the board. The chief executive is not a member of the board. The individual board members' backgrounds are described on the bank's website.

Board members' shareholdings as at 31 December 2015

- Ingvald Løyning, the chairman of the board, owns 41,052 shares personally.
- Erling Øverland owns 28,935 shares personally and through the company Trifolium AS. Øverland is a board member of the Sparebankstiftelsen SR-Bank foundation, which owns 72,419,305 shares.
- Tor Dahle is employed by the Sparebankstiftelsen SR-Bank foundation, which owns 72,419,305 shares. Tor Dahle and close associates also own 43,138 shares.
- Sally Lund-Andersen, employee-elected board member, owns 941 shares personally.
- Oddvar Rettedal, employee-elected board member, owns 8,313 shares personally

Deviations from the Code of Practice: None

POINT 9 THE WORK OF THE BOARD OF DIRECTORS

The board's duties

The board's duties are set out in the board's instructions, which govern the board's duties and responsibilities, the board's procedures, the matters that must be considered by the board, and the rules for convening meetings and considering matters in meetings. The board has also issued instructions to the chief executive. The minutes are available on the company's website.

The board adopts a meeting and work schedule every year that encompasses strategy work, financial reports, prognoses for the group and control work. Matters for the board are prepared by the chief executive in cooperation with the chairman of the board.

The board has established three permanent board committees, which are described in more detail below. The committees make no decisions but supervise, on behalf of the board, the executive management team's work and prepare matters for the board's consideration within their areas of responsibility. The committees are free to draw on resources in the group and on resources, advice and recommendations from sources outside the group.

Remuneration committee

The remuneration committee is chaired by Odd Torland with Siv Juvik Tveitnes and Oddvar Rettedal as its other members. Besides the members of the committee, meetings are also always attended by the executive vice president organisation and HR. The committee is tasked with doing the preparatory work for the annual review of the group's remuneration packages and the chief executive's contract and terms by the whole board. The committee's mandate has been incorporated into the board's instructions.

Audit committee

The remuneration committee is chaired by Birthe Cecilie Lepsøe with Kate Henriksen, Erling Øverland and Tor Dahle as its other members. The composition of the committee satisfies the Code of Practice's independence and competence requirements. Besides the members of the committee, meetings shall also be attended by the chief financial officer. The audit committee must ensure that the group has an independent and effective external auditor and satisfactory financial reporting in accordance with the law and regulations. The committee's mandate has been incorporated into the board's instructions.

Risk committee

The risk committee is chaired by Tor Dahle with Erling Øverland and Birthe Cecilie Lepsøe as its other members. Besides the members of the committee, meetings are also always attended by the executive vice president risk management and compliance. The committee is tasked with ensuring that the group's risk and capital management underpins the group's strategic development and goal attainment, while ensuring financial stability and prudent asset management. The committee's mandate has been incorporated into the board's instructions.

Board's self-assessment

The board annually conducts an evaluation of its activities and competence, and discusses improvements to the organisation and execution of the board's work. The self-assessment report is available to the nomination committee.

Deviations from the Code of Practice: None

POINT 10 RISK MANAGEMENT AND INTERNAL CONTROL

The board of directors of SpareBank 1 SR-Bank focuses on risk management, which is an integral part of its work. The company's overall risk exposure and risk trends are monitored via periodic risk reports for the company's executive management team and board. General risk monitoring and reporting is performed by the risk management and compliance department which is independent of the business units.

The bank's economics and finance department prepares financial reports for SpareBank 1 SR-Bank and ensures that the reporting complies with applicable laws, accounting standards, set accounting policies and the board's guidelines. Processes and controls have been established to ensure the quality assurance of financial reporting.

The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk. The group therefore invests significant resources in the further development of risk management systems and processes in line with leading international practice.

Risk and capital management in SpareBank 1 SR-Bank should create financial and strategic added value through:

- a good risk culture characterised by a high awareness of risk management and the group's core values
- a good understanding of which risks drive earnings
- pricing activities and products in line with their underlying risk, insofar as this is possible
- having adequate financial strength based on a chosen risk profile and simultaneously striving for optimal capital allocation to the various business areas
- utilising diversification effects
- preventing single events seriously damaging the group's financial position

The framework is described in more detail in note 3 to the financial statements, as well as in the Pillar III document for SpareBank 1 SR-Bank, which is available on the bank's website.

SpareBank 1 SR-Bank focuses on independence in management and control, and this responsibility is divided between the different roles in the organisation.

The board sets the group's risk profile, the overall limits, authorities and guidelines for risk management, and ensures that the group has a satisfactory capital base based on the risk borne by the group and regulatory requirements. The board has adopted a code of conduct that contributes to raising awareness and compliance with the ethical standards set for the group.

First line of defence (day-to-day risk management)

The chief executive is responsible for ensuring the group's risk management is monitored within the framework adopted by the board of directors. Business units are responsible for overall risk management within their business area.

Second line of defence (general risk reporting and follow-up)

The risk management and compliance department is organised independent of the business units and reports directly to chief executive. The department is responsible for further development of the limits for risk management, including risk models and risk management systems. The risk management and compliance department is also responsible for independent monitoring and reporting of risk situation and for ensuring compliance by the group with applicable laws and regulations.

Third line of defence (independent confirmation)

The internal audit monitors that the risk management processes are targeted, effective and function as intended. The group's internal audit function has been outsourced, and this ensures that the function has the required independence, competence and capacity. The internal audit function reports to the board. The internal audit function's reports and recommendations for risk management improvements are reviewed and implemented on an ongoing basis in the group.

SpareBank 1 SR-Bank is also cognisant of the need to have good processes to ensure compliance with legislation and regulations. Focus areas are continuous monitoring of compliance with the current regulations and ensuring that the group has adapted to future regulatory changes as best as it can.

SpareBank 1 SR-Bank's compliance function is organised independently of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the area. The investment firm and subsidiaries have their own compliance officers where this is required.

The internal control and systems also cover the company's core values, code of conduct and corporate responsibility.

Deviations from the Code of Practice: None.

POINT 11 REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the board's members and subcommittees is fixed by the supervisory board based on the recommendations of the nomination committee. Board members' remuneration is not linked to financial performance or similar factors. None of the directors, other than the employee representatives, has responsibilities to the company beyond their board duties. Information about all remuneration paid to the individual board members is presented in note 22 to the annual financial statements.

Deviations from the Code of Practice: None

POINT 12 REMUNERATION OF EXECUTIVE PERSONNEL

SpareBank 1 SR-bank has established a remuneration scheme that applies to all employees.

The group's remuneration scheme shall be consistent with the group's overall objectives, risk tolerance and long-term interests and shall help to promote and provide incentives for good management and control of the group's risk, discourage excessive or unwanted risk taking, and help to avoid conflicts of interest, and shall comply with the regulations governing remuneration schemes in financial institutions, investment firms and management companies dated 1 December 2010. The total remuneration shall be competitive but the group shall not be a wage leader. It shall ensure that the group attracts, develops and retains competent employees over time. The scheme will ensure a reward model that is perceived to be fair, predictable and future-oriented and motivating. Fixed salaries shall make up the main element of the total remuneration, which shall also consist of variable pay, pensions and benefits in kind. The board's guidelines for the remuneration of executive personnel are disclosed in note 22.

Deviations from the Code of Practice: None

POINT 13 INFORMATION AND COMMUNICATIONS

SpareBank 1 SR-Bank has dedicated pages on www.sr-bank.no for investor information. The bank makes every effort to ensure that correct, relevant and timely information about the group's performance and results inspires investor market confidence. All price sensitive information is published in both Norwegian and English. Stock exchange notices, annual and interim reports, presentation materials and web-casts are available on the company's website.

Information for the market is distributed via quarterly investor presentations. Regular presentations are made to international partners, lenders and investors. All reporting is based on openness and the equal treatment of market players in the securities market. The group's financial calendar is published on the company's website.

Deviations from the Code of Practice: None

POINT 14 TAKE-OVERS

The board of directors of SpareBank 1 SR-Bank ASA will deal with any takeover bid in accordance with the principle of equal treatment of shareholders. At the same time, the board will ensure that shareholders receive the most comprehensive information possible in all situations that affect the interests of shareholders. When acquiring shares in a financial institution involving any stake of more than 10% of the share capital, consent must be applied for from the Financial Supervisory Authority of Norway. In connection with SpareBank 1 SR-Bank receiving permission to convert to a public limited company, a condition was set that Sparebankstiftelsen SR-Bank would maintain an ownership stake that would amount to at least 25% of the shares issued in SpareBank 1 SR-Bank.

Deviations from the Code of Practice:

The board has not established explicit general principles for handling take-over bids. The reason for this is the Financial Institutions Act's restrictions on ownership of financial institutions and the licensing conditions in connection with the conversion to ASA. The board endorses the Code of Practice's wording on this point.

POINT 15 AUDITOR

The external auditor presents an annual audit plan to the audit committee and board.

The audit committee recommends the election of an auditor to the board. The board holds at least one annual meeting with the auditor without the executive management team being present. The audit committee makes recommendations to the board concerning approval of the external auditor's fees. The board then presents the proposals concerning fees to the supervisory board and the general meeting for approval.

The external auditor shall provide the audit committee with a report on the main elements of the audit of the previous financial year, including, in particular, any material weaknesses identified with respect to internal control relating to the financial reporting process.

Deviations from the Code of Practice: None

Report on corporate governance pursuant to section 3-3b of the Accounting Act

1. SpareBank 1 SR-Bank ASA complies with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NCGB).
2. The Code of Practice is available on www.nues.no
3. Any deviations from the Code of Practice are commented on in the board's report on corporate governance.
4. Point 10 of the report provides a description of the main elements of the internal control and risk management systems associated with financial reporting processes.
5. SpareBank 1 SR-Bank has no articles of association that deviate from chapter 5 of the Public Limited Liability Companies Act that deals with general meetings.
6. An account is provided of the composition of the board, its working committees, the supervisory board, and a description is provided of the main elements of the guidelines and mandates for these bodies in points 8 and 9 of the report.
7. An account of the provisions of the articles of association that regulate the appointment and replacement of board members is provided in point 8 of the report.
8. An account of the provisions of the articles of association and authorisations that empower the board to decide that the enterprise will buy back or issue its own shares is provided in point 3 of the report.

GOVERNING BODIES

SUPERVISORY BOARD

Shareholder-elected members

Per Sekse, chairman, Sandnes (1 625)
 Arvid Langeland, Jørpeland (35 808)
 Bente Thurmann-Nielsen, Erfjord (528)
 Egil Fjogstad, Stavanger (2 565 000)
 Hanne Eik, Stavanger (15 162)
 Helge Leiro Baastad, Oslo (26 808 416)
 Hilde Lekven, Nesttun (72 419 305)
 Jan Atle Toft, Lyngdal (516)
 Janne Stangeland Rege, Sola (8 260)
 Jorunn Kjellfrid Nordtveit, Valen (6 226 583)
 Jørgen Ringdal, Oslo (26 483 470)
 Kirsti Tønnesen, Sandnes (1 577 534)
 Leif Inge Slethei, Røyneberg (750 000)
 Leif Sigurd Fisketjøn, Egersund (40 000)
 Liv Gøril Johannessen, Vedavågen (639)
 Ove Iversen, Hundvåg (112 000)
 Steinar Haugli, Jevnaker (165 437)
 Svein Kj. Søyland, Ålgård (72 419 305)
 Terje Nysted, Forsand (4 073)
 Terje Vareberg, Stavanger (186 163)
 Tone Haddeland, Sandnes (3 502)
 Tore Heggheim, Hafrsfjord (72 419 305)

Employee-elected members

Anne Nystrøm Kvale, Stavanger (27 231)
 Astrid Saurdal, Egersund (9 251)
 Eli Lunde Wells, Stavanger (7 550)
 Jan Inge Buer, Stavanger (0)
 Ole Kristian Aarre, Klepp (224)
 Silje Eriksen Bølla, Bryne (2 997)
 Smiljana Divjak, Flekkefjord (0)
 Thomas Fjellidal Gaarder, Bergen (523)

BOARD OF DIRECTORS

Ingvald Løyning, Stavanger, chairman of the board (41 052)
 Erling Øverland, Stavanger (28 935)
 Tor Dahle, Stavanger (72 462 443)
 Birthe Cecilie Lepsøe, Bergen (0)
 Siv Juvik Tveitnes, Sola (0)
 Odd Torland, Stavanger (0)
 Kate Henriksen (0)
 Sally Lund-Andersen, Haugesund (employee representative) (941)
 Oddvar Rettedal, Stavanger (employee representative) (8 313)

NOMINATION COMMITTEE

Per Sekse (chair), Sandnes (1 625)
 Hilde Lekven, Nesttun (72 419 305)
 Helge Leiro Baastad, Oslo (26 808 416)
 Thomas Fjellidal Gaarder, Bergen (523)

AUDIT COMMITTEE

Birthe Cecilie Lepsøe, chair, Bergen (0)
 Erling Øverland, Stavanger (28 935)
 Kate Henriksen, Bergen (0)
 Tor Dahle, Stavanger (72 462 443)

RISK COMMITTEE

Tor Dahle, chair, Stavanger (72 462 443)
 Birthe Cecilie Lepsøe, Bergen (0)
 Erling Øverland, Stavanger (28 935)

REMUNERATION COMMITTEE

Odd Torland, Stavanger (0)
 Siv Juvik Tveitnes, Sola (0)
 Oddvar Rettedal (8 313)

EXECUTIVE MANAGEMENT

CEO Arne Austreid (73 662)
 CFO Inge Reinertsen (63 837)
 Executive Vice President, Retail market Jan Friestad (31 372)
 Executive Vice President, Corporate market Tore Medhus (35 438)
 Executive Vice President, Communications Thor-Christian Haugland (13 648)
 Executive Vice President, Organization and HR Inglen Haugland (25 301)
 Executive Vice President, Business support Glenn Sæther (14 649)
 Executive Vice President, Risk management and compliance Frode Bø (16 268)

EXTERNAL AUDITOR

PricewaterhouseCoopers AS
 v/Gunnar Slettebø, State Authorised Public Accountant (Norway)

(The figures in brackets provide an overview of the number of shares in SpareBank 1 SR-Bank ASA owned by the person concerned as of 31 December 2015. The figures also include shares belonging to immediate family members and companies where the person has a determining influence, ref. Accounting Act, section 7-26. In addition to this, the shares of the institution the individual representative was elected on behalf of are included.)



BOARD OF DIRECTORS



INGVALD LØYNING
(1956),
CHAIRMAN OF THE BOARD

CEO of Det Stavangerske Dampskibsselskap (DSD). Løyning was previously CEO of Kverneland Group until Desember 2014. From 1995 to 2006 he worked in various positions in the Nutreco system, including as managing director in Skretting and the chief executive of Marine Harvest, and had global responsibility at Nutreco for fish feed. A complete overview of the board he sits on is available on: www.sr-bank.no/ir. Løyning graduated in trade and economics from the Oslo School of Business Administration/BI. Standing for re-election in 2016.



KATE HENRIKSEN
(1960),
BOARD MEMBER

Director of Customer Relations at Miles AS. Her previous positions include Executive Vice President, Retail Market at Sparebanken Vest, marketing director / general manager at Ementor, and various managerial positions at DnB. Henriksen has a degree in business administration from the Norwegian School of Economics and Business Administration (NHH). She has also studied information technology and automation at Bergen College of Engineering. Standing for re-election in 2017.



TOR DAHLE
(1952),
BOARD MEMBER

General Manager, Sparebankstiftelsen SR-Bank, Stavanger. He has experience from various management positions in SpareBank 1 SR-Bank, most recently as managing director of SR-Investering AS. He is the chairman of the board of EM Software Partners AS and EMT Eiendom AS. He graduated in business economics (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). Standing for re-election in 2016.



BIRTHE CECILIE LEPSØE
(1971),
BOARD MEMBER

Former Finance Manager of Grieg Shipping Group, Bergen. Lepsøe has many years of experience from the shipping division in DnB. Now she works as NLP Coach. She holds an MBA from BI Norwegian Business School and has participated in NHH, the Norwegian School of Economics authorised financial analyst studies. Member of the boards of Smedvig Eiendom AS, Smedvig Capital AS and Smedvig AS. Standing for re-election in 2016.



ERLING ØVERLAND
(1952),
BOARD MEMBER

General Manager, Trifolium AS, Stavanger. He has previous experience from various managerial positions in Statoil ASA and as president of the Confederation of Norwegian Enterprise (NHO). He is the chairman of the board of PCI Biotech Holding ASA, the Business Sector's NOx Fund, and Pulpit Rock Energy AS, and sits on the boards of Sparebankstiftelsen SR-Bank. He graduated in business economics (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). Standing for re-election in 2017.



**SIV JUVIK TVEITNES
(1974),
BOARD MEMBER**

Chief Operating Officer in Schibsted Norge. Tveitnes is former joint managing director of Stavanger Aftenblad and Bergens Tidende. Juvik Tveitnes graduated in media sciences, psychology and business administration at the University of Bergen and also holds a Master of Science in Management from the University of Bath, England. She is the chairman of the board of Media City Bergen AS, Betavest AS, Stokkamyrveien 30 AS, Janaflaten 24 AS and member of the boards of directors of Shibsted Distribusjon AS. Standing for re-election in 2016.



**ODD TORLAND
(1964),
BOARD MEMBER**

CEO, Smedvig AS, Stavanger. He is the former chief executive of Scana Industrier ASA. He sits on the boards of a number of companies. A complete overview is available on: www.sr-bank.no/IR. He qualified as a state authorised public accountant at the Norwegian School of Economics and Business Administration (NHH). Standing for re-election in 2017.



**ODDVAR RETTEDAL
(1953),
EMPLOYEE-ELECTED
BOARD MEMBER**

Financing product manager at SpareBank 1 SR-Bank ASA. Standing for re-election in 2016.



**SALLY LUND-ANDERSEN
(1961),
EMPLOYEE-ELECTED
BOARD MEMBER**

Chief employee representative in SpareBank 1 SR-Bank ASA. She sits on the board of SpareBank 1 Gruppen AS and is the chairman of the board of the Rogaland branch of the Finance Sector Union of Norway. Standing for re-election in 2017.

REPORT OF THE BOARD OF DIRECTORS

The SpareBank 1 SR-Bank Group achieved a pre-tax profit of NOK 2,146 million in 2015. The net profit for the year amounted to NOK 1,746 million, compared to NOK 2,095 million in 2014. The return on equity after tax was 10.8%, compared to 14.2% in 2014.

The board of directors is very satisfied with the result for 2015. The staunch efforts of the staff, good credit quality of the loan portfolio, and close customer relationships were important drivers behind the good result. Our market position as Southern and Western Norway's leading financial group was further strengthened by 2,500 new retail customers aged 13 and above, and 938 new corporate customers.

Lending, including loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, grew by 5.4% in 2015. Deposits grew by 9.8% in 2015. The deposit coverage ratio, measured in terms of deposits as a percentage of gross loans, increased from 57.5% to 57.6% during 2015.

Net interest income totalled NOK 2,593 million in 2015, compared to NOK 2,404 million in 2014. Net interest income as a percentage of average total assets amounted to 1.42% in 2015, down from 1.45% in 2014. The reduction was primarily attributable to pressure on home mortgage interest rates.

Net commissions and other operating income totalled NOK 1,532 million in 2015, down from NOK 1,732 million in 2014. The reduction was largely due to the buy back of home mortgages previously sold to SpareBank 1 Boligkreditt AS. Other commissions increased by 0.7% from year-end 2014. The net return on financial investments amounted to NOK 304 million in 2015, compared to NOK 778 million in 2014. This includes the group's share of the profit from SpareBank 1 Gruppen AS, BN Bank ASA, SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. The profit from the sale of the shares in Nets Holding AS amounted to NOK 202 million in 2014.

The group's operating costs for the year amounted to NOK 1,863 million, compared to NOK 2,056 million in 2014, a reduction of NOK 193 million (-9.4%) from 2014. Personnel costs were reduced by NOK 257 million (-21.4%) to NOK 945 million, while other costs increased by NOK 64 million (7.5%) to NOK 918 million. The cost/income ratio, measured as operating costs in relation to income, rose from 41.8% to 42.1%.

Impairment losses on loans totalled NOK 420 million, compared to NOK 257 million in 2014. Impairments on groups of loans increased by NOK 140 million in 2015. The group increased collective impairment losses due to external market conditions and greater uncertainty arising from lower oil prices.

The allocation of the year's profit is based on the parent bank's distributable profit of NOK 1,613 million for 2015. The board proposes that NOK 384 million be paid in dividends, corresponding to NOK 1.50 per share, while NOK 1,229 million be allocated to other equity and enhancing the group's financial strength.

The common equity tier 1 capital ratio increased in 2015, from 11.5% at the start of the year to 13.3% at year-end 2015. The tier 1 capital ratio (including hybrid tier 1 capital) increased in the same period to 14.2% from 12.3%. At year-end 2015, SpareBank 1 SR-Bank is in a solid financial position and well equipped to meet the stricter regulatory requirements for financial strength. The group is well prepared to continue strengthening its leading position in Southern and Western Norway. The board has set common equity tier 1 capital targets of 14.0% for year-end 2016 and 14.5% during 2017.

NATURE OF THE BUSINESS

The SpareBank 1 SR-Bank Group consists of the parent bank, SpareBank 1 SR-Bank ASA, and subsidiaries.

The most important subsidiaries are SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering AS, SR-Forvaltning AS, SR-Boligkreditt AS and SpareBank 1 Regnskapshuset SR AS.

SpareBank 1 SR-Bank's head office is in Stavanger and it has 49 branches in the counties of Rogaland, Hordaland, Vest-Agder and Aust-Agder. The group's primary activities are selling and procuring a wide range of financial products and services, investments services, leasing, estate agency and accounting services.

GROUP'S PERFORMANCE

SpareBank 1 SR-Bank recorded good progress in all of the group's business areas in 2015. The bank strengthened or maintained its position as the market leader in Rogaland both in the retail market and in the corporate market. At the same time, it further strengthened its market positions both in Hordaland and in the Agder counties. The capital market division has established itself as the region's leading provider of capital markets and investment banking services. The group's position in the estate agency market has contributed to EiendomsMegler 1 becoming the largest chain of estate agents in Norway. EiendomsMegler 1 SR-Eiendom AS is the market leader in Rogaland, and further strengthened its position in Hordaland and the Agder counties in 2015.

The group's subsidiaries and its strategic ownership in the SpareBank 1 Alliance's product companies make a significant contribution to SpareBank 1 SR-Bank's earnings. Among the subsidiaries, the level of activity remained high in the estate agency company and the financing company SpareBank 1 SR-Finans AS, and the other subsidiaries benefited from a good level of activity as well.

The banking market remained highly competitive in 2015. The competition within the financing of home mortgages was more intense than for corporate loans, primarily due to the expectation of significantly stricter capital requirements. The moderate growth in lending was due to a combination of greater competition in the market for home mortgages, slightly lower growth in the Norwegian economy, and weak to negative price growth for homes in our main market, Rogaland. Loans to corporate customers levelled out towards the end of the year because of the increasing uncertainty in the market. Deposit margins were tight, although they expanded slightly in the retail market during the year due to strong emphasis on increasing income from deposits. Deposits grew by no less than 9.8% in 2015. Overall, earnings from net interest income were better in 2015 than the year before.

Net commissions and other operating income decreased from 2014 to 2015. The reduction was primarily attributable to lower commissions from SpareBank 1 Boligkreditt AS due to the buy back of home mortgages in 2014. Income from sales of insurance products, savings and investment products, and income from arrangement/customer fees were unchanged or slightly higher than in 2014.

The equity and interest rate markets were again volatile in 2015, especially in the second half of the year. This was in part a consequence of decreasing oil prices. Capital losses from securities totalled NOK 224 million for the full year. This

was primarily due to capital losses of NOK 275 million in the interest portfolio.

Impairment losses on loans totalled NOK 420 million in 2015, compared to NOK 257 million in 2014. Impairments on groups of loans increased by NOK 140 million in 2015. The group increased collective impairment losses due to external market conditions and greater uncertainty from lower oil prices. Impairments as a percentage of gross loans, including loans from the mortgage companies, amounted to 0.23%. The board is satisfied with the quality of the loan portfolio and believes the risk management is good.

DEVELOPMENTS IN THE GROUP'S MARKET AREAS

Households have become somewhat less optimistic to the development of the Norwegian economy in general, which to an extent has impacted the level of activity in the housing market and contributed to lower consumption growth. The gross domestic product (GDP) of mainland Norway is expected to grow by around 1.1% in 2016, a reduction from 1.4% in 2015. Lower oil prices and a reduction in oil investments have dampened activity in the Norwegian economy to some extent.

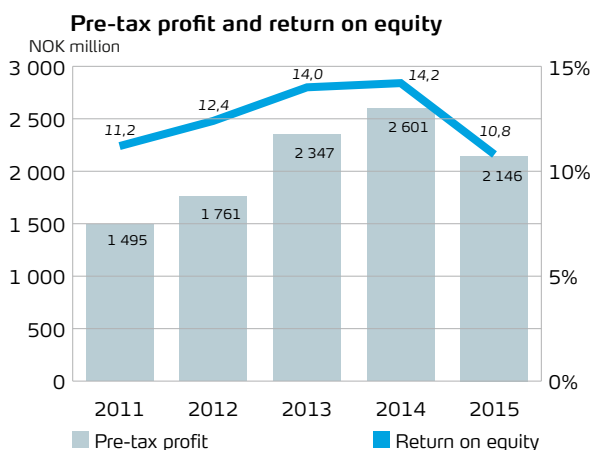
Demographic developments are very important for the group's operating environment. For a long period, the group's primary geographic area has experienced high migration and population growth. The percentage of people with a disability is also significantly lower than the national average. The population is relatively young in and around the regional centres, and along the coast of Southern and Western Norway. The population growth trend has continued in recent years, with Rogaland and Hordaland in particular experiencing above average increases, while growth in the Agder counties has been more in line with the national average. Statistics Norway's population growth forecasts reinforce expectations that growth in Rogaland and Hordaland especially will remain above the national average. However, the expected drop in oil investments in the next few years has made this forecast more uncertain.

According to the Norwegian Labour and Welfare Administration (NAV) the unemployment rate in Norway was 3.0% at the end of December 2015. The unemployment rate in Rogaland was 4.3%, 3.0% in Hordaland, and in Vest- Agder and Aust-Agder it was 3.5% and 4.0%, respectively.

The risk of lower growth in the Norwegian economy has increased mainly due to lower oil prices. The estimates vary from only a slight effect to scenarios entailing more serious consequences for employment, all depending on whether oil prices remain low over time or not.

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% increase in

prices. The poor price trend in the housing market, combined with expectations of somewhat higher unemployment in the future, may result in decreased building of new homes in 2016.

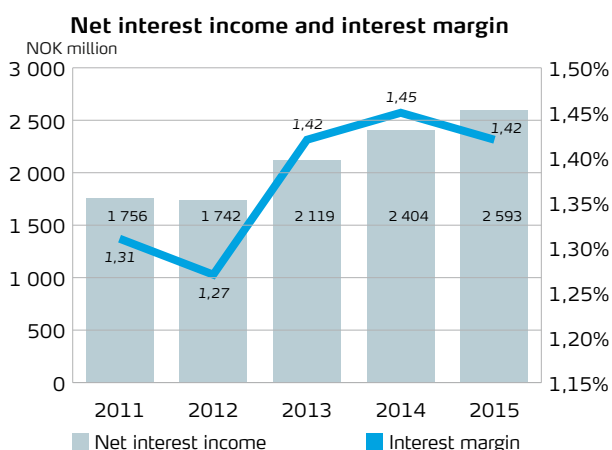


FINANCIAL PERFORMANCE

NET INTEREST INCOME

The group's net interest income increased by NOK 189 million from NOK 2,404 million to NOK 2,593 million in 2015. The interest margin amounted to 1.42% of average total assets, down from 1.45% in 2014.

Net interest income was impacted by the sale and buyback of loan portfolios to the mortgage companies. After the sale of loan portfolios, income from these loans is recognised as net commissions. By year-end 2015, the bank had sold NOK 28.7 billion of loans to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, compared to NOK 32.9 billion at year-end 2014. Commissions dropped during the year and amounted to NOK 258 million at the end of the year, compared with NOK 468 million in 2014.



OTHER OPERATING INCOME

Net commissions and other operating income totalled NOK 1,532 million in 2015, compared to NOK 1,732 million in 2014.

Net commissions were NOK 1,527 million in 2015 and NOK 1,726 million the year before. NOK 210 million of the NOK 199 million year-on-year reduction is attributable to lower commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. The reduction was due to the group reducing the proportion of sold loans to the mortgage companies by a total of NOK 4.2 billion in 2015. Other commissions increased by around 0.7% compared to 2014, with the income growth primarily coming from income from accounting services in SpareBank 1 Regnskapshuset SR, although management fees, insurance income and guarantee commissions also made positive contributions. Commissions from EiendomsMegler 1 SR-Eiendom AS dropped by NOK 51 mill kroner (11.7%) compared to 2014 due to fewer sales in the second half of 2015 because of a weaker housing market in the Stavanger region.

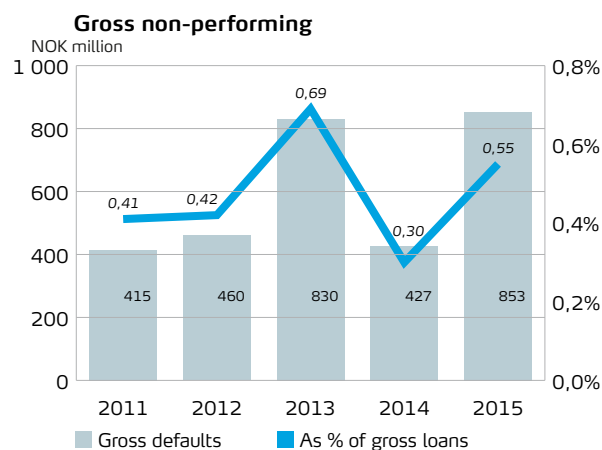
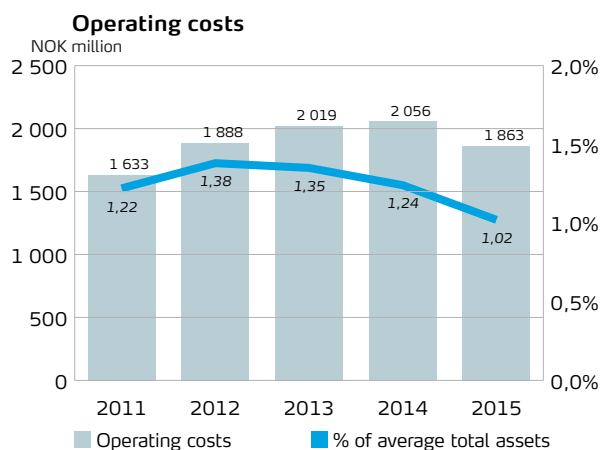
Net income from financial investments was NOK 304 million, a reduction from NOK 778 million in 2014. NOK 224 million of this amount was capital losses on securities (capital gains of NOK 181 million) and NOK 89 million (NOK 55 million) was capital gains on interest rate and foreign exchange trading. Furthermore, income from ownership interests totalled NOK 423 million (NOK 506 million) and dividends NOK 17 million (NOK 36 million).

The capital losses on securities of NOK 224 million in 2015 came from capital losses of NOK 40 million in the portfolio of shares and equity certificates, and capital losses of NOK 184 million in the interest portfolio.

Income from ownership interests in 2015 amounted to NOK 422 million (NOK 506 million). The share of the net profit for the year from SpareBank 1 Gruppen AS amounted to NOK 251 million (NOK 356 million), from SpareBank 1 Boligkreditt AS NOK 91 million (NOK 49 million), and from SpareBank 1 Næringskreditt AS NOK 24 million (NOK 32 million). The share of the profit from BN Bank AS was NOK 29 million (NOK 66 million).

OPERATING COSTS

The group's operating costs totalled NOK 1,863 million in 2015. This represents a decrease of NOK 193 million (-9.4%) compared to 2014. 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. The group's cost/income ratio, costs measured as a percentage of income, was 42.1% in 2015 (41.8%).



At year-end 2015, the group had 1,190 full-time equivalents, of which 1,134 were full-time employees. The full-time equivalents figure increased by 28 in 2015, compared to a reduction of 52 in 2014.

LOSSES AND DEFAULTS

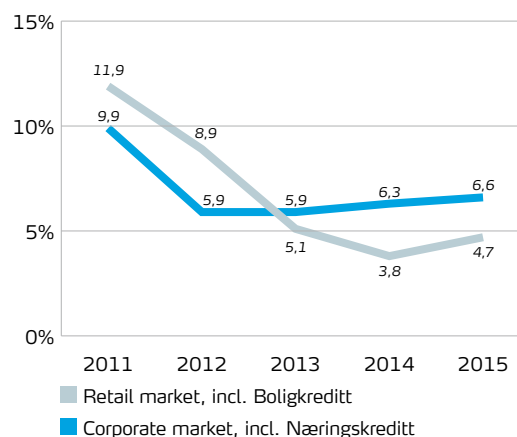
The group recognised NOK 420 million in net impairment losses on loans in 2015 (NOK 257 million). This corresponds to impairments as a percentage of gross loans, including loans to mortgage companies, of 0.23% (0.15%). Impairments on groups of loans increased by NOK 140 million in 2015. Closely monitoring customers and preventive work are important tools for maintaining good credit quality, and contribute to the continued moderate impairment losses on loans.

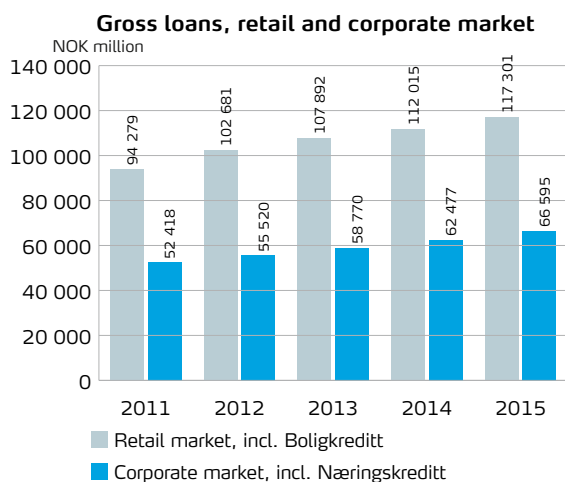
Gross non-performing commitments amounted to NOK 853 million in 2015 (NOK 427 million). This corresponds to 0.55% of gross loans (0.30%). The portfolio of impaired (not non-performing) loans totalled NOK 548 million (NOK 513 million). This corresponds to 0.35% of gross loans (0.36%). Total non-performing and impaired loans in 2015 came to NOK 1,401 million (NOK 940 million). In terms of gross lending this represents an increase from 0.66% to 0.90% in 2015. The loan loss provisions ratio, measured as individual impairments as a percentage of non-performing and impaired loans, was 12% (22%) and 40% (45), respectively, at year-end 2015.

BALANCE SHEET

The group's total assets recognised on the balance sheet increased from NOK 174.9 billion to NOK 192.0 billion in 2015. The increase was due to lending growth and the buy back of lending portfolios from SpareBank 1 Boligkreditt AS. At year-end 2015, SpareBank 1 SR-Bank had sold loans worth NOK 28.7 billion to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, compared to NOK 32.9 billion at year-end 2014. If the loan portfolios of these partly owned mortgage companies are taken into account, lending growth amounted to 5.4% and total loans NOK 183.9 billion at year-end 2015. Retail market lending rose by 4.6% and lending to the corporate market and public sector increased by 7.1%. The split between loans to the retail market (including SpareBank 1 Boligkreditt AS) and the corporate market/public sector (including SpareBank 1 Næringskreditt AS) was 62.7% to 37.3%, respectively, at year-end 2015, compared with 63.0% to 37.0% in 2014.

Gross loans, % growth, retail and corporate market

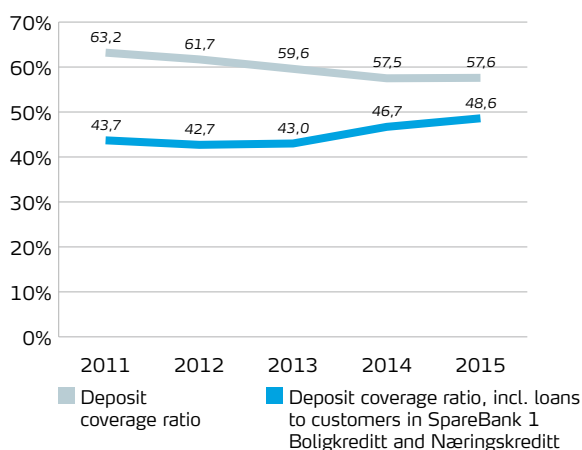




Over the last 12 months, deposits from customers rose by 9.8% (13.7%) to NOK 89.4 billion (NOK 81.5 billion). Deposits from the corporate market and public sector accounted for 52.9% (52.5%) of the group's customer deposits at year-end 2015.

At year-end 2015, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 57.6% (57.5%). In a highly competitive market, the group has maintained both a good deposit coverage ratio and simultaneously strengthened its long-term funding. The Financial Supervisory Authority of Norway's Liquidity Indicator 1 (the proportion of liquid assets funded by debt with a maturity of more than 1 year) was 108.1% for the parent bank and 109.8% on a consolidated basis. In addition to ordinary customer deposits, the group had NOK 17.1 billion (NOK 15.5 billion) under management, primarily through SR-Forvaltning AS and ODIN Forvaltning AS.

Deposit coverage ratio



RETAIL MARKET DIVISION

The retail market division's contribution before impairment losses on loans was NOK 1,214 million at year-end 2015. The result was NOK 156 million lower than in 2014 due to lower net interest income. Insurance experienced the highest growth. In 2015, the division increased lending by 4.8% and deposits by 5.0%. The lower lending growth was a result of increased competitive tension and the subdued trend in house prices. Digital channels continued to grow in 2015. Two out of three digital logins are now via the mobile bank and the number of sales in digital channels rose by 70% compared to 2014. The strongest growth was 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.

The division gained 2,500 new customers aged 13 and above in 2015. The systematic development of existing customer portfolios, targeted growth and the launch of new payment products contributed to this growth.

Net impairment losses on loans remained low and the percentage of non-performing loans was 0.29% of total loans.

CORPORATE MARKET DIVISION

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

In the last 12 months, the division increased its lending by 7.2% and deposits by 16.8%. It is actively working on across-the-board sales of the group's products, and product coverage is increasing. Commissions and other operating income were higher than in 2014.

Net individual impairments of NOK 242 million were recognised in 2015, compared to NOK 164 million in 2014. The division increased collective impairments by NOK 130 million in 2015 due to external market conditions and greater uncertainty from lower oil prices. The total level of impairments was around the long-term expected average and the proportion of non-performing loans is low.

Priority areas for the division are balanced and long-term volume growth, good customer relationships and a well-developed range of products.

CAPITAL MARKET DIVISION

The division's areas of expertise complement traditional banking operations. The capital markets and investment banking 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. Investment management is organised through a separate subsidiary, SR-Forvaltning AS.

In 2015, SR-Bank Markets reported an operating result before the allocation of customer income to other business areas of NOK 31 million (NOK 71 million). Lower income from interest rate and foreign exchange instruments, as well as a decrease in the value of the bank's bond portfolio, had a negative impact on the result compared to the same period last year. The majority of the division's income still comes from customer trading in interest rate and foreign exchange instruments.

Corporate finance has enjoyed good activity with more completed transactions, while income from the sale of equities and bonds has been relatively stable.

SUBSIDIARIES

The subsidiaries' products and services enable the group to offer a broader product range to customers and enhance the bank's earnings base. Solid internal teamwork and joint marketing efforts make the group a one-stop provider of financial products and services.

EiendomsMegler 1 SR-Eiendom AS is well represented throughout the group's entire market area and has 41 branches from Grimstad to Bergen. It is the leading estate agent in Rogaland and Vest-Agder, and is also increasing its market share in both Hordaland and Aust-Agder. The company achieved a pre-tax profit of NOK 29.6 million (NOK 55.5 million). The substantial drop in pre-tax profit reflects the weak housing market in the Stavanger region in 2015, especially in the second half of the year.

6,551 properties were sold in 2015 compared with 7,540 in 2014. In total the company sold properties worth NOK 20.0 billion. The supply of new assignments is satisfactory given the market situation, but overall it is around 12 % lower than the same period last year. The company has strengthened its market position through 2015. It holds a strong position in Rogaland with a market share of more than 40%. Its market positions in the Agder counties and Hordaland have strengthened considerably in the same period. The order intake within commercial property both for premises for lease and sale is good. The vacancy rate for office premises has risen significantly in the last 12 months in the Stavanger region and an increasing number of tenants are looking for premises more suitable for the expected level of activity going forward. The levels of activity in Bergen are still good both within the sale and lease of commercial properties and the company has established itself as a leading player in commercial estate agency in the Bergen region.

SpareBank 1 SR-Finans AS main activities are lease financing for the business sector and secured car and boat loans for the retail market. The company achieved a pre-tax profit of NOK 150.4 million in 2015 (NOK 145.9 million). The improved result was largely due to increased net interest income. Profit before impairments and losses was NOK 190.1 million (NOK 155.1 million). Net lending increased by 1.9% during the year and at year-end 2015 it amounted to NOK 6.9 billion (NOK 6.8 billion).

7,482 new contracts were established in 2015 (6,907). The company's total new sales in 2015 amounted to NOK 2.4 billion (NOK 2.6 billion).

SR-Forvaltning AS is an investment firm licensed to provide active management and fund management services. Pre-tax profit was NOK 35.9 million in 2015 (NOK 26.7 million). The company had assets of NOK 9.4 billion under management at year-end 2015. This represents an increase of NOK 0.1 billion since the start of the year.

SpareBank 1 Regnskapshuset SR AS was established in the first quarter of 2015 in connection with the purchase of the Rogaland 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 a solid foothold in Southern and Western Norway, and has established a solid foundation for further growth. SpareBank 1 Regnskapshuset AS achieved a pre-tax profit of NOK 0.6 million in 2015, which includes NOK 0.8 million in depreciation of intangible assets.

SR-Boligkreditt AS was established as a wholly owned subsidiary in the second quarter of 2015 to purchase home mortgages from SpareBank 1 SR-Bank, which it funds by issuing covered bonds. SR-Boligkreditt AS enables SpareBank 1 SR-Bank to diversify and optimise its funding. Moody's has given SR-Boligkreditt AS its highest rating, Aaa. In 2015, SR-Boligkreditt AS achieved a pre-tax profit of NOK 39.3 million, which is in line with the company's business plan.

SR-Investerings AS's objective is to contribute to the long-term creation of value through investments in the business sector in the group's geographic market area. The company primarily invests in private equity funds and companies in the SMB segment that need capital to develop and grow further. Its pre-tax result amounted to a loss of NOK 24 million in 2015, compared with a profit of NOK 0.5 million in 2014. At year-end 2015, the company had investments of NOK 155.6 million (NOK 164.7 million) and residual commitments linked to these of NOK 80.4 million (NOK 82.7 million).

SPAREBANK 1 BOLIGKREDITT AS AND SPAREBANK 1 NÆRINGSKREDITT AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are licensed mortgage companies that issue covered bonds secured by home mortgage 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 terms.

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

At year-end 2015, SpareBank 1 Næringskreditt AS's total lending volume amounted to NOK 14.4 billion, NOK 0.5 billion of which were loans purchased from SpareBank 1 SR-Bank. The bank owns a 26.8% stake in the company.

THE SPAREBANK 1 ALLIANCE

The SpareBank 1 Alliance's purpose is to procure and provide competitive financial services and products and to realise economies of scale in the form of lower costs and/or higher quality. Thus, the alliance helps ensure that private individuals and companies benefit from local pedigree, expertise and a simpler everyday life. The alliance also supports the participating banks' value creation for the benefit of their own regions and the banks' owners.

The SpareBank 1 banks operate the alliance through their ownership and participation in SpareBank 1 Banksamarbeidet DA, while the development and operation of product companies is organised through the banks' ownership of the holding company SpareBank 1 Gruppen AS.

SpareBank 1 Gruppen AS is owned by SpareBank 1 SR-Bank ASA (19.5%), SpareBank 1 Nord-Norge (19.5%), SpareBank 1 SMN (19.5%), Sparebanken Hedmark (11%), Samarbeidende Sparebanker AS (19.5% – owned by 11 savings banks in Southern Norway), together with the Norwegian Confederation of Trade Unions (LO)/trade unions affiliated to LO (10%).

SpareBank 1 Gruppen AS owns 100% of SpareBank 1 Forsikring AS, SpareBank 1 Skadeforsikring AS, ODIN Forvaltning AS, Conecto AS, SpareBank 1 Medlemskort AS and SpareBank 1 Gruppen Finans AS.

SpareBank 1 Gruppen AS delivered a net profit for 2015 of NOK 1,287 million (NOK 1,849 million). The lower profit in

2015 was primarily due to higher compensation for natural hazard and lower run-off results in the P&C insurance company, as well as lower financial income. SpareBank 1 SR-Bank's share of the profit in 2015 was NOK 251 million, compared to NOK 360.5 million in 2014.

SpareBank 1 Gruppen AS bears administrative responsibility for the collaboration processes in the SpareBank 1 Alliance, where technology, brands, expertise, common processes/ application of best practice, and procurement are key elements. The alliance is also engaged in research and development work through three resource centres: learning (Tromsø), payments (Trondheim) and credit (Stavanger). Among other things, the alliance focused more on the improvement of self-service digital and mobile solutions in 2015.

BN BANK ASA

SpareBank 1 SR-Bank and the other savings banks in the SpareBank 1 Alliance acquired Glitnir Bank ASA towards the end of 2008. It has since been renamed BN Bank ASA. SpareBank 1 SR-Bank's held a 23.5% stake at year-end 2015. The share of the profit from BN Bank ASA decreased from NOK 66.0 million in 2014 to NOK 29.4 million in 2015.

EVENTS AFTER THE BALANCE SHEET DATE

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

ACCOUNTING POLICIES

SpareBank 1 SR-Bank prepares its parent bank and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The description of the accounting policies applied by the group, in Note 2 to the accounts, sets out a more detailed account of important factors relating to treatment for accounting purposes in accordance with IFRS.

CORPORATE GOVERNANCE

Corporate governance in SpareBank 1 SR-Bank comprises the objectives and overriding principles according to which the group is governed and controlled, to secure the interests of shareholders, customers and other groups. Governance of the group's activities shall ensure prudent asset management and greater assurance that publicly declared goals and strategies are reached and realised.

The corporate governance principles are based on three main pillars: openness, predictability and transparency. The group has defined the following main corporate governance principles:

- Value creation for shareholders and other interest groups
- A structure that ensures goal-oriented and independent management and control
- Systems that ensure good measurability and accountability
- Effective risk management
- Well set-out, easily understood and timely information
- Equal treatment of shareholders and a balanced relationship with other interest groups
- Compliance with legislation, regulations and ethical standards

SpareBank 1 SR-Bank has no provisions in its articles of association that restrict the right to sell the company's shares. The board is not aware of any agreements between shareholders that limit opportunities to sell shares or to exercise voting rights for shares. According to the terms of the licence, the Sparebankstiftelsen SR-Bank foundation must own at least 25% of outstanding shares. The board approves the guidelines for remuneration to senior executives each year. The guiding policies for the coming financial year are presented to the general meeting for an advisory vote, while the binding guidelines for the allocation of shares, etc. as part of the group's remuneration scheme for the coming financial year are presented to the general meeting for approval.

The group's corporate governance policy is based on the Norwegian Code of Practice for Corporate Governance. Further information on corporate governance, pursuant to section 3-3b of the Accounting Act, is provided in a separate section of the annual report. There is also a special section on corporate social responsibility. The information has also been published on: www.sr-bank.no/InvestorRelations.

RISK MANAGEMENT

SpareBank 1 SR-Bank's core activity is to create value by assuming recognised and acceptable risks. The group, therefore, invests significant resources in maintaining and developing risk management systems and processes that are in line with leading international practice. The board of SpareBank 1 SR-Bank has established its own risk committee.

The risk and capital management should underpin the group's strategic development and goal attainment, while ensuring financial stability and prudent asset management. This shall be achieved through:

- a good risk culture characterised by a high awareness of risk management and the group's core values
- a good understanding of which risks drive earnings
- pricing activities and products in line with their underlying risk, insofar as this is possible
- having adequate financial strength based on a chosen risk profile and simultaneously striving for optimal capital allocation to the various business areas

- utilising diversification effects
- preventing single events seriously damaging the group's financial position

The group's risk is quantified, inter alia, by computing expected losses and risk-adjusted capital so it can cover any unexpected losses. Expected losses describe the amount one statistically expects to lose during a 12-month period, while risk-adjusted capital describes how much capital the group believes it needs to cover the actual risk to which the group is exposed.

The most important risks the group is exposed to are credit risk, market risk, liquidity risk, operational risk and ownership risk.

CREDIT RISK

Credit risk is managed via the framework procedures for granting credit, monitoring commitments and portfolio management. The general credit strategy stipulates that the group shall have a moderate risk profile. Non-performance rose slightly in 2015. Lending losses increased slightly as a result of increased impairment losses on groups of loans. The group increased collective impairment losses due to external market conditions and greater uncertainty because of lower oil prices. A good and sustained focus on risk management has helped maintain the good credit quality of the portfolio.

The quality of the corporate market portfolio is good and stable when compared with 2014. The quality of the retail market portfolio is very good and its development in 2015 was characterised by unchanged loan-to-collateral value ratios and a low risk profile in the portfolio. Most of the portfolio is secured by mortgages on real estate, and the LTV is, for the most part, moderate. This implies that potential losses are limited as long as the values are not significantly impaired.

MARKET RISK

Market risk is managed on the basis of conservative limits for positions in interest instruments and currencies, as well as investments in shares and bonds. The board reviews and approves the limits at least once a year.

Part of the group's market risk is linked to investments in bonds and commercial papers. At the end of 2015, the group's holdings of liquid assets in the form of bonds and certificates totalled NOK 19.5 billion. When quantifying risks linked to impairment in the value of the liquidity portfolio, SpareBank 1 SR-Bank distinguishes between systematic risk (market risk) and unsystematic risk (default risk). Default risk associated with the aforementioned portfolio is quantified as credit risk.

Risk activities relating to trading in foreign exchange, interest rate instruments and securities arise within the limits,

authorities and credit lines for counterparties that are adopted at any time. SpareBank 1 SR-Bank assumes, to a limited extent, the interest rate and foreign exchange risk in connection with trading activities for own account. As far as possible, income from operations is generated in the form of customer margins in order to ensure earnings are as stable and reliable as possible.

The group's market risk exposure is deemed moderate.

LIQUIDITY RISK

The bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. Liquidity risk shall be low. The group's lending is financed primarily by customer deposits and long-term funding, including the sale of home mortgage portfolios to SpareBank 1 Boligkreditt AS. The liquidity risk is restricted by diversifying securities issued in terms of markets, funding sources, instruments and maturity periods.

The group had good access to funding in 2015. Deposits from customers represent the group's main source of funding. Deposits increased by NOK 8.0 billion for the group as a whole in 2015. The deposit coverage ratio increased marginally from 57.5% at year-end 2014 to 57.6% at year-end 2015, primarily due to the buy back of loan portfolios from SpareBank 1 Boligkreditt AS in 2014.

Funding costs fell slightly during 2015 and access to market funding was good. The risk premium for the money market interest rate (3 months NIBOR) rose slightly towards the end of the year because of greater macro-economic uncertainty. SpareBank 1 SR-Bank has continued to focus on adapting to the new regulatory requirements by acquiring more long-term funding and increasing holdings of liquid securities. The liquidity buffer amounted to NOK 21.3 billion at year-end 2015. This level ensures that the bank can maintain normal operations for 14 months without access to extra funding. In addition to the liquidity buffer, the bank has NOK 24.3 billion in home mortgages ready for covered bond funding.

OPERATIONAL RISK

The processes for managing operational risk shall ensure, as far as possible, that no single incident caused by operational risk is able to seriously harm the group's financial position. The risk management is based on insight into and an understanding of what creates and drives operational risk in the group, and must, as far as possible, reconcile effective processes with the desired level of exposure.

The group uses a systematic process to identify and quantify operational risks that the group is exposed to at any time, and it has established its own systems for reporting adverse events and following up improvement measures. This helps SpareBank 1 SR-Bank continue to be a dominant organisation over time through proper prioritisation and continuous improvement.

As part of its on-going skills enhancement, SpareBank 1 SR-Bank has established a partnership with the University of Stavanger and the SpareBank 1 Alliance for a research and development project that will deliver new knowledge and specific tools for better managing operational risk in the financial industry. The goal of the project is to establish the Norwegian financial industry as a professional centre in Europe for education, innovation and applications relating to methods and processes for managing operational risk, and to position the alliance and University of Stavanger as leading environments within the management of operational risk.

OWNERSHIP RISK

Ownership risk: the risk that SpareBank 1 SR-Bank bears if it suffers negative results from stakes in strategically owned companies and/or the need to inject fresh capital into these companies. Ownership is defined as companies in which SpareBank 1 SR-Bank has a significant stake and influence. SpareBank 1 SR-Bank is mainly exposed to ownership risk through its stakes in SpareBank 1 Gruppen AS (19.5%), SpareBank 1 Boligkreditt AS (16.7%), SpareBank 1 Næringskreditt AS (26.8%) and BN Bank ASA (23.5%).

COMPLIANCE

SpareBank 1 SR-Bank is cognisant of the need to have good processes to ensure compliance with legislation and regulations. The board adopts the group's compliance policy that describes the main principles for responsibility and organisation.

The EU's systematic work on harmonising regulations within the EU/EEA results in new regulations to which the group must adapt. The group continuously assesses the best way of adapting to new regulations and rules to ensure compliance and effectiveness of the organisation. New regulations and rules that affect the group's operations must be included in routines and guidelines on an ongoing basis.

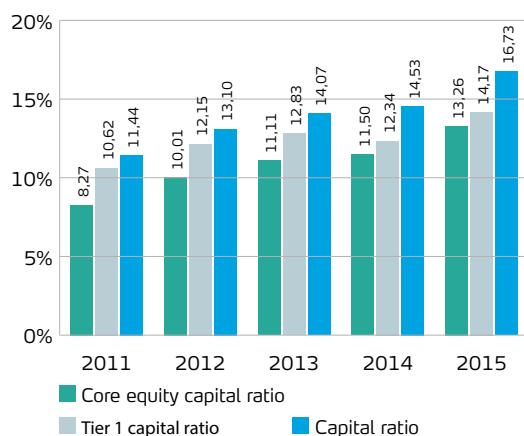
SpareBank 1 SR-Bank's compliance function is the responsibility of the risk management and compliance department and is organised independently of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the area.

CAPITAL MANAGEMENT

Capital management shall ensure that SpareBank 1 SR-Bank balances the relationship between:

- Effective funding and capital allocation in relation to the group's strategic objectives and adopted business strategy
- Competitive returns on equity
- Satisfactory capital ratio on the basis of the adopted risk profile and the regulations issued by the authorities, as well as the demands of market players at any time
- Competitive terms and ample access to long-term funding from the capital markets
- Exploitation of growth opportunities in the group's defined market area.

Core equity tier 1 capital, tier 1 capital and capital ratio



A capital plan is drawn up every year to ensure long-term, effective capital management. These projections take into account both expected developments in the coming years and a situation involving a serious economic recession over several years. Various stress tests are carried out of both individual factors and scenario analyses where the group is exposed to a range of negative macroeconomic events over several years. In addition, SpareBank 1 SR-Bank has prepared contingency plans for dealing with such crises as effectively as possible should they arise. SpareBank 1 SR-Bank is in a solid financial position and is market leader in the region in Norway that has experienced the strongest growth over the last 10 years. At year-end 2015, the common equity tier 1 capital ratio was 13.3% (11.5%) while the tier 1 capital ratio was 14.2% (12.3%) and the capital ratio was 16.7% (14.5%). Because of the transitional rules, the minimum requirement for capital adequacy cannot amount to less than 80% of the corresponding amount calculated according to the Basel I rules. The transitional rule was binding for SpareBank 1 SR-Bank up to and including 30 June 2014 and will apply again in connection with A-IRB

approval for corporate market loans, effective from the first quarter of 2015.

New, stricter capital adequacy regulations were adopted by the EU in June 2013. Norway has chosen to introduce the requirements somewhat sooner than the implementation deadline set in the international regulation. From 1 July 2014, the common equity tier 1 capital ratio requirement is 10.0% and the capital ratio requirement is 13.5%, which thus have been met by a good margin by SpareBank 1 SR-Bank.

In addition to the above-mentioned capital requirements, there will be a requirement in Norway for a countercyclical capital buffer in the range of 0-2.5% in the form of common equity tier 1 capital. On 26 September 2014, based on the advice of Norges Bank, the Ministry of Finance set the countercyclical buffer at 1 percentage point from 30 June 2015. The Ministry of Finance will set the buffer requirement every quarter and any increase in the buffer requirement will normally not come into effect until at least 12 months after being set. However, any reduction in the requirement can come into effect immediately.

On 12 May 2014, the Ministry of Finance issued regulations concerning systemically important financial institutions (SIFI). This includes institutions with total assets of at least 10% of Mainland Norway's GDP or at least a 5% share of the loan market. 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%. This is excluding the countercyclical capital buffer. SpareBank 1 SR-Bank is close to the SIFI requirement concerning market share, which is taken into account in capital management.

On 1 July 2014, the Financial Supervisory Authority of Norway published a circular on the further tightening of risk weighting for home mortgages for banks that use internal methods, (IRB methods). In combination with a higher minimum level for loss given default (the LGD floor), the tightening of probability of default models from 1 January 2014 will increase the average risk weighting for SpareBank 1 SR-Bank's home mortgages portfolio to around 22-24%. This change is reflected in capital adequacy reporting as of the first quarter of 2015.

EXTERNAL AUDIT

The group's external auditor is PricewaterhouseCoopers AS (PwC).

INTERNAL AUDIT

Internal audits are carried out by Ernst & Young AS (EY). Internal audits report directly to the board.

EMPLOYEES AND WORKING ENVIRONMENT

SpareBank 1 SR-Bank's employees are its most important resources for creating value for the benefit of its customers, the region and the bank. At year-end 2015, the group had 1190 full-time equivalents, of which 1,134 were full-time employees. There was an increase of 28 full-time equivalents during the year due to the new venture in SpareBank 1 Regnskapshuset SR-Bank AS. The group is an important knowledge-based workplace in the region and is perceived as an attractive employer providing good development opportunities.

The group's organisational and working environment surveys for 2015 show that employees are satisfied and have a good relationship with the group as an employer. The surveys are reviewed and followed up in all units in order to ensure a positive development and strengthen a healthy working environment characterised by a long-term approach, openness, honesty and security in line with the group's basic values.

SKILLS DEVELOPMENT

The group has purposely invested in developing in-house expertise over many years in order to satisfy the growing demands of customers. The goal is for customers to recognise that the company offers better advice and service than its competition. On average, between 5 and 10% of working hours are spent on updating and developing skills. Around NOK 9,600 per employee was invested in skills development in 2015.

HEALTH, SAFETY AND THE ENVIRONMENT

Health, safety and environment (HSE) work is a high priority in the group. A good working structure has been established and we deem the cooperation with employees' representatives to be very good. Compulsory HSE training was introduced for all managers and safety representatives in 2012, and the group constantly strives to improve safety routines through various training procedures.

The group strives to ensure sustainable environmental management and seeks to contribute both through its own operations and by influencing customers and suppliers to make environmental and climate-friendly choices. The group's direct environmental impact is primarily related to greenhouse gas emissions and waste production through office operations, while its indirect impact is through the purchase of goods and services, as well as demands made of customers and suppliers.

SICK LEAVE AND THE INCLUSIVE WORKPLACE SCHEME

The group has set a long-time target for sick leave of less than 3%, i.e. 97% presence. At year-end 2015, the healthy rate was 96.9%. Over time, the group has worked comprehensively and systemically to promote and improve the employees' health, maintain this over time and help those who become sick to return to work. The group constantly strives to lower sick leave through participation in the Inclusive Workplace scheme (IA) and good follow-up by managers.

SpareBank 1 SR-Bank has prepared a life-phase document in order to offer employees a range of measures that are suited to the individual's life-phase and that will generally improve the employee's everyday life and contribute to a rise in the retirement age. The target retirement age is 64.5 and the average retirement age in 2015 was 64.1, an increase of 0.8 years from 2014.

EQUAL OPPORTUNITIES

SpareBank 1 SR-Bank shall provide employees with equal opportunities for personal development, pay and other career related issues. In 2015, women accounted for 56% of the full-time equivalents in the group and men 44%. There was no significant change in the gender ratio from 2014. The average age was 44.3 years old and the average length of service 12.9 years. The group's executive management team comprises eight men and one woman. The proportion of women managers in the group increased from 43.0% to 45.0% in 2015.

THE BANK'S SHARES

The bank's share price (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. Trading in the SRBANK share dropped slightly in 2015.

There were 10,153 (10,422) shareholders of SRBANK at year-end 2015. The proportion owned by companies and people aboard dropped from 22.4% at year-end 2014 to 17.3% at year-end 2015, while 49.8% were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned a combined total of 63.9% of the shares. The bank held 25,398 treasury shares at year-end 2015, while the group's employees owned 1.8% of the shares.

The group profit per share was NOK 6.83 in 2015. The board proposes the payment of a dividend of NOK 1.50 per share for 2015, which corresponds to around 22% of the group profit per share. The dividend for the 2014 financial year was NOK 2.00, which corresponds to a distribution rate of around 24%.

GOING CONCERN

The financial position of the bank was significantly strengthened in 2015. The outlook for financial performance also appears relatively good despite the greater uncertainty concerning general macro-economic conditions. Together with implemented and planned measures, this contributes to solid prospects for further progress in 2016. The annual financial statements have been prepared based on the assumption that the group is a going concern.

ALLOCATION OF PROFIT FOR THE YEAR/DIVIDEND

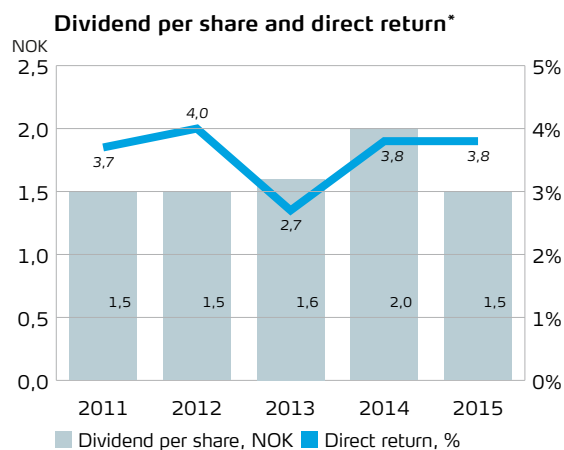
SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price. Consideration is given to financial requirements, including capital adequacy and the group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the board is for up to half of the annual net profit for the year to be distributed as dividends.

The dividend distributed is based on the parent bank's profit. The parent company's profit for 2015 was NOK 1,613 million or NOK 6.31 per share. In line with the dividend policy, various factors are taken into consideration when proposing dividends, with particular weight being attached to capital requirements and the tier 1 capital ratio. The board, therefore, proposes a dividend of NOK 1.50 per share for 2015, which corresponds to around 22% of the group profit per share.

The board proposes the following allocations for the 2015 financial year:

	NOK millions
Parent company net profit	1 622
Transferred to the fund for valuation differences	-9
Distributable	1 613
Dividend (NOK 1.50 per share)	384
Retained earnings	1 229
Total	1 613

In the opinion of the board, following the proposed allocations and other completed and planned actions, SpareBank 1 SR-Bank's financial strength will be good and it will have sufficient flexibility to support the group's planned activities for the future.



*Utbytte dividert på aksjekurs pr. årsslutt.

OUTLOOK FOR 2016

Moderate growth is expected in the global economy in 2016. The drop in the price of oil in the last six months to USD 36 a barrel at year-end 2015 has resulted in greater uncertainty in Norway, especially in the petroleum sector. Oil investments decreased by 12% in 2015 compared with the year before. 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. The level of activity in the Stavanger region is expected to decrease further, including in the building and construction sector, as well as in some commodity segments. Continued, stable activity is expected within most sectors in Hordaland and the Agder counties. A weakened Norwegian krone will be positive for the export industry and the low interest rates will stimulate increased investment, including by households.

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 solid earnings from a business model with considerable breadth and efficient operations, the group is well positioned to implement the necessary capital strengthening, while ensuring continued strong competitiveness.

The overarching goal for 2016 is to achieve a return on equity of 11%, while the group's goal is to achieve a common equity tier 1 capital ratio of a minimum of 14% by the end of the year and 14.5% in 2017.

Increased risk pricing will be implemented within some segments in the corporate market and retail market in 2016. The lending volume is expected to remain unchanged in 2016 with loans to retail customers expected to increase by 2-3% and loans to corporate customers expected to decrease by 2-3%.

As a consequence of technological developments, changes in customer behaviour and the lower activity in the region, the group will implement cost-reducing measures going forward. At the same time it will invest in and adopt new technologies to improve the customer experience and increase sales. This will ensure that the group is more competitive going forward. The dividend is expected to remain moderate in 2016.

The group's prognoses take in account increased non-performance and impairment losses on loans amounting to NOK 500-700 mill in 2016. The board would like to stress that a certain level of uncertainty is associated with assessments of future conditions.

A good mutual relationship between the region's inhabitants, the business sector and the bank is important for growth in the group's market area. The board would like to thank the group's customers, owners and other partners for their loyal support of SpareBank 1 SR-Bank in 2015 and assure them that it will make every effort to ensure that this teamwork continues in the future. The board would also like to thank the group's employees and elected officers for their strong contributions and teamwork in 2015.

Stavanger 3.3.2016


Ingvald Løyning
Styreleder


Kate Henriksen

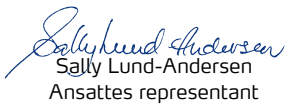

Erling Øverland

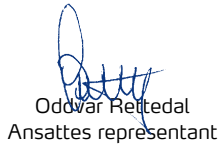

Tor Dahle


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Siv Juvik Tveitnes


Odd Torland


Sally Lund-Andersen
Ansattes representant


Oddvar Røttedal
Ansattes representant


Arne Austreid
Administrerende direktør

ÅRSREGNSKAP

INNHOLD

INCOME STATEMENT	48
BALANCE SHEET	49
STATEMENT OF CHANGES IN EQUITY	50
STATEMENT OF CASH FLOW	51
NOTE 1 GENERAL INFORMATION	52
NOTE 2 ACCOUNTING POLICIES	52
NOTE 3 CRITICAL ESTIMATES AND JUDGEMENTS CONCERNING USE OF THE ACCOUNTING POLICIES	59
NOTE 4 SEGMENT REPORTING	60
NOTE 5 CAPITAL ADEQUACY	62
NOTE 6 FINANCIAL RISK MANAGEMENT	64
KREDITTRISIKO	
NOTE 7 FINANCIAL INSTITUTIONS - RECEIVABLES AND LIABILITIES	67
NOTE 8 LOANS TO CUSTOMERS	68
NOTE 9 LOANS SOLD TO SPAREBANK 1 BOLIGKREDITT AND SPAREBANK 1 NÆRINGSKREDITT	70
NOTE 10 AGE DISTRIBUTION OF DUE BUT NOT WRITTEN DOWN LOANS	71
NOTE 11 IMPAIRMENT LOSSES ON LOANS AND GUARANTEES	72
NOTE 12 CREDIT RISK EXPOSURE FOR EACH INTERNAL RISK CLASS	74
NOTE 13 MAXIMUM CREDIT RISK EXPOSURE	75
NOTE 14 CREDIT QUALITY PER CLASS OF FINANCIAL ASSET	76
MARKET RISK	
NOTE 15 MARKET RISK RELATED TO INTEREST RATE RISK	78
NOTE 16 MARKET RISK RELATED TO CURRENCY RISK	79
LIQUIDITY RISK	
NOTE 17 LIQUIDITY RISK	80
NOTE 18 MATURITY ANALYSIS OF ASSETS AND DEBT/LIABILITIES	81
INCOME STATEMENT	
NOTE 19 NETTO RENTEINTEKTER	83
NOTE 20 NET COMMISSIONS AND OTHER OPERATING INCOME	83
NOTE 21 NET INCOME/LOSSES FROM FINANCIAL INSTRUMENTS	84
NOTE 22 REMUNERATION STATEMENT, PAYROLL COSTS AND BENEFITS FOR EXECUTIVE PERSONNEL AND ELECTED REPRESENTATIVES	85
NOTE 23 OTHER OPERATING COSTS	89
NOTE 24 PENSIONS	90
NOTE 25 TAX	94
BALANCE SHEET	
NOTE 26 CLASSIFICATION OF FINANCIAL INSTRUMENTS	95
NOTE 27 CERTIFICATES AND BONDS	97
NOTE 28 FINANCIAL DERIVATIVES	98
NOTE 29 EQUITIES, UNITS AND OTHER EQUITY INTERESTS	99
NOTE 30 INTANGIBLE ASSETS	101
NOTE 31 TANGIBLE FIXED ASSETS	102
NOTE 32 OTHER ASSETS	103
NOTE 33 DEPOSITS FROM CUSTOMERS	103
NOTE 34 SECURITIES ISSUED	104
NOTE 35 OTHER LIABILITIES	105
NOTE 36 RESTRICTED FUNDS	105
NOTE 37 SUBORDINATED LOAN CAPITAL	106
NOTE 38 INVESTMENTS IN OWNERSHIP INTERESTS	107
OTHER INFORMATION	
NOTE 39 MATERIAL TRANSACTIONS WITH CLOSE ASSOCIATES	110
NOTE 40 SHARE CAPITAL AND OWNERSHIP STRUCTURE	111
NOTE 41 ACTIVITIES THAT WILL BE SOLD	113
NOTE 42 EVENTS AFTER THE BALANCE SHEET DATE	113
AUDITOR'S REPORT	114
STATEMENT BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER AUDIT COMMITTEE'S STATEMENT	116


INCOME STATEMENT

Parent bank		(Figures in NOK millions)	Note	Group	
2014	2015			2015	2014
5 918	5 399	Interest income	19	5 752	6 137
3 736	3 113	Interest costs	19	3 159	3 733
2 182	2 286	Net interest income		2 593	2 404
1 319	1 126	Commissions	20	1 605	1 804
73	70	Commission costs	20	78	78
6	6	Other operating income	20	5	6
1 252	1 062	Net commissions and other operating income		1 532	1 732
24	15	Dividends		17	36
473	530	Income from ownership interests	38	422	506
125	-173	Net income from financial investments	21	-135	236
622	372	Net income/losses from financial investments		304	778
4 056	3 720	Total net income		4 429	4 914
900	669	Personnel costs	22	945	1 202
656	709	Other operating costs	23	918	854
1 556	1 378	Total operating costs before impairment losses on loans		1 863	2 056
2 500	2 342	Operating profit before impairment losses on loans		2 566	2 858
248	380	Impairment losses on loans and guarantees	11	420	257
2 252	1 962	Pre-tax operating result		2 146	2 601
446	340	Taxes	25	400	506
1 806	1 622	Net profit for the year		1 746	2 095
Statement of Comprehensive Income					
-415	187	Actuarial gains/losses on pensions		200	-444
112	-46	Tax effect of actuarial gains/losses on pensions		-50	120
-303	141	Total items not reclassified through profit or loss		150	-324
-	-21	Tax change actuarial gains/losses		-21	-
-	95	Change in value of financial assets available for sale		95	-
-	-	Share of comprehensive income in associated companies and joint ventures		32	5
-	74	Total items that can be reclassified through profit or loss		106	5
-303	215	Year's comprehensive income		256	-319
1 503	1 837	Total comprehensive income		2 002	1 776
Earnings per share					
7,07	6,34	Earnings per share		6,83	8,20
7,06	6,34	Diluted earnings per share		6,82	8,19
1,10	0,91	Net profit as a % of average total assets		0,96	1,26

BALANCE SHEET

Parent bank		(Figures in NOK millions)	Note	Group	
2014	2015			2015	2014
Assets					
1 847	931	Cash and receivables from the central bank	36	931	1 847
8 117	8 813	Lending to and deposits with credit institutions	7	2 984	2 222
134 158	137 506	Loans to customers	8,10,12,14	154 357	140 920
15 248	20 314	Certificates and bonds	14,27	19 533	15 261
7 344	6 133	Financial derivatives	28	6 135	7 340
477	300	Equities, units and other equity interests	29	441	626
22	168	Operations that will be sold	41	168	22
3 250	3 172	Investments in ownership interests	38	4 792	4 727
1 226	2 698	Investments in group companies	38	-	-
-	2	Intangible assets	30	61	20
295	342	Tangible fixed assets	31	404	327
1 310	1 963	Other assets	32	2 243	1 614
173 294	182 342	Total assets		192 049	174 926
Liabilities					
6 145	6 005	Debt to financial institutions	7	5 296	6 139
81 723	89 632	Deposits from customers	33	89 444	81 489
63 253	63 338	Securities issued	34	71 979	63 253
3 317	2 879	Financial derivatives	28	2 786	3 317
102	544	Payable tax	25	637	206
855	643	Deferred tax liabilities	25	654	821
1 138	708	Other liabilities	35,24	880	1 334
2 964	3 459	Subordinated loan capital	37	3 459	2 964
159 497	167 208	Total liabilities		175 135	159 523
Equity					
6 394	6 394	Share capital	40	6 394	6 394
1 587	1 587	Share premium reserve		1 587	1 587
512	384	Allocated 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		192 049	174 926

Stavanger 3.3.2016


Ingvald Løyning
Styreleder


Kate Henriksen

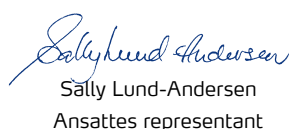

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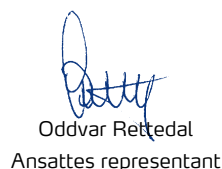

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Arne Austreid
Administrerende direktør

STATEMENT OF CHANGES IN EQUITY

(Figures in NOK millions)

Parent bank	Share capital	Share reserve	Other equity	Fund for unrealised gains	Total equity
Equity as of 31 Dec 2013	6 394	1 587	4 561	162	12 704
Net profit for the year			1 909	-103	1 806
Actuarial gains/losses after tax on pension schemes			-303		-303
Year's comprehensive income			1 606	-103	1 503
Dividend from 2013, finally resolved in 2014			-409		-409
Trade in treasury shares			-1		-1
Transactions with shareholders			-410		-410
Equity as of 31 Dec 2014	6 394	1 587	5 757	59	13 797
Net profit for the year			1 613	9	1 622
Actuarial gains/losses after tax on pension schemes			120		120
Change in value of financial assets available for sale				95	95
Year's comprehensive income			1 733	104	1 837
Dividend from 2014, finally resolved in 2015			-512		-512
Trade in treasury shares			12		12
Transactions with shareholders			-500		-500
Equity as of 31 Dec 2015	6 394	1 587	6 990	163	15 134
Group					
Equity as of 31 Dec 2013	6 394	1 587	5 913	162	14 056
Net profit for the year			2 198	-103	2 095
Actuarial gains/losses after tax on pension schemes			-324		-324
Share of comprehensive income from associated companies			5		5
Year's comprehensive income			1 879	-103	1 776
Corrected equity in associated companies			-19		-19
Dividend from 2013, finally resolved in 2014			-409		-409
Trade in treasury shares			-1		-1
Transactions with shareholders			-410		-410
Equity as of 31 Dec 2014	6 394	1 587	7 363	59	15 403
Net profit for the year			1 737	9	1 746
Actuarial gains/losses after tax on pension schemes			129		129
Change in value of financial assets available for sale				95	95
Share of comprehensive income from associated companies			32		32
Year's comprehensive income			1 898	104	2 002
Corrected equity in associated companies			9		9
Dividend from 2014, finally resolved in 2015			-512		-512
Trade in treasury shares			12		12
Transactions with shareholders			-500		-500
Equity as of 31 Dec 2015	6 394	1 587	8 770	163	16 914

STATEMENT OF CASH FLOW

(Figures in NOK millions)

Parent bank				Group	
2014	2015		Note	2015	2014
-20 812	-3 466	Change in loans to customers	8	-13 522	-21 347
5 214	4 834	Interest receipts from loans to customers		5 329	5 570
9 883	7 909	Change in deposits from customers	33	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 deposits with financial institutions	7	-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	27	-4 272	5 804
480	384	Interest receipts from certificates 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	Paid tax	25	-206	-377
1 487	2 407	Other accruals		2 883	1 563
-4 037	3 059	A Net change in liquidity from operations		-5 335	-4 046
-70	-129	Investments in tangible fixed assets	31	-208	-81
47	-	Receipts from sale of tangible fixed assets	31	6	47
-456	-1 381	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	-744	B Net change in liquidity from investments		-841	893
15 659	4 328	Increase in securities issued	34	12 861	15 659
-8 292	-7 332	Repayment - securities issued		-7 332	-8 292
-1 058	-1 018	Interest payments on securities issued		-1 070	-1 058
44	481	Borrowing and sale of own subordinated loans	37	481	44
-1 115	-	Repayments - subordinated loans	37	-	-1 115
-222	-137	Interest payments on subordinated loans		-137	-222
-409	-512	Dividend to shareholders		-512	-409
4 607	-4 190	C Net change in liquidity from financing		4 291	4 607
1 458	-1 875	A+B+C Net change in cash and cash equivalents in the year		-1 885	1 454
1 526	2 984	Cash and cash equivalents 1 Jan		2 996	1 542
2 984	1 109	Cash and cash equivalents 31 Dec		1 111	2 996
		Specification of cash and cash equivalents			
1 847	931	Cash and receivables from the central bank		931	1 847
1 137	178	Receivables from financial institutions at call		180	1 149
2 984	1 109	Cash and cash equivalents 31 Dec		1 111	2 996

Cash and cash equivalents include cash and deposits in the central bank, and that part of total loans to and deposits in financial institutions that relate to pure placements in financial institutions. The statement of cash flow shows how the parent bank and Group generated liquid assets and how these were applied. In total, the Group's cash and cash equivalents decreased by NOK 1,885 million in 2015.

NOTE 1 GENERAL INFORMATION

The SpareBank 1 SR-Bank Group consists of the parent bank, SpareBank 1 SR-Bank ASA ('the bank'), and subsidiaries: SR-Boligkreditt AS, SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering AS, SpareBank 1 Regnskapshuset SR AS, SR-Forvaltning AS, Finansparken Bjergsted AS, Etis AS, and Rygir Industrier AS with subsidiaries (repossessed assets).

As of 31.12.15, the bank owned a 16.7% stake in SpareBank 1 Boligkreditt AS, a 26.8% stake in SpareBank 1 Næringskreditt AS, a 23.5% stake in BN Bank ASA and a 18.1% stake in SpareBank 1 Kredittkort AS. The group treats these as associated companies.

The bank also owns a stake of 19.5% in SpareBank 1 Gruppen AS and a stake of 17.7% in SpareBank 1 Banksamarbeidet DA. These stakes are treated as joint ventures.

SpareBank 1 SR-Bank, SpareBank 1 SMN, SpareBank 1 Nord-Norge and Samarbeidende Sparebanker AS each own 19.5% of SpareBank 1 Gruppen AS. The other owners are Sparebanken Hedmark (11.0%) and the Norwegian Confederation of Trade Unions (LO) (10.0%). The SpareBank 1 Alliance's management structure is regulated by an agreement between the owners. SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge each own 23.5% of BN Bank ASA. SpareBank 1 SMN owns 33.0% and Samarbeidende Sparebanker AS owns 20.0%. The management structure of the BN Bank ASA is regulated by an agreement between the owners.

The bank's head office is in Stavanger and it has 49 branches in Rogaland, Vest-Agder, Aust-Agder and Hordaland. Some of the branches share premises with EiendomsMegler 1 SR-Eiendom AS. All of the subsidiaries have their head offices in Stavanger.

The group's primary activities are selling and procuring a wide range of financial products and services, investments services, accounting services, and leasing and estate agency.

The consolidated financial statements were approved by the board on 3 March 2016. The annual general meeting is the bank's supreme authority.

NOTE 2 ACCOUNTING POLICIES**BASIS FOR PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS**

The bank's financial statements and the consolidated financial statements for 2015 for SpareBank 1 SR-Bank ('the group') have been prepared in accordance with International Finance Reporting Standards (IFRS) as adopted by the EU. This includes interpretations from the IFRS Interpretations Committee and its predecessor, the Standing Interpretations Committee (SIC).

The annual financial statements of SpareBank 1 SR-Bank for 2015 have been prepared in accordance with the IFRS regulations for parent banks and groups.

SpareBank 1 SR-Bank is a public limited company registered as based in Norway with its head office in Stavanger. SpareBank 1 SR-Bank is listed on the Oslo Stock Exchange.

The basis for measurement used in both the bank's and the consolidated financial statements is acquisition cost, with the following modifications: financial derivatives, parts of financial assets, and parts of financial liabilities are recognised at fair value with value changes through profit or loss.

Preparing financial statements in accordance with IFRS requires the use of estimates. Furthermore, applying international reporting standards requires management to use its judgement. Areas that involve a great deal of discretionary estimates, a high degree of complexity, or areas where assumptions and estimates are significant for the bank's and the consolidated financial statements are described in note 3.

The annual financial statements are presented in accordance with IFRS and interpretations that are obligatory for annual financial statements presented as of 31 December 2015. The annual financial statements have been prepared on the assumption that the group is a going concern.

New and revised standards that were applied in 2015:

The following standards that influence the financial statements in a material way were adopted on 1 January 2015:

Amendment to IAS 32 Financial Instruments that clarifies when financial assets and instruments can be presented net. The right of set-off cannot be contingent on a future event. The right of set-off must also be legally enforceable in all situations (ordinary business, default, insolvency or bankruptcy) in which the company and counterparties may end up. The amendment also considers settlement mechanisms. The amendment had no material effect on the consolidated financial statements.

Amendments to IAS 36 Impairment of Assets that eliminated the requirement to disclose recoverable amounts for individual cash generating units that had inadvertently been included in IAS 36 upon the implementation of IFRS 13.

Amendment to IAS 39 Financial Instruments - Recognition and Measurement concerning novation of derivatives and continuation of hedge accounting. The amendment deals with legislative changes that introduce a requirement for clearing centres for bilateral agreements. Under IAS 39, novation to a clearing centre would result in the discontinuation of hedge accounting. The amendment results in hedge accounting not discontinuing when novation of a hedging instrument fulfils specific criteria. The amendment had no material effect on the consolidated financial statements.

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. The interpretation resulted in no material changes in when the group should recognise levies.

Other standards, amendments and interpretations that came into force for the 2015 financial year were not material for the group.

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. The most important of these that the group has chosen not to implement early are described below:

IFRS 9 Financial Instruments deals with the classification, measurement and recognition of financial assets and obligations, as well as hedge accounting. The complete version of IFRS 9 was issued in July 2014. It replaces those parts of IAS 39 that deal with equivalent issues. Under IFRS 9, financial assets must be classified into three categories: fair value through other comprehensive income, fair value through profit or loss and measured at amortised cost. The measurement category must be determined upon the initial recognition of the asset. Classification depends on the unit's business model for managing financial instruments and the attributes of the individual instrument's cash flows. Equity instruments should basically be measured at fair value through profit or loss. However, an undertaking can choose to present changes in value through other comprehensive income, but the choice is binding and in the event of a subsequent sale the gain/loss cannot be reclassified through profit or loss. Falls in value due to credit risk must now be recognised on the basis of expected loss instead of the current model where losses must be incurred.

The standard largely continues the requirements of IAS 39 as far as financial liabilities are concerned. The biggest change occurs in cases where the fair value option is used for a financial liability where changes in fair value due to changes in own credit risk are recognised in other comprehensive income. IFRS 9 simplifies the requirement for hedge accounting in that the hedging effect is tied more closely to the management's risk management and provides greater room for judgement. At the same time, hedging documentation is still required. The standard comes into effect for the 2018 financial year, but early application is permitted.

The bank expects to apply the standard from the day it comes into force, from and including the 2018 accounting year. The bank conducted a general assessment of the effects of the standard in

2015. This provisional assessment was based on the information available at the time the assessment was conducted and could be subject to change due to further detailed analyses or further information that becomes available to the bank in the future. The bank is not expecting any significant effects on the balance sheet and equity due to the new standard, with the exception of the effect of applying the standard's provisions for the impairment of loans. New impairment principles could result in higher loss provisions, which could have a negative impact on equity. The bank will conduct a detailed assessment in 2016 to determine the level of provisions more exactly.

IFRS 15 Revenue from Contracts with Customers deals with recognising revenue. The standard requires the division of the customer contract into the individual performance obligations. A performance obligation can be a good or a service. Revenue is recognised when a customer achieves control over a good or service and is thus able to determine the use of, and benefit from, the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and pertinent interpretations. The standard comes into effect for the 2018 financial year, but early application is permitted. The group is currently assessing the effects of IFRS 15.

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.

PRESENTATION CURRENCY

The presentation currency is the Norwegian kroner (NOK), which is also the group's presentation currency. The functional currency in the parent company and all important subsidiaries is the Norwegian kroner (NOK). All amounts are stated in NOK millions, unless otherwise is specified.

SUBSIDIARIES

Subsidiaries' assets are valued using the cost method of accounting in the bank's financial statements. Investments are assessed at the acquisition cost of the shares assuming that no write-downs have been necessary.

Dividends, group contributions and other distributions are recognised as income in the year that they are approved by the annual general meeting. If the dividend/group contribution exceeds the share of the retained profit after the acquisition, the amount in excess represents a repayment on invested capital, but is, pursuant to the amended IAS 27, recognised as income in the year that it is paid.

CONSOLIDATION

The consolidated financial statements include all subsidiaries. Subsidiaries are all units (including structured units) over which the group has control. Control over a unit arises when the group experiences variation in the return from the unit and has the ability to influence this return because of its power over the unit. Subsidiaries are consolidated from the day control arises and deconsolidated when control ceases.

The acquisition method is used for acquisitions of business. The remuneration paid is measured at the fair value of the assets transferred, liabilities assumed and equity instruments issued. The fair value of all assets or liabilities according to the agreement on conditional consideration are also included in the remuneration. Identifiable assets, liabilities and contingent liabilities are recognised at their fair value on the acquisition date. Minority interests in the acquired business are measured from time to time at either fair value or their share of the net assets of the acquired business.

Costs linked to the acquisition are recognised as costs when they are incurred.

When an acquisition occurs in multiple steps, the assets from previous acquisitions must be revalued at fair value on the date the check is made and the change in value recognised.

Conditional consideration is measured at fair value on the acquisition date. The treatment of subsequent changes in the fair value of conditional consideration depends on whether the conditional consideration is classified as an asset, liability or equity. Assets and liabilities that are not financial assets or liabilities (i.e. outside the scope of IAS 39) are measured at fair value with changes of value recognised through profit or loss. Financial assets or liabilities are measured at fair value and changes in value must, in accordance with IAS 39, be recognised or presented in other comprehensive income. No new measurement is made of conditional consideration that is classified as equity and subsequent settlements are recognised against equity.

Intra-group transactions, intra-company balances and unrealised profit between group companies are eliminated. Unrealised losses are also eliminated. Reported figures from subsidiaries are, if necessary, restated so they correspond with the group's accounting policies.

The minority interests' share of the group's profit is presented on a separate line under net profit in the income statement. Their share of the minority's equity is shown as a separate item.

CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT ANY LOSS OF CONTROL

Transactions with minority interests (non-controlling owners) in subsidiaries that do not entail any loss of control are treated as equity transactions. In the event of further acquisitions, the difference between the remuneration and the shares' proportional share of the carrying amount for net assets in the subsidiary is recognised against the equity of the parent company's owners. Gains or losses from sales to minority interests are similarly recognised against equity.

DISPOSAL OF SUBSIDIARIES

In the event of a loss of control, any remaining ownership interest is measured at fair value with changes recognised through profit or loss.

Fair value will thereafter constitute the acquisition cost for further accounting, as an investment in an associated company, joint venture

or financial asset. Amounts that were previously recognised in other comprehensive income relating to this company are treated as if the group had disposed of the underlying assets and liabilities. This could entail amounts that have previously been recognised in other comprehensive income being reclassified to the income statement.

ASSOCIATED COMPANIES

Associated companies are entities in which the group has a significant interest but not control. Normally, significant influence arises when the group has a stake of between 20% and 50% of the voting capital. Investments in associated companies are recorded in accordance with the cost method of accounting in the bank's financial statements and the equity method in the consolidated financial statements.

New investments are recorded at acquisition cost in consolidated financial statements. Investments in associated companies include goodwill/badwill identified at the time of the acquisition, reduced by any possible later write-downs.

The group's share of profits or losses in associated companies are recorded and added to the book value of the investments. The group's share of the comprehensive income in the associated company is recognised in other comprehensive income in the group and is also supplemented with the carrying amount for the investments. The group does not recognise the share of any loss if this makes the carrying amount of the investment negative (including unsecured receivables from the unit), unless the group has assumed obligations or made payments on behalf of the associated company.

JOINT ARRANGEMENTS

The group has adopted IFRS 11 for all joint arrangements. Under IFRS 11, investments in joint arrangements must be classified as either a joint operation or a joint venture, depending on the contractual rights and obligations of each investor. SpareBank 1 SR-Bank has assessed its joint arrangements and determined that they are joint ventures. Joint ventures are recognised using the equity method in the group and the cost method in the financial statements.

When the equity method is used joint ventures are recognised at their original acquisition cost. The carrying amount is thereafter adjusted to recognise the share of the results after the acquisition and the share of comprehensive income. When the group's share of a loss in a joint venture exceeds the carrying amount (including other long-term investments that in reality are part of the group's net investment in the venture) no further loss is recognised, unless liabilities have been assumed or payments made on behalf of the joint venture.

Unrealised gains from transactions between the group and its joint ventures are eliminated in relation to the ownership interest in the venture. Unrealised losses are also eliminated unless the transaction provides evidence of a fall in the value of the transferred asset. Amounts reported from joint ventures are, if necessary, restated to ensure they correspond with the group's accounting policies.

LENDING AND IMPAIRMENT LOSSES ON LOANS

Loans with variable rates are measured at amortised cost in accordance with IAS 39. The amortised cost is the acquisition cost minus repayments on the principal, taking into account transaction costs, plus or minus cumulative amortisation using the effective interest method, and less any amount for impairment in value or exposure to loss. The effective interest rate is the interest that exactly discounts estimated future cash receipts and payments over the expected life of the financial instrument.

Fixed-rate loans to customers are earmarked upon initial recognition at fair value, with value changes through profit or loss, in accordance with IAS 39.9. Gains and losses resulting from changes in fair value are recorded through profit or loss as a change in value. Accrued interest and premiums/discounts are recorded as interest. The bank uses the fair value option for measuring fixed-rate loans, as this largely eliminates inconsistencies in measuring other comparable instruments in the balance sheet.

SALES OF LOANS

The bank has concluded an agreement concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. In line with the administration contract

between the bank and financial institutions, the bank administers the loans and maintains the contact with customers. The bank receives a fee in the form of commissions for the duties involved in administering the loans. The agreements between the bank and SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS were amended in 2015 and

apply to new loans that are transferred and previously transferred loans. The new agreements mean that the bank has transferred practically all of the risk and benefits of ownership associated with the sold loans. The sales are therefore treated as pure sales and loans are thus fully eliminated from the bank's balance sheet. This is described in note 9.

The bank has entered into a legal sales agreement of loans with good collateral and mortgages on real estate to SR-Boligkreditt AS. In line with the administration contract between the bank and mortgage companies, the bank administers the loans and maintains the contact with customers. The bank receives a fee in the form of commissions for the duties involved in administering the loans.

ASSESSMENT OF IMPAIRMENT OF FINANCIAL ASSETS

On each balance sheet date, the group assesses whether there is any objective evidence that the cash flow expected when the item was initially recorded will not be realised and that the value of the financial asset or group of financial assets has been reduced. An impairment in value of a financial asset assessed at amortised cost or group of financial assets assessed at amortised cost has been incurred if, and only if, there is objective evidence of impairment that could result in a reduction in future cash flows to service the commitment. The impairment must be the result of one or more events that have occurred after the initial recognition (a loss event) and it must be possible to measure the result of the loss event (or events) in a reliable manner. Objective evidence that the value of a financial asset

or group of financial assets has been reduced includes observable data that is known to the group relating to the following loss events:

- The issuer or borrower is experiencing significant financial difficulties
- Breach of contract, such as a default or delinquency in payment of instalments and interest
- The bank granting the borrower special terms for financial or legal reasons relating to borrower's financial situation
- Likelihood of the debtor entering into debt negotiations or other financial reorganisation
- Disappearance of an active market for the financial asset because of financial difficulties
 - Observable data indicating that there is a measurable decline in future cash flows from a group of financial assets since the initial recognition of those assets, even though the decline cannot yet be fully identified with the individual financial assets in the group including:
 - adverse changes in the payment status of the borrowers in the group
 - national or local economic conditions that correlate with defaults of the assets in the group

The group first considers whether there is individual objective evidence of impairment of financial assets that are significant individually.

For financial assets that are not individually significant, the objective evidence of impairment is considered individually or collectively. If the group decides that there is no objective evidence of impairment of an individually assessed financial asset, significant or not, the asset is included in a portfolio of financial assets with the same credit risk characteristics. The group is tested for any impairment on a portfolio basis. Assets that are assessed individually with respect to impairment, and where an impairment is identified or continues to be identified, are not included in a general assessment of impairment. See note 3.

If there is objective evidence that impairment has occurred, the amount of the loss is calculated as the difference between the asset's book (carrying) value and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's latest effective interest rate. The book value of the asset is reduced using an allowance account and the loss is recorded in the income statement.

Future cash flows from a group of financial assets that are tested for impairment on a portfolio basis are estimated on the basis of the contractual cash flows for the group and historical losses on assets with a similar credit risk.

Historical losses are adjusted for existing observable data in order to take into account the effects of existing circumstances that were not present at the time of the historical losses and to adjust for the effect of earlier circumstances that do not exist today.

NON-PERFORMING AND LOSS EXPOSED COMMITMENTS

The total commitment to a customer is considered to be in default (non-performing) and included in the group's summaries of defaulted

loans when an instalment or interest is not paid 90 days after due date, a line of credit is overdrawn for 90 days or more, or the customer is bankrupt. Loans and other commitments that are not in default, but where the customer's financial situation makes it likely that the group will incur a loss, are classified as loss exposed commitments.

REALISED LOSSES

When it is highly probable that the losses are final, the losses are classified as realised losses. Realised losses that are covered by earlier specific loss provisions are recorded against the provisions. Realised losses without cover by way of impairment losses on loans and over or under coverage in relation to previous impairment losses on loans are recognised through profit or loss.

REPOSSESSED ASSETS

As part of the handling of non-performing loans and guarantees, the group acquires, in some cases, assets that have been lodged as security for such commitments. At the time of takeover, the assets are valued at their assumed realisation value and the value of the loan commitment is adjusted accordingly. Repossessed assets that are to be realised are classified as operations that will be sold, holdings or fixed assets held for sale and recorded in accordance with the relevant IFRS standards (normally IAS 16, IAS 38, IAS 39 or IFRS 5).

LEASES

Financial leases are recorded in the balance sheet under the main item 'Net lending to customers' and recognised in accordance with the amortised cost principle. All fixed income during the expected term of the lease is included when calculating the lease's effective interest.

The group has no sale and lease back contracts covering property, plant and equipment.

SECURITIES

Securities comprise equities and units, commercial paper and bonds. Equities and units are recognised either as held for sale or at fair value with change in value through profit or loss. Certificate papers and bonds are classified either as held for sale, at fair value with value change through profit or loss, as held to maturity or as a receivable. The group uses the price on the trade date upon initial recognition of securities.

All financial instruments that are classified as held for sale or at fair value with value change through profit or loss, are measured at fair value, and changes in the value from the opening balance are recorded as income from financial investments. The company is of the opinion that financial instruments classified at fair value with value change through profit or loss provide more relevant information about the values of these items in the balance sheet than if they were assessed at amortised cost. The financial instruments included in this category are regularly reported and managed based on fair value.

Certificates and bonds that are classified as held to maturity or as a receivable are measured at amortised cost using an effective

interest rate method. See description of this method in the section on lending.

DERIVATIVES AND HEDGING

Derivatives consist of currency and interest rate instruments. Derivatives are recognised at fair value through profit or loss. The fair value of derivatives includes the value of counterparty credit risk (CVA).

The group uses derivatives for operational and accounting (funding) hedging purposes to minimise the interest rate risk in fixed-rate instruments (fixed-rate funding and fixed-rate loans), bonds (assets and liabilities), and certificates (assets and liabilities). The efficiency of the hedging is assessed and documented both when the initial classification is made and on an ongoing basis. When fair value hedging is used the hedging instrument is recognised at fair value, but as far as the hedged item is concerned changes in fair value linked to the hedged risk are recognised through profit and loss and against the hedged item. See note 28 for further information.

GOODWILL/BADWILL

BADWILL

Goodwill is the positive difference between the cost of acquiring a business and the fair value of the Bank's share of the net identifiable assets in the business at the time of acquisition. Goodwill on the acquisition of subsidiaries is classified as intangible assets. Goodwill on the acquisition of shares in associated companies and joint ventures is included in the investment and tested for depreciation as part of the book (carrying) value of the investment. Goodwill is not subject to amortisation, but is subject to annual impairment testing with the purpose of identifying any indications that impairment may have occurred, in accordance with IAS 36.

Any assessment of a fall in value is assessed at the lowest level in the undertaking where goodwill is followed up for internal management purposes.

Write-downs of goodwill cannot be reversed. In those cases where the cost of acquiring a business is lower than the fair value of the bank's share of net identifiable assets at the time of acquisition, so-called badwill, the difference is immediately recorded as income and included in income from ownership interests.

TANGIBLE FIXED ASSETS

Tangible fixed assets comprise buildings, plots of land and operating equipment. Buildings and operating equipment are recognised at cost less depreciation and write-downs. Plots of land are recorded at cost price less write-downs. Plots of land are not depreciated. The cost price includes all direct costs related to the acquisition of the asset. Depreciation is on a straight-line basis in order to allocate the cost price, less possible residual value, over the useful life of the operating equipment.

OPERATIONS/ASSETS THAT WILL BE SOLD

These items in the balance sheet contain the group's assets it has decided to sell. The items include assets and liabilities relating to repossessed properties and property companies that are to be syndicated and disposed of by selling parts to customers. The items are recognised at fair value.

FUNDING

Funding is initially recorded at the cost at which it is raised, which is fair value of the proceeds received after deducting transaction costs. Loans raised with variable rates are thereafter measured at amortised cost, and any discount/premium is accrued over the term of the loan. Fixed-rate funding is assessed at fair value with discounting according to the applicable interest curve, though not taking into account changes in own credit spreads and transaction costs, since the group use fair value hedging for such funding. Deposits from customers and financial institutions are assessed at amortised cost.

PENSIONS

The SpareBank 1 SR-Bank group has two types of pension scheme: defined benefit and defined contribution benefit. The group has both covered and uncovered defined benefit pension schemes. The covered defined benefit pension scheme was, until 31 December 2015, covered by the group's pension fund. In addition to the pension liabilities covered by the pension fund, the group has uncovered pension liabilities that cannot be covered by the assets in the collective schemes.

The group's covered defined benefit pension scheme was closed to new members from and including 1 April 2011. A decision was also taken at the board meeting in June 2015 that employees who are still members of the defined benefit pension scheme must transfer to a defined contribution pension scheme from 1 January 2016.

Defined benefit schemes

A defined benefit scheme is defined as a scheme that is not a defined contribution scheme.

A defined benefit scheme will typically define an amount an employee will receive from and including the date of retirement, usually dependent of age, number of years worked and pay.

The liability that must be recognised for the defined benefit scheme is the present value of the liability on the balance sheet date, with deductions for the fair value of the pension assets. The gross liability is calculated by an independent actuary using the unit credit method. The gross liability is discounted to the present value using the interest rate on high quality corporate bonds with almost the same term to maturity as the payment horizon of the liability.

Gains and losses that occur with the recalculation of the liability due to experience gains and losses, and changes in actuarial assumptions, are recognised against equity via the comprehensive income statement in the period they arise. The effects of changes in the schemes' plans are recognised immediately.

Defined contribution scheme

In the case of defined contribution plans, the company pays a fixed contribution to an insurance company. The company has no legal or self-imposed obligation to inject further assets if there proves to be insufficient assets to pay all employees the benefits linked to their earnings in this or earlier periods. The subscriptions are recorded as a payroll cost. Any pre-paid subscription is recorded as an asset

(pension asset) to the extent that the subscription can be refunded or reduces future subscription payments.

CONTINGENT LIABILITIES

The group issues financial guarantees as part of its ordinary business. Gross latent liabilities are specified in note 35. Impairment assessments are made as part of assessing impairment losses on loans and in accordance with the same policies, and are reported with these, ref. note 11. Provisions are made for other uncertain liabilities if it is more probable than not that the liability will materialise and the financial consequences can be reliably calculated. Information is disclosed about contingent liabilities that do not satisfy the criteria for balance sheet recording if they are significant.

Provisions are made for restructuring costs when the group has a contractual or legal obligation, payment is probable and the amount can be estimated, and the size of the obligation can be estimated with sufficient reliability.

SUBORDINATED LOANS AND HYBRID TIER 1 CAPITAL

Subordinated loans have a lower priority than all other debt. 50% of the dated subordinated loans can be regarded as tier 1 capital in the capital ratio, whilst 100% of perpetual subordinated loans can be included in tier 1 capital. Subordinated loans are classified as subordinated loan capital in the balance sheet and are measured at fair value with value change through profit or loss or amortised cost in the same way as other long-term loans. The bank uses fair value hedging for measuring fixed-rate loans.

Hybrid tier 1 capital are bonds with nominal interest, but the group is not obliged to pay any interest in periods when no dividend is paid and the investor cannot later claim any interest that has not been paid, i.e. interest is not accumulated. Tier 1 capital instruments have been approved as an element of tier 1 capital. The Financial Supervisory Authority of Norway can demand

that hybrid instruments be written down proportionally with equity if the bank's tier 1 capital ratio falls below 5%, or the capital ratio falls below 8%. The written down amount relating to the hybrid tier 1 capital shall be written up before dividends can be disbursed to shareholders. Hybrid tier 1 capital is classified as subordinated loan capital in the balance sheet and is measured at fair value with changes in value through profit or loss.

DIVIDENDS

Dividends are recognised as equity in the period prior to being approved by the bank's annual general meeting.

INTEREST INCOME AND INTEREST COSTS

Interest income and interest costs related to assets and liabilities that are measured at amortised cost are recorded continuously in the income statement in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of the expected cash flow over the expected life of a financial asset or liability being equal to the book value (carrying value) of the respective financial asset or liability. When

calculating an effective interest rate, the cash flow effect inherent in the agreement is estimated, without taking into account future impairment. The calculations take therefore into account inter alia fees, transaction costs, premiums and discounts.

If a financial asset is written down due to impairment, a new effective interest rate is calculated based on adjusted estimated cash flows.

Interest income and costs for financial instruments measured at fair value are classified as interest income and interest costs respectively. Other changes in value are classified as income from financial instruments.

COMMISSIONS AND COMMISSION COSTS

Commissions and commission costs are generally accrued in line with the delivery/receipt of a service. Fees relating to interest-bearing instruments are not recognised as commissions, but are included in the calculation of the effective interest rate and recognised accordingly through profit or loss. Fees from counselling are earned in accordance with counselling agreements, generally as the services are rendered.

The same applies to day-to-day management services. Fees and charges related to the sale or brokerage of financial instruments, properties or other investment objects that do not generate balance sheet items in the consolidated financial statements, are recognised when the transaction is completed.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Transactions involving foreign currencies are converted into Norwegian kroner using the exchange rates at the time of the transactions. Gains and losses linked to executed transactions, or to the conversion of holdings of balance sheet items, in foreign currency are recognised on the balance sheet date. Gains and losses on non-monetary items are included in the income statement in the same way as the corresponding balance sheet item.

The exchange rate on the balance sheet date is used when converting balance sheet items.

TAXES

Taxes consist of payable tax and deferred tax. Payable tax is the estimated tax on the year's taxable profit.

Payable tax for the period is calculated according to the tax laws and regulations enacted or substantively enacted on the balance sheet date.

Deferred taxes are accounted for using the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book values of assets and liabilities for accounting purposes and for taxation purposes. Nonetheless, no deferred tax liability or benefit is calculated on goodwill that does not provide tax-related deductions, or on initially recognised items that affect either the accounting or taxable result.

Deferred tax assets are calculated for tax loss carry forwards. Assets with deferred tax are included only to the extent that future taxable profits are expected to make it possible to exploit the related tax benefit.

STATEMENT OF CASH FLOW

The statement of cash flow shows cash flows grouped by source and application area. Cash is defined as cash, deposits in central banks, and deposits in financial institutions with no period of notice. The statement of cash flow is prepared using the direct method.

SEGMENT REPORTING

A business segment is part of an entity that is engaged in providing individual products or services that are subject to risks and returns that are different from those of other business segments. A geographic market (segment) is a part of a business that supplies products and services within a limited geographic area that is subject to risks and returns that are different from other geographic markets. As regards segment reporting, the group's executive management team is considered to be supreme decision-making authority. The figures in the segment reporting are based on internal reporting to Group's executive management team.

EVENTS AFTER THE BALANCE SHEET DATE

The financial statements are published after the board of directors has approved them. The supervisory board, the annual general meeting and the regulatory authorities may refuse to approve the published financial statements subsequent to this but they cannot change them.

Events that take place before the date on which the financial statements are approved for publication, and which affect conditions that were already known on the balance sheet date, will be incorporated into the pool of information that is used when making accounting estimates and are thereby fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant.

The financial statements have been prepared on the basis of a going concern assumption.

The board's proposed dividend is specified in the Board of Directors' Report and note 42. The proposed dividend is classified as equity until it has finally been approved.

NOTE 3 CRITICAL ESTIMATES AND JUDGEMENTS CONCERNING USE OF THE ACCOUNTING POLICIES

IMPAIRMENT LOSSES ON LOANS AND GUARANTEES

The Group assesses its entire corporate market portfolio annually. Large commitments, non-performing loans and high-risk exposures are subject to quarterly assessments. Loans to retail customers are subject to evaluation when they are in default for more than 60 days. Large non-performing loans are evaluated on a quarterly basis.

The group's risk classification systems are described under financial risk management.

The group makes write-downs if there is objective evidence that can be identified for an individual commitment, and the objective evidence entails a reduction in future cash flows for servicing the commitment. Objective evidence may be default, bankruptcy, insolvency or other significant financial difficulties.

Individual write-downs are calculated as the difference between the loan's book (carrying) value and the present value of future cash flows based on the effective interest rate at the time of the calculation of the initial individual write-down. Subsequent changes in interest rates are taken into account for loan agreements with variable rates if these changes affect the expected cash flow.

Collective write-downs are calculated on groups of loans where there is objective evidence indicating that a loss event has occurred after the initial recording of the loans. Objective evidence includes observable data that results in a measurable reduction in estimated future cash flows from the group of loans, including negative changes in the payment status of debtors in the groups of loans, or national or local economic conditions that correlate with default in the group of loans. If objective evidence of a fall in value exists, loan losses shall be calculated as the difference between the carrying amount (book value) and the present value of the estimated future cash flows, discounted at the effective interest rate.

FAIR VALUE OF EQUITY INTERESTS

Financial assets assessed at fair value through profit or loss will normally be traded in active markets and the fair value can thus be determined with reasonable certainty. The fair value of assets classified as available for sale, including the investment in Visa Norge FLI, will be based on estimates encumbered with some uncertainty. Similarly, market values for assets and liabilities that are recognised at amortised cost and appear in notes may be estimates based on discounted expected future cash flows, multiplier analyses or other calculation methods. Such methods can be subject to significant uncertainty. With the exception of a few equities, liquidity in the Norwegian stock market is poor. Share prices will under most circumstances be the last known traded price.

FAIR VALUE OF DERIVATIVES

The fair value of derivatives is usually determined by using valuation methods where the price of the underlying object, for example, interest and currency rates, is obtained from the market. In the case of options, volatility will be either observed implicit volatility or calculated volatility based on historical price movements for the underlying object.

PENSIONS

Net pension liabilities and the pension costs for the year are based on a number of estimates, the most important of which are the yield on pension assets, future interest and inflation rates, future wage development, staff turnover, development in the Norwegian National Insurance basic amount (G) and the general development in the number of persons receiving disability benefits and life expectancy. Uncertainty is largely related to gross liabilities and not to net liabilities that are shown in the balance sheet. Changes in estimates because of changes in the above parameters will be recorded via other comprehensive income on an ongoing basis.

INCOME TAX

When calculating the group's income tax, a considerable degree of discretion is called for. There will be some uncertainty associated with the final tax liability with regard to many transactions and calculations. The group records tax liabilities linked to future decisions in tax cases and disputes based on the additional tax liability that will accrue. If the final outcome of a case differs from the amount originally allocated, the difference will affect the recorded tax costs and allocations for deferred tax in the period the difference is established.

NOTE 4 SEGMENT REPORTING

The executive management team 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, capital market and subsidiaries of significant importance. Staff/support parent bank covers administration, management, investment services, strategy and ownership, treasury and financial functions in the bank. The figures for business areas and geography are based on internal management reporting. Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are reported under 'Net commissions and other income'.

Reporting per business area:

(Figures in NOK millions)

31 December 2015	Retail market	Corporate market	Capital market	Own account/ staff/support	Eiendoms- Megler 1	SR-Finans	Other operations	Eliminations	SR-Bank Group
Interest income	1 855	1 679	1 168	822	3	390	2	-166	5 752
Interest costs	775	607	1 096	710	-	136	-	-165	3 159
Net interest income ¹⁾	1 080	1 072	72	112	3	254	2	-2	2 593
Commissions ¹⁾	744	333	36	15	383	4	141	-50	1 605
Commission costs	38	25	5	3	-	23	33	-48	78
Other operating income	1	-	-	5	-	-	1	-2	5
Net commissions and other operating income	706	308	31	17	383	-19	109	-3	1 532
Dividends	3	-	1	11	-	-	1	-	17
Income from ownership interests	-	40	-	490	-	-	-	-108	422
Net income from financial investments ¹⁾	12	-91	-22	-74	-	-	-30	70	-135
Net income from financial investments	15	-51	-21	427	-	-	-29	-38	304
Personnel costs	383	179	57	49	216	24	39	-3	945
Administration costs	103	30	13	276	41	9	7	-	480
Other operating costs	101	34	10	150	99	12	35	-3	438
Total operating costs before impairment losses on loans	587	243	80	475	356	45	81	-6	1 863
Operating profit before impairment losses on loans	1 214	1 086	2	81	30	190	2	-37	2 566
Change in individual impairment losses on loans and guarantees	3	242	-	-	-	35	-	-	280
Change in collective impairment losses on loans and guarantees	5	130	-	-	-	5	-	-	140
Pre-tax operating result	1 206	713	2	81	30	150	2	-37	2 146
Net interest income ¹⁾									
Net external interest income	1 080	1 072	72	-21	-	390	-	-	2 593
Net internal interest income	-	-	-	133	3	-136	2	-2	-
Net interest income	1 080	1 072	72	112	3	254	2	-2	2 593
Balance Sheet									
Gross loans to customers	89 133	55 852	698	2 509	-	7 000	-	-2	155 190
Individual impairments	-66	-219	-	-	-	-30	-	-	-315
Impairments on groups of loans	-45	-406	-	-	-	-67	-	-	-518
Certificates/bonds/financial derivatives	-	-	6 022	20 520	-	1	17	-892	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	-	-	-	-188	89 444
Other liabilities and equity	42 167	17 830	3 164	40 302	168	7 008	589	-8 623	102 605
Total liabilities and equity	89 077	56 190	6 862	40 966	168	7 008	589	-8 811	192 049
Total loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	28 168	538	-	-					28 706

Continue note 4

31.12.2014	Retail market	Corporate market	Capital market	Own account/ staff/support	Eiendoms- Megler 1	SR-Finans	Other operations	Eliminations	SR-Bank Group
Interest income	2 085	1 651	1 183	997	4	395	2	-181	6 137
Interest costs	1 041	686	1 130	879	-	168	4	-175	3 733
Net interest income ¹⁾	1 045	965	54	118	4	227	-2	-6	2 404
Commissions ¹⁾	937	345	30	7	434	4	100	-53	1 804
Commission costs	40	26	4	2	-	21	29	-45	78
Other operating income	-	-	-	6	-	-	1	-1	6
Net commissions and other operating income	897	318	27	9	434	-17	73	-9	1 732
Dividends	-	-	3	21	-	-	12	-	36
Income from ownership interests	-	-	-	473	-	-	-	33	506
Net income from financial investments ¹⁾	9	25	8	84	7	-	5	98	236
Net income from financial investments	9	25	11	578	7	-	16	131	778
Personnel costs	376	175	53	295	248	32	28	-7	1 202
Administration costs	108	24	15	266	40	9	7	-	468
Other operating costs	97	26	5	115	100	13	19	10	386
Total operating costs before impairment losses on loans	581	225	73	677	389	54	54	4	2 056
Operating profit before impairment losses on loans	1 370	1 082	19	28	56	155	34	113	2 858
Change in individual impairment losses on loans and guarantees	15	164	-	-	-	3	-	-	182
Change in collective impairment losses on loans and guarantees	6	63	-	-	-	6	-	-	75
Pre-tax operating result	1 349	855	19	28	56	146	34	113	2 601
Net interest income ¹⁾									
Net external interest income	1 045	965	54	-50	-	395	-4	-	2 404
Net internal interest income	-	-	-	168	4	-168	2	-6	-
Net interest income	1 045	965	54	118	4	227	-2	-6	2 404
Balance Sheet									
Gross loans to customers	79 727	52 019	671	2 359	-	6 853	-	-9	141 620
Individual impairments	-60	-242	-	-	-	-20	-	-	-322
Impairments on groups of loans	-40	-276	-	-	-	-61	-	-	-378
Certificates/bonds/financial derivatives	-	-	6 641	15 951	-	-	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	-	-	-	-234	81 489
Other liabilities and equity	35 029	19 576	8 159	28 807	209	7 022	573	-5 938	93 437
Total liabilities and equity	79 710	52 413	9 859	31 312	209	7 022	573	-6 172	174 926
Total loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	32 288	584							32 872

¹⁾ Other liabilities contains allocated arrangements between the segments. 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 premium). Deviations between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated in the parent bank.

Continue note 4

The group primarily operates in a geographical area bounded by Grimstad in the south east and Bergen in the north west. Important asset classes (loans and deposits) are also segmented geographically in separate notes under loans and deposits.

Geographic distribution	Rogaland		Agder		Hordaland		SR-Bank Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	2 171	1 999	203	204	219	201	2 593	2 404
Net commissions and other operating income	1 260	1 435	136	149	136	148	1 532	1 732
Net income from financial investments	301	766	-3	2	6	10	304	778
Operating costs before impairment losses on loans	1 574	1 807	138	127	151	122	1 863	2 056
Operating profit before impairment losses on loans	2 158	2 393	198	228	210	237	2 566	2 858
Losses on loans and guarantees	388	123	5	71	27	63	420	257
Pre-tax operating result	1 770	2 270	193	157	183	174	2 146	2 601
Gross loans to customers	125 795	115 260	14 790	14 248	14 605	12 112	155 190	141 620
Individual impairments	-174	-179	-85	-99	-56	-44	-315	-322
Impairments on groups of loans	-502	-364	-6	-6	-10	-8	-518	-378
Certificates/bonds/financial derivatives	25 668	22 601	-	-	-	-	25 668	22 601
Other assets	11 991	11 342	14	29	19	34	12 024	11 405
Total assets per segment	162 778	148 660	14 713	14 172	14 558	12 094	192 049	174 926
Deposits from customers	79 676	73 527	5 276	4 239	4 492	3 723	89 444	81 489
Other liabilities and equity	83 102	75 133	9 437	9 933	10 066	8 371	102 605	93 437
Total assets and liabilities per segment	162 778	148 660	14 713	14 172	14 558	12 094	192 049	174 926
Total loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.	25 348	28 809	2 105	2 554	1 252	1 509	28 706	32 872

NOTE 5 CAPITAL ADEQUACY

(Figures in NOK millions)

On 22 August 2014, the Ministry of Finance stipulated amendments to the capital requirements regulations that came into effect on 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.

The following requirements apply as of 31 December 2015: capital conservation buffer 2.5%, systemic risk buffer 3.0%, and countercyclical buffer 1.0%. These requirements are additional to the requirement for common equity tier 1 capital of 4.5%, meaning the combined minimum requirement for common equity tier 1 capital is 11.0%. It has been announced that the countercyclical buffer will be increased to 1.5% with effect from 30 June 2016. In addition to this, in 2016 the Financial Supervisory Authority of Norway will set an individual Pillar 2 requirement that will be added to the minimum requirement for common equity tier 1 capital.

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 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	
2014	2015		2015	2014
6 394	6 394	Share capital	6 394	6 394
1 587	1 587	Share premium reserve	1 587	1 587
512	384	Allocated 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 recorded equity	16 914	15 403

Continue note 5

Parent bank			Group	
2014	2015		2015	2014
		Tier 1 capital		
-	-2	Deferred tax, goodwill and other intangible assets	-67	-24
-512	-384	Deduction for allocated dividend	-384	-512
-622	-380	Deduction in expected losses IRB less loss provisions	-421	-676
-	-	Deduction common equity tier 1 capital for 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	Non-perpetual subordinated 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 enterprises	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	-	-
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
-	-	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	1 982
13 162	15 345	Total credit and counterparty risk standard method	26 338	26 331
		Risk-weighted balance sheet		
598	-	Position risk for equity instruments	-	598
524	499	Risk of weaker creditworthiness at counterparty (CVA)	1 050	1 127
4 760	5 295	Operational risk	6 794	6 220
-	1 429	Transitional scheme	11 786	-
102 859	93 995	Risk-weighted balance sheet	119 124	120 189
		Buffer requirement		
4 629	4 230	Minimum requirement common equity tier 1 capital 4.5%	5 361	5 409
2 571	2 350	Capital conservation buffer 2.5%	2 978	3 005
3 086	2 820	System risk buffer 3%	3 574	3 606
	940	Countercyclical buffer 1%	1 191	
5 657	6 110	Total buffer requirement for common equity tier 1 capital	7 743	6 610
2 342	3 990	Available common equity tier 1 capital after buffer requirement	2 690	1 798
15,00 %	18,72 %	Capital ratio	16,73 %	14,53 %
13,05 %	16,09 %	of which tier 1	14,17 %	12,34 %
1,95 %	2,63 %	capital of which ratio	2,56 %	2,19 %
12,28 %	15,24 %	tier 2 capital Common	13,26 %	11,50 %
15,00 %	19,01 %	equity tier 1 capital	18,57 %	14,53 %
13,05 %	16,34 %	ratio Capital ratio	15,73 %	12,34 %
12,28 %	15,48 %	IRB Tier 1 capital	14,71 %	11,50 %
7,30 %	7,67 %	ratio IRB	6,30 %	6,11 %

NOTE 6 FINANCIAL RISK MANAGEMENT

Risk and capital management in SpareBank 1 SR-Bank should create financial and strategic added value through:

- a good risk culture characterised by a high awareness of risk management and the group's core values
- a good understanding of which risks drive earnings
- pricing activities and products in line with their underlying risk, insofar as this is possible
- having adequate financial strength based on a chosen risk profile and simultaneously striving for optimal capital allocation to the various business areas
- utilising diversification effects
- preventing single events seriously damaging the group's financial position

SpareBank 1 SR Bank bases its risk and capital management on the following main principles:

- The group's risk and capital management framework must be documented and based on the best international practices
- The group must have a management and control structure that promotes prudent, independent management and control
- The risk and capital management must form an integral part of the management and decision process in the group
- Risk and capital management in the group shall support the group's strategic development and achievement of objectives while ensuring financial stability and sound management of assets
- The group must have a good risk culture characterised by a high awareness of risk and capital management
- The board must approve the group's desired risk profile on at least an annual basis.
- The difference between group's willingness to assume risk and its capacity to assume risk must represent a buffer that is sufficient to ensure that no single events can seriously damage the group's financial position.
- The risk identification process must be implemented regularly, look forwards, and cover all significant areas of risk
- Quantification of risk must be based on recognised methods and be sufficiently conservative to properly take account of any weaknesses in the model
- Thorough analyses must be carried out of the identified risks in order to understand the risks' effects on income, costs and losses
- Effective management and control measures must be established for the individual risks based on the risk analysis – measures that reduce probability shall take precedence over measures that reduce consequences
- The group must prepare a minimum 5-year financial prognosis at least once a year, and this must as a minimum cover expected financial developments, as well as a period involving a serious financial set back – the serious financial set back must be severe, but realistic
- The return on risk-adjusted capital is one of the most important strategic performance goals in the internal management of the group.
- The group must carry out comprehensive, periodic risk follow-up and reporting

- The group shall, insofar as it is possible, price activities and products in line with the underlying risk to ensure the right level of risk is assumed
- The group must draw up robust contingency and recovery plans so it can manage critical situations in the best possible way should they arise
- The group must have clear, unambiguous definitions of the various types of risk.

SpareBank 1 SR-Bank is exposed to various types of risk:

Credit risk: the risk of loss resulting from the customer's inability or unwillingness to fulfil his obligations

Liquidity risk: the risk that the group is unable to refinance its debt or does not have the ability to fund increases in assets without significant additional costs

Market risk: the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets

Operational risk: the risk of losses due to weak or inadequate internal processes or systems, human error or external incidents

Ownership risk: the risk that SpareBank 1 SR-Bank bears if it suffers negative results from stakes in strategically owned companies and/or the need to inject fresh capital into these companies. Ownership is defined as companies in which SpareBank 1 SR-Bank has a significant stake and influence.

Compliance risk: the risk that the group incurs public sanctions/penalties or financial loss as a result of failure to comply with legislation and regulations.

Business risk: the risk of unexpected income and cost variations due to changes in external factors such as market conditions or government regulations

Reputation risk: the risk of a failure in earnings and access to capital because of lack of trust and reputation in the market, i.e. customers, counterparties, stock market and authorities

Strategic risk: the risk of losses resulting from the wrong strategic decisions

Concentration risk: the risk of an accumulation of exposure to an individual customer, sector or geographical area arising. Sectoral concentration risk is exposure that can arise across different types of risk or business areas in the group, e.g. due to common underlying risk drivers, such as the price of oil.

RISK EXPOSURE IN SPAREBANK 1 SR-BANK

SpareBank 1 SR-Bank is exposed to various types of risk and the most important risk groups are described below:

Credit risk is managed via the framework procedures for granting credit, monitoring commitments and portfolio management. The group's credit strategy comprises overriding credit strategy limits to ensure a diversified portfolio and a satisfactory risk profile.

This limits the probability of default, expected losses, risk-adjusted capital and how high the total loan exposure can be in the corporate market.

The group particularly focuses on the concentration risk associated with exposure to large individual customers and certain industries. In order to avoid undesirable concentration risk, the strategic credit limits also set restrictions in relation to exposure and risk profile at a portfolio level, and for different industries and individual customers. These restrictions are additional to the limits stipulated by the Regulation regarding Major Commitments. The group's credit policy guidelines stipulate minimum requirements that apply to all types of financing, except commitments granted as part of the exercise of special credit hedging authorities. In addition to the general credit policy guidelines, a set of more specific credit policy guidelines related to sectors or segments that can entail a special risk have been prepared. For example, in the case of financing property commitments, minimum requirements are imposed for equity, advance sales of housing projects and degree of financing in relation to rental income on rental property.

The board is responsible for the group's granting of loans and credit, but delegates the responsibility to the chief executive, within certain limits. The chief executive then delegates these within his own authority. Delegated credit authority is linked to a commitment's expected losses and the probability of default. The authority is personal. The credit review routines regulate in detail all factors related to the granting of credit by the group and follow-up of commitments.

The group utilises credit models for risk classification, risk pricing and portfolio management. The risk models are based on three main components:

- 1. Probability of default (PD):** Customers are classified into default classes based on the probability of them defaulting on their obligations during a period of 12 months, based on a long-term outcome in a complete loss cycle. The probability of default is calculated on the basis of historical series of data for financial key figures related to earnings and deterioration, as well as the basis of non-financial criteria such as conduct and age. When funding commercial property for leasing, a special credit model must be used internally that calculates the probability of default based on the expected cash flow from the leasing activities combined with behavioural criteria. Nine default classes (A – I) are used to classify the customers according to the probability of default. The group has two additional default classes (J and K) for customers with defaulted and/or written-down commitments.
- 2. Exposure at default (EAD):** This is an estimate of what the group's exposure will be were a customer to default. This exposure consists of lending volume, guarantees and approved, but not drawn limits respectively. For the retail market, approved, but not

drawn limits are multiplied by a conversion factor of 100%. For the corporate market, approved but not drawn facilities are multiplied by a conversion factor that for customers with a normal score varies between 60% - 90%, depending on the customer's probability of default. Guarantees are multiplied by a conversion factor of either 50% or 100%, depending on the type of guarantee.

- 3. Loss given default (LGD):** This is an estimate of how much the group can potentially lose if the customer defaults on his obligations. The valuation takes in account the value of underlying securities and the costs the group incurs from recovering defaulted commitments. The group sets realisation values on collateral security lodged based on experience over time, and such that these, based on a conservative assessment reflect the expected realisation value in a period of recession. Seven different classes are used (1-7) for classifying commitments in relation to loss given default.

The group continuously develops and tests the risk management system and the credit granting process to ensure that it is of high quality over time. Quantitative validation is intended to ensure that the estimates used for the probability of default, exposure at default and loss given default are always of adequately good quality. Analyses are carried out to assess the models' ability to rank the customers according to risk (discrimination ability), and the ability to determine the correct level for the risk parameters. In addition, the stability of the models' estimates and the models' cyclical sensitivity are analysed. The quantitative validation will, in certain circumstances, be supplemented by more qualitative valuations, especially if only limited statistical data is available.

In addition to the credit risk in the lending portfolio, the group has credit risk through its exposure in the liquidity reserve portfolio. This portfolio consists mainly of low risk commercial paper and bonds that qualify for loans from Norges Bank. The group is also exposed to credit risk through the portfolio in SpareBank 1 SR-Finans AS, which principally consists of leasing and car loans. The portfolio accounts for around 3 per cent of total lending exposure. For further information please see notes 7 to 14.

Liquidity risk is managed via the group's general liquidity strategy, which is reviewed and adopted by the board at least once a year. Liquidity management is based on conservative limits and reflects the group's moderate risk profile. The group's Treasury Department is responsible for liquidity management, while the Risk Management and Compliance Department monitors and reports on the utilisation of limits in accordance with the liquidity strategy.

The group's lending is mainly funded by customer deposits and long-term security debt. Liquidity risk is minimised by diversifying the securities issued in terms of markets, funding sources, instruments and maturity periods.

For further information see notes 17 and 18.

Market risk is managed through the market risk strategy, which defines the group's willingness to assume risk. The strategy and the associated specification of the necessary risk ceilings, reporting

procedures and authorities are reviewed and adopted by the board at least once a year.

Market risk in SpareBank 1 SR-Bank primarily relates to the group's long-term investments in securities. In addition, the group is exposed to some market risk through trading activities in interest rate and currency markets, as well as from activities that underpin ordinary funding and lending activities. The group's market risk is measured and monitored on the basis of conservative limits that are renewed and approved by the board at least once a year.

The size of the limits is determined on the basis of stress tests and analyses of negative market movements. The group's exposure to market risk is moderate.

Interest rate risk is the risk of losses incurred due to changes in interest rates. The group's interest rate risk is regulated by limits for maximum value change following a change in the interest rate level of 1%. The interest rate commitments for the group's instruments are mostly short-term and the group's interest rate risk is low.

Currency rate risk is the risk of losses due to fluctuations in foreign exchange rates. The group measures currency risk on the basis of net positions in the different currencies in which the group has exposure. Currency risk is regulated by nominal limits for maximum aggregate currency positions and maximum positions within individual currencies. The scope of the group's trading in foreign currency is modest and the currency rate risk is considered low.

Price risk is the risk of losses that arise following changes in the value of the group's commercial paper, bonds and equity instruments. Spread risk is defined as the risk of changes in the market value of bonds as a result of general changes in the credit spreads. Credit spread risk expresses the potential loss in the bond portfolios beyond the bankruptcy risk. Quantification of the risk-adjusted capital for spread risk in the bond portfolios is calculated based on the Financial Supervisory Authority of Norway's model for risk-based supervision of market risk in insurance companies. The group's risk exposure to this type of risk is regulated through limits for maximum investments in the different portfolios.

For more information see notes 15, 16 and 28.

Operational risk is managed via a risk strategy that is set annually by the board and which defines the group's willingness to assume risk. According to the current strategy, this requires the group to strive for a good balance between trust and control that ensures efficiency is safeguarded, at the same time as ensuring it is not exposed to unnecessary risk. The strategy includes specific limits for the level of operational risk exposure that will be permitted.

In order to ensure that the management is performed on the basis of an up-to-date and relevant risk picture, the group takes a dynamic approach to managing operation risk in which new and changed risk estimates are updated on an ongoing basis and risk reducing measures are assessed. In addition to this, a total review is conducted

each year for important business areas together with process and risk owners.

SpareBank 1 SR-Bank regards corporate culture as the most important single factor in operational risk management. Therefore, every employee in the organisation is regularly surveyed on operational risk culture. The survey has been developed as part of a research project

in collaboration with the University of Stavanger, and provides valuable insight into the group's risk culture and how it varies between units and regions. The survey was last conducted in autumn 2015.

Ownership risk is managed through limits for risk-adjusted capital that are reviewed and adopted by the Board at least once a year. Ownership is defined as companies in which SpareBank 1 SR-Bank has a significant stake and influence. SpareBank 1 SR-Bank is mainly exposed to ownership risk through its stakes in SpareBank 1 Gruppen AS (19.5%), BN Bank ASA (23.5%), SpareBank 1 Boligkreditt AS (16.7%), SpareBank 1 Næringskreditt AS (26.8%) and SpareBank 1 Kredittkort (18.1%), and SpareBank 1 Mobilbetaling (19.7%).

Compliance risk is managed via the framework regulations for compliance that are primarily based on EBA Internal Governance GL44, Basel Committee on Banking Supervision, 'Compliance and the compliance function in banks', ESMA 'Guidelines on certain aspects of the MiFID compliance function requirements ESMA/2012/388', and the Financial Supervisory Authority of Norway's 'Module for evaluating overriding management and control'. SpareBank 1 SR-Bank's compliance policy is intended to ensure the group does not incur any public sanctions/penalties, or any financial loss, due to a failure to implement or comply with legislation and regulations. The group's compliance policy is adopted by the board and describes the main principles for responsibility and organisation.

SpareBank 1 SR-Bank is cognisant of the need to have good processes to ensure compliance with legislation and regulations. Focus areas are continuous monitoring of compliance with the current regulations and ensuring that the group has adapted to future regulatory changes as best as it can.

SpareBank 1 SR-Bank's compliance function is organised independently of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the area. The investment firm and subsidiaries have their own compliance officers where this is required.

NOTE 7 FINANCIAL INSTITUTIONS - RECEIVABLES AND LIABILITIES

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
		Loans to and receivables from financial institutions		
1 480	2 212	At call	2 214	1 492
6 637	6 601	With agreed maturities or notice	770	730
8 117	8 813	Total	2 984	2 222
		Specified by the most important currencies		
6 456	8 201	NOK	2 805	1 085
914	106	EUR	106	914
608	402	USD	7	133
139	104	Other currencies	66	90
8 117	8 813	Total	2 984	2 222
2,3 %	1,8 %	Average interest rate	1,8 %	2,3 %
		Debt to financial institutions		
2 990	3 883	At call	3 176	2 984
3 130	2 110	With agreed maturities or notice	2 108	3 130
25	12	Accrued interest	12	25
6 145	6 005	Total	5 296	6 139
		Specified by the most important currencies		
1 404	3 373	NOK	2 665	1 402
4 177	1 938	EUR	1 938	4 177
538	675	USD	674	534
1	7	Other currencies	7	1
25	12	Accrued interest	12	25
6 145	6 005	Total	5 296	6 139
0,9 %	0,6 %	Average interest rate	0,6 %	0,9 %
		Received securities that can be sold or mortgaged		
		Resale agreements		
343	2 013	Certificates and bonds	2 013	343
343	2 013	Total received securities	2 013	343
		Of which received securities that are sold or mortgaged		
-	-	Certificates and bonds	-	-

Securities that are bought due to a buy back agreement are not recognised since the risks and rewards of ownership of the assets has not been transferred. Such transactions generally involve interest-bearing securities. Received securities, including collateral, are recognised off the balance sheet independent of whether the group is allowed to sell or mortgage the security. When received securities are sold, the group will recognise a liability on the balance sheet. The balance sheet item 'Loans to and receivables from financial institutions' includes receivables with resale agreements.

NOTE 8 LOANS TO CUSTOMERS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
		Distribution by type of receivable		
-	-	Financial leasing	5 183	5 194
22 193	24 808	Overdraft facilities and operating credits	25 705	22 193
4 680	3 970	Building loans	3 970	4 680
107 157	108 842	Instalment loans	119 713	108 817
423	339	Excess value of fixed-rate lending/amortisation of front-end fees	323	411
323	284	Accrued interest	296	325
134 776	138 242	Gross loans	155 190	141 620
-302	-285	Individual impairments	-315	-322
-316	-451	Impairments on groups of loans	-518	-378
134 158	137 506	Net loans	154 357	140 920
		Distribution by market		
76 107	75 719	Retail market	87 229	77 651
57 761	61 437	Corporate market	66 705	62 880
162	464	Public sector	637	353
423	339	Excess value of fixed-rate lending/amortisation of front-end fees	323	411
323	284	Accrued interest	296	325
134 776	138 242	Gross loans	155 190	141 620
-302	-285	Individual impairments	-315	-322
-316	-451	Impairments on groups of loans	-518	-378
134 158	137 506	Net loans	154 357	140 920
		Of which subordinated loan capital		
46	45	Primary capital in other financial institutions	45	46
46	45	Subordinated loan capital recording as lending	45	46
1 975	1 906	Loans to employees	2 490	2 562
775	725	Of which loans in SpareBank 1 Boligkreditt AS	945	1 005
		The terms are one percentage point lower than the standardised rate set by the Ministry of Finance.		
32 288	28 168	Loans sold to SpareBank 1 Boligkreditt	28 168	32 288
462	254	Received commissions from SpareBank 1 Boligkreditt	254	462
584	538	Loans sold to SpareBank 1 Næringskreditt	538	584
6	4	Received commissions from SpareBank 1 Næringskreditt	4	6
		Total commitment by probability of default (PD) ^{1) 2) 3) 4)}		
79 750	88 074	0.00 - 0.50%	97 124	80 331
61 960	58 193	0.50 - 2.50%	63 894	65 831
13 698	12 763	2.50 - 5.00%	14 197	14 945
9 109	8 400	5.00 - 99.9%	9 290	10 176
965	1 391	Commitments in default	1 485	1 043
165 482	168 821	Total commitments	185 990	172 326
-17 827	-19 167	Unused credit lines for customers	-19 388	-17 827
-12 879	-11 412	Guarantees	-11 412	-12 879
134 776	138 242	Gross loans	155 190	141 620
		Gross loans by probability of default (PD) ^{1) 2) 3) 4)}		
66 966	72 498	0.00 - 0.50%	81 333	67 574
48 649	47 127	0.50 - 2.50%	52 828	52 511
10 445	9 857	2.50 - 5.00%	11 288	11 687
7 075	6 805	5.00 - 99.9%	7 695	8 140
896	1 332	Commitments in default	1 427	973
746	623	Accrued interest and excess value of fixed-rate lending/amortisation of front-end fees	619	736
134 776	138 242	Gross loans	155 190	141 620

Continue note 8

Parent bank			Group	
2014	2015		2015	2014
		Individual impairments by risk class⁴⁾		
302	285	Commitments in default	315	322
302	285	Total	315	322
		Expected annual average net loss by probability of default (PD)^{1) 2) 3) 4)}		
8	9	0.00 - 0.50%	9	8
76	74	0.50 - 2.50%	79	81
69	55	2.50 - 5.00%	61	74
106	93	5.00 - 99.9%	104	119
9	13	Commitments in default	16	12
268	245	Total	269	294
		Total commitments by sector and industry		
6 991	6 124	Agriculture/forestry	6 363	7 224
738	1 119	Fisheries/fish farming	1 301	867
4 910	6 269	Mining operations/extraction	6 502	5 041
3 665	4 014	Industry	4 656	4 341
4 493	3 791	Power and water supply/building and construction	4 667	5 332
3 796	3 378	Wholesale and retail trade, hotels and restaurants	3 777	4 151
8 066	10 829	International shipping, pipe transport, other transport	11 384	8 663
36 382	35 745	Property management	35 880	36 523
8 576	8 548	Service sector	10 531	10 590
4 572	4 854	Public sector and financial services	5 027	4 763
82 189	84 671	Total industry	90 088	87 495
83 293	84 150	Retail market	95 902	84 831
165 482	168 821	Total	185 990	172 326
		Gross lending by sector and industry		
4 225	4 204	Agriculture/forestry	4 443	4 458
467	721	Fisheries/fish farming	903	596
4 210	5 097	Mining operations/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	Wholesale and retail trade, hotels and restaurants	2 578	2 529
7 642	9 112	International shipping, pipe transport, other transport	9 666	8 239
27 020	27 435	Property management	27 568	27 164
5 845	6 104	Service sector	8 113	7 859
1 686	2 037	Public sector and financial services	2 209	1 877
57 923	61 900	Total industry	67 342	63 233
76 107	75 719	Retail market	87 229	77 651
746	623	Accrued interest and excess value of fixed-rate lending/amortisation of front-end fees	619	736
134 776	138 242	Total	155 190	141 620
		Individual impairments by sector and industry		
19	19	Agriculture/forestry	20	20
-	-	Fisheries/fish farming	-	-
-	-	Mining operations/extraction	-	-
4	9	Industry	12	15
20	13	Power and water supply/building and construction	14	22
24	34	Wholesale and retail trade, hotels and restaurants	40	24
36	19	International shipping, pipe transport, other transport	19	36
115	118	Property management	121	118
43	20	Service sector	35	44
-	-	Public sector and financial services	-	-
261	232	Total industry	261	279
41	53	Retail market	54	43
302	285	Total	315	322

Continue note 8

Parent bank			Group	
2014	2015		2015	2014
Expected annual average net loss by sector and industry ^{1) 2) 3)}				
3	3	Agriculture/forestry	4	5
1	1	Fisheries/fish farming	2	2
18	17	Mining operations/extraction	17	19
17	14	Industry	18	21
60	48	Power and water supply/building and construction	52	63
20	22	Wholesale and retail trade, hotels and restaurants	24	22
18	21	International shipping, pipe transport, other transport	23	21
86	77	Property management	78	86
21	20	Service sector	25	27
7	6	Public sector and financial services	7	9
250	228	Total industry	249	273
18	17	Retail market	20	21
268	245	Total	269	294
Gross loans by geographic area				
98 672	99 150	Rogaland	111 268	103 117
12 479	12 170	Agder counties	13 719	13 102
18 618	21 757	Hordaland	24 007	19 683
1 999	2 574	International	2 610	1 999
3 008	2 591	Other	3 586	3 719
134 776	138 242	Total	155 190	141 620
Loans and receivables related to financial leasing				
Gross investments related to financial leasing				
		Up to 1 year	1 599	1 617
		Between 1 to 5 years	3 310	3 458
		Later than 5 years	444	468
		Total	5 353	5 543
Net investments related to financial leasing				
		Up to 1 year	1 441	1 427
		Between 1 to 5 years	3 088	3 168
		Later than 5 years	426	439
		Total	4 955	5 034

¹⁾ PD = probability of default

²⁾ The expected average annual net loss is the amount that the parent bank and the group statistically expect to lose on the lending portfolio over a 12-month period. The calculations are based on a long-term average over an economic cycle.

³⁾ In connection with the transition to Advanced IRB, all models were recalculated retroactively in order to produce comparable figures.

⁴⁾ In the event of a write-down, all the loan capital is moved to the default class irrespective of earlier classification.

NOTE 9 LOANS SOLD TO SPAREBANK 1 BOLIGKREDITT AND SPAREBANK 1 NÆRINGSKREDITT

Loans sold to SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS is owned by the banks that form the SpareBank 1 Alliance and is co-located with SpareBank 1 Næringskreditt AS in Stavanger. The bank owned a 16.7% stake as of 31 December 2015 (20.1% as of 31 December 2014). The purpose of the mortgage company is to ensure the alliance banks access to stable, long-term funding for home mortgages at competitive prices. Covered bonds issued by

SpareBank 1 Boligkreditt AS have an Aaa and AAA rating from Moody's and Fitch, respectively. SpareBank 1 Boligkreditt AS also issues bonds with a lower rating that are not covered bonds. SpareBank 1 Boligkreditt AS acquires loans with collateral in housing and issues covered bonds in accordance with the regulations established for this in 2007. As part of the SpareBank 1 Alliance, the bank can offer SpareBank 1 Boligkreditt AS the opportunity to buy loans and the bank sells loans to SpareBank 1 Boligkreditt AS as part of its funding strategy. Loans sold to SpareBank 1 Boligkreditt AS are secured by collateral in housing up to a ceiling of 75

Continue note 9

per cent of their valuation. The sold loans are legally owned by SpareBank 1 Boligkreditt AS and the bank has, apart from the right to administer them and receive commissions, as well as the right to take over fully or partially written down loans, no right to use the loans. At year-end 2015, the book value of transferred loans amounted to NOK 28.2 billion (NOK 32.3 billion in 2014).

The bank manages the sold loans and receives commissions based on the net return on the loan less the company's costs.

Loans sold to SpareBank 1 Næringskreditt AS

SpareBank 1 Næringskreditt AS was established in 2009 and has a licence from the Financial Supervisory Authority of Norway to operate as a mortgage company that issues covered bonds. Covered bonds issued by SpareBank 1 Næringskreditt AS have an Aaa rating from Moody's. The company is owned by the savings banks that make up the SpareBank 1 Alliance and shares premises with SpareBank 1 Boligkreditt AS in Stavanger.

SpareBank 1 SR-Bank ('the bank') owned a 26.8% stake as of 31 December 2015 (26.8% as of 31 December 2014). The purpose of the mortgage company is to ensure the alliance banks access to stable, long-term funding for commercial property at competitive prices. SpareBank 1 Næringskreditt AS acquires loans with collateral in commercial property and issues covered bonds in accordance with the regulations established for this in 2007. As part of the SpareBank 1 Alliance, the Bank can offer the company the opportunity to buy loans and the Bank sells loans as part of its funding strategy. Loans sold to SpareBank 1 Næringskreditt

AS are secured by collateral in commercial property up to a ceiling of 60% of their valuation. The sold loans are legally owned by SpareBank 1 Næringskreditt AS and the bank has, apart from the right to administer them and receive commissions for this and the right to take over fully or partially written down loans, no right to use the loans. At year-end 2015, the book value of sold loans amounted to NOK 0.54 billion (NOK 0.58 billion in 2014). The bank administers the sold loans and receives commissions based on the net return on the loans the bank has sold less the company's costs.

The loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are very well collateralised and are very unlikely to result in losses. Until the first quarter of 2015, the bank recognised the loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS in accordance with the rules for continued commitment. The fair value of the continued commitment has been calculated and is considered insignificant. The amounts are thus not recognised gross as an asset and liability in the bank's balance sheet.

In the first quarter, the agreements between the bank and SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS were amended. The new agreements apply to new loans that are sold by the bank and loans that have previously been sold by the bank. The new agreements mean that the bank has transferred practically all of the risk and benefits of ownership associated with the sold loans. The sale is therefore treated as a pure sale and the loans are thus fully eliminated from the bank's balance sheet.

NOTE 10 AGE DISTRIBUTION OF DUE BUT NOT WRITTEN DOWN LOANS

(Figures in NOK millions)

The table below shows amounts due on loans, overdrafts/deposits and by number of days after their due date that are not due to delays in payment services.

Parent bank

2015	Less than 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	1 095	32	20	92	1 239
- Corporate market ¹⁾	377	-	-	561	938
Total	1 472	32	20	654	2 178

2014

Loans to and receivables from customers					
- Retail market	1 248	44	32	136	1 460
- Corporate market	342	2	-	63	407
Total	1 590	46	32	199	1 867

Konsern

2015	Less than 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	1 100	36	24	106	1 266
- Corporate market ¹⁾	419	18	1	594	1 032
Total	1 519	54	25	701	2 299

2014

Loans to and receivables from customers					
- Retail market	1 248	52	32	161	1 493
- Corporate market	342	25	9	67	443
Total	1 590	77	41	228	1 936

¹⁾ A significant portion of the increase in overdue for more than 91 days was due to a bankruptcy relating to one commitment.

NOTE 11 IMPAIRMENT LOSSES ON LOANS AND GUARANTEES

(Figures in NOK millions)

Parent bank

	2015			2014		
	Person-marked	Bedrifts-marked	Totalt	Person-marked	Bedrifts-marked	Totalt
Impairment losses on loans and guarantees						
Change in individual impairments in the period	6	-20	-14	-4	-99	-103
Change in collective impairments in the period	5	130	135	6	63	69
Realised losses on commitments previously written down	10	61	71	15	202	217
Realised losses on commitments not previously written down	2	199	201	1	59	60
Change in impairments in repossessed assets in the period	-	1	1	-	-	-
Amortised loans	1	6	7	5	6	11
Recoveries on loans and guarantees previously written down	-18	-3	-21	-2	-4	-6
Total impairment losses on loans and guarantees	6	374	380	21	227	248
Individual impairments						
Individual impairments to cover losses on loans and guarantees as of 1 Jan	60	242	302	64	341	405
Realised losses in the period on loans and guarantees previously written down individually	-10	-61	-71	-15	-202	-217
Reversal of write-downs in previous years	-14	-88	-102	-10	-25	-35
Increase in write-downs on commitments previously written down individually	12	53	65	9	33	42
Amortised cost	-	-2	-2	-2	-	-2
Write-down of commitments not previously written down individually	22	74	96	14	95	109
Individual impairments to cover losses on loans and guarantees as of 31 Dec	70	219	288	60	242	302
Impairments on groups of loans						
Impairments to cover losses on loans and guarantees as of 1 Jan	40	276	316	34	213	247
Impairments to cover losses on loans and guarantees in the period	5	130	135	6	63	69
Collective impairments to cover losses on loans and guarantees as of 31 Jan	45	406	451	40	276	316
Impairments by sector and industry						
Agriculture/forestry		0 %	-		1 %	2
Fisheries/fish farming		0 %	-		0 %	-
Mining operations/extraction		0 %	-		0 %	-
Industry		2 %	6		0 %	1
Power and water supply/building and construction		3 %	12		8 %	21
Wholesale and retail trade, hotels and restaurants		5 %	20		10 %	25
International shipping, pipe transport, other transport		47 %	179		-1 %	-3
Property management		8 %	31		46 %	113
Service sector		-2 %	-7		3 %	8
Transferred from impairments on groups of loans		36 %	135		28 %	69
Retail market		1 %	4		5 %	12
Impairment losses on loans and guarantees		100 %	380		100 %	248
Non-performing and impaired commitments		2015	2014	2013	2012	2011
Non-performing commitments ¹⁾		829	395	804	406	384
Other impaired commitments		493	481	378	641	587
Total impaired loans		1 322	876	1 182	1 047	971
Individual impairments		-288	-302	-405	-437	-357
Net impaired commitments		1 034	574	777	610	614

Continue note 11

Group

	2015			2014		
	Person-marked	Bedrifts-marked	Totalt	Person-marked	Bedrifts-marked	Totalt
Impairment losses on loans and guarantees						
Change in individual impairments in the period	6	-10	-4	-4	-120	-124
Change in collective impairments in the period	8	132	140	8	67	75
Realised losses on commitments previously written down	11	67	78	15	214	229
Realised losses on commitments not previously written down	18	205	223	6	68	74
Change in impairments in repossessed assets in the period	-	1	1	-	-	-
Amortised loans	1	6	7	5	6	11
Recoveries on loans and guarantees previously written down	-22	-4	-25	-3	-5	-8
Total impairment losses on loans and guarantees	22	397	420	27	230	257
Individual impairments						
Individual impairments to cover losses on loans and guarantees as of 1 Jan	60	262	322	64	382	446
Realised losses in the period on loans and guarantees previously written down individually	-10	-68	-78	-15	-213	-228
Reversal of write-downs in previous years	-14	-93	-107	-10	-44	-54
Increase in write-downs on commitments previously written down individually	12	53	65	9	33	42
Amortised cost	-	-2	-2	-2	-	-2
Write-down of commitments not previously written down individually	22	96	117	14	105	118
Individual impairments to cover losses on loans and guarantees as of 31 Dec	70	248	318	60	263	322
Impairments on groups of loans						
Impairments to cover losses on loans and guarantees as of 1 Jan	50	328	378	41	261	302
Impairments to cover losses on loans and guarantees in the period	8	132	140	8	67	75
Collective impairments to cover losses on loans and guarantees as of 31 Jan	58	460	518	50	328	378
Impairments by sector and industry						
Agriculture/forestry		0 %	2	1 %		2
Fisheries/fish farming		0 %	-	0 %		-
Mining operations/extraction		0 %	-	0 %		-5
Industry		1 %	3	0 %		5
Power and water supply/building and construction		3 %	13	8 %		22
Wholesale and retail trade, hotels and restaurants		6 %	27	10 %		26
International shipping, pipe transport, other transport		43 %	179	-1 %		-6
Property management		7 %	30	46 %		112
Service sector		2 %	10	3 %		8
Transferred from impairments on groups of loans		33 %	140	28 %		75
Retail market		4 %	16	5 %		18
Impairment losses on loans and guarantees		100 %	420	100 %		257
Non-performing and impaired commitments		2015	2014	2013	2012	2011
Non-performing commitments ¹⁾		853	427	830	460	415
Other impaired commitments		548	513	439	589	696
Total impaired loans		1 401	940	1 269	1 049	1 111
Individual impairments		-318	-322	-446	-424	-420
Net impaired commitments		1 083	618	823	625	691

The interest on commitments with an impairment as of 31 December 2015 that was recognised as income in 2015 amounted to NOK 3 million in the bank and NOK 2 million in the group.

The fair value of the collateral related to loans and receivables that are the object of individual write-downs is equal to the book value plus the impairment. The collateral is in the form of cash, securities, guarantees and properties.

¹⁾ A significant portion of the non-performing commitment in 2015 was due to a bankruptcy relating to one commitment.

NOTE 12 CREDIT RISK EXPOSURE FOR EACH INTERNAL RISK CLASS

(Amounts in NOK millions)

	Average unsecured exposure	Total commitments	Average unsecured exposure	Total commitments
	2015		2014	
Parent bank				
Probability of default (PD) ¹⁾				
0.00 - 0.50%	17,0 %	88 074	16,4 %	79 750
0.50 - 2.50%	28,1 %	58 193	27,5 %	61 960
2.50 - 5.00%	31,4 %	12 763	36,4 %	13 698
5.00 - 99.9%	28,8 %	8 400	32,8 %	9 109
Non-performing and written down	46,8 %	1 391	48,6 %	965
Total	22,7 %	168 821	23,3 %	165 482
Group				
Probability of default (PD) ¹⁾				
0.00 - 0.50%	17,0 %	97 124	16,5 %	80 331
0.50 - 2.50%	28,1 %	63 894	27,5 %	65 831
2.50 - 5.00%	31,0 %	14 197	35,2 %	14 945
5.00 - 99.9%	29,6 %	9 290	33,3 %	10 176
Non-performing and written down	46,3 %	1 485	48,1 %	1 043
Total	23,1 %	185 990	23,6 %	172 326

¹⁾ PD = probability of default

The change in the figures reported for 2014 is due to new parameters being implemented for security values after SpareBank 1 SR-Bank received permission to use Advanced IRB in 2015. The portfolio's history was recalculated to produce comparable figures.

NOTE 13 MAXIMUM CREDIT RISK EXPOSURE

(Figures in NOK millions)

Maximum exposure to credit risk for balance sheet components, including derivatives.**Exposure is shown gross before assets pledged as security and permitted offsetting.**

Parent bank			Group	
2014	2015		2015	2014
		Assets		
1 610	728	Receivables from the central bank	728	1 610
8 117	8 813	Lending to and deposits with credit institutions	2 984	2 222
134 158	137 506	Loans to and receivables from customers	154 357	140 920
15 248	20 314	Certificates and bonds	19 533	15 261
7 344	6 133	Derivatives	6 135	7 340
166 477	173 494	Total credit risk exposure balance sheet items	183 737	167 353
		Financial guarantees and loan commitments		
12 879	11 412	Guarantees issued	11 412	12 879
122	5 532	Unused credit lines for financial institutions	-	-
17 827	19 167	Unused credit lines for customers	19 388	17 827
1 653	1 723	Loan commitments	1 807	1 777
32 481	37 834	Total financial guarantees and loan commitments	32 607	32 483
198 958	211 328	Total credit risk exposure	216 344	199 836

Credit risk exposure related to financial assets by geographic area

Parent bank			Group	
2014	2015	Banking operations	2015	2014
130 328	134 770	Rogaland	135 678	128 656
15 361	14 891	Agder counties	16 474	15 983
23 039	26 709	Hordaland	28 895	24 140
2 464	3 154	International	3 137	2 441
5 174	5 357	Other	6 492	6 015
176 366	184 881	Total banking operations	190 676	177 235
7 954	10 546	Market activities	9 765	7 967
6 719	9 608	Norway	9 608	6 719
575	160	Europe/Asia	160	575
15 248	20 314	North America/Oceania	19 533	15 261
		Total market activities		
7 344	6 133	Derivatives	6 135	7 340
198 958	211 328	Total by geographic area	216 344	199 836

NOTE 14 CREDIT QUALITY PER CLASS OF FINANCIAL ASSET

(Figures in NOK millions)

The bank manages the credit quality of financial assets in accordance with its internal credit rating guidelines. The table shows the credit quality per class of asset for loan-related assets in the balance sheet, based on the customer's probability of default in % (PD).

Parent bank

2015	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 5,00 %	5,00 - 99,99 %	Commitment	Impairments	Total
Net loans							
Lending to and deposits with credit institutions	8 813	-	-	-	-	-	8 813
Loans to and receivables from customers							
- Retail market	57 108	15 757	1 079	1 489	286	-98	75 621
- Corporate market	15 494	31 295	8 763	5 304	1 044	-638	61 262
- Accrued interest and excess value of fixed-rate lending/amortisation of front-end fees	-	-	-	-	-	-	623
Total net loans	81 414	47 052	9 842	6 793	1 330	-736	146 319
Financial investments							
Norwegian government bonds	-	-	-	-	-	-	-
Listed certificates and bonds	18 726	86	39	202	-	-	19 053
Unlisted certificates and bonds	1 128	-	-	-	-	-	1 128
Accrued interest	-	-	-	-	-	-	133
Total financial investments	19 854	86	39	202	-	-	20 314
Total loan-related assets	101 268	47 138	9 881	6 995	1 330	-736	166 633

Parent bank

2014							
Net lending ¹⁾							
Lending to and deposits with credit institutions	8 117	-	-	-	-	-	8 117
Loans to and receivables from customers							
- Retail market	54 174	18 543	1 372	1 706	312	-86	76 021
- Corporate market	12 790	30 107	9 073	5 369	584	-532	57 391
- Accrued interest and excess value of fixed-rate lending/amortisation of front-end fees	-	-	-	-	-	-	746
Total net loans	75 081	48 650	10 445	7 075	896	-618	142 275
Financial investments							
Norwegian government bonds	-	-	-	-	-	-	-
Listed certificates and bonds	14 057	144	52	227	-	-	14 480
Unlisted certificates and bonds	620	-	-	45	-	-	665
Accrued interest	-	-	-	-	-	-	103
Total financial investments	14 677	144	52	272	-	-	15 248
Total loan-related assets	89 758	48 794	10 497	7 347	896	-618	157 523

Continue note 14

Group

2015	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 5,00 %	5,00 - 99,99 %	Commitment	Impairments	Total
Net loans							
Lending to and deposits with credit institutions	2 984	-	-	-	-	-	2 984
Loans to and receivables from customers							
- Retail market	65 195	18 782	1 279	1 666	307	-110	87 119
- Corporate market	16 585	33 724	9 940	5 982	1 111	-723	66 619
- Accrued interest and excess value of fixed-rate lending/amortisation of front-end fees	-	-	-	-	-	-	619
Total net loans	84 764	52 506	11 219	7 648	1 418	-833	157 341
Financial investments							
Norwegian government bonds	-	-	-	-	-	-	-
Listed certificates and bonds	17 944	86	39	202	-	-	18 271
Unlisted certificates and bonds	1 128	-	-	-	-	-	1 128
Accrued interest	-	-	-	-	-	-	133
Total financial investments	19 072	86	39	202	-	-	19 533
Total loan-related assets	103 836	52 593	11 258	7 850	1 418	-833	176 874

Group

2014

Net lending ¹⁾							
Lending to and deposits with credit institutions	2 222						2 222
Loans to and receivables from customers							
- Retail market	54 178	19 852	1 484	1 801	336	-96	77 555
- Corporate market	13 763	32 396	10 144	6 298	632	-604	62 629
- Accrued interest and excess value of fixed-rate lending/amortisation of front-end fees	-	-	-	-	-	-	736
Total net loans	70 163	52 248	11 628	8 099	968	-700	143 142
Financial investments							
Norwegian government bonds	-	-	-	-	-	-	-
Listed certificates and bonds	14 057	144	52	227	-	-	14 480
Unlisted certificates and bonds	620	-	-	58	-	-	678
Accrued interest	-	-	-	-	-	-	103
Total financial investments	14 677	144	52	285	-	-	15 261
Total loan-related assets	84 840	52 392	11 680	8 384	968	-700	158 403

Classification of financial investments:

Bonds are allocated to SpareBank 1 SR-Bank's estimated PD based on external ratings. If a security has an official rating, this must be applied, but if no official rating exists, external brokers' shadow ratings are used as the basis for risk classification. The list below illustrates the relationship between SpareBank 1 SR-Bank's PD and Standard & Poor's rating matrix (Long-Term Credit Ratings).

Bankens risikoklassifisering	S&P rating
PD 0,00 - 0,50 %	AAA til BBB-
PD 0,50 - 2,50 %	BB+ til BB-
PD 2,50 - 5,00 %	B+
PD 5,00 - 99,99 %	B and lower

¹⁾ The change in the figures reported for 2014 is due to new parameters being implemented for security values after SpareBank 1 SR-Bank received permission to use Advanced IRB in 2015. The portfolio's history was recalculated to produce comparable figures.

NOTE 15 MARKET RISK RELATED TO INTEREST RATE RISK

(Figures in NOK millions)

The table specifies the effect on the result of a positive parallel shift in the interest rate curve of 1 percentage point at the end of the last 2 years before tax if all financial instruments are measured at fair value.

Parent bank			Group	
2014	2015		2015	2014
-20	-21	Certificates and bonds	-21	-20
-13	-13	Fixed-rate loans to customers	-13	-13
-79	-86	Other loans and deposits	-86	-79
92	88	Securities issued	99	92
2	1	Other	1	2
-18	-31	Total interest rate risk	-20	-18
		Maturity bands		
-25	-27	0 - 3 months	-16	-25
-10	-15	3 - 6 months	-15	-10
6	5	6 - 9 months	5	6
7	8	9 - 12 months	8	7
3	5	12 - 18 months	5	3
6	-	18 - 24 months	-	6
-6	-7	2 - 10 years	-7	-6
1	-	10 years +	-	1
-18	-31	Total interest rate risk	-20	-18
		Currency		
-14	15	NOK	26	-14
-1	-31	EUR	-31	-1
-8	-11	USD	-11	-8
6	-1	CHF	-1	6
-1	-3	Other	-3	-1
-18	-31	Total interest rate risk	-20	-18

Interest rate risk arises because the Group's assets and liabilities may be subject to different fixed-rate periods. Interest rate instrument trading must at all times comply with the adopted limits and authorities. The group's limits define quantitative targets for the maximum potential loss. The commercial risk is quantified and monitored continuously.

The group's general limits for interest rate risk define the maximum loss from a 1 percentage point change in interest rates. The maximum loss following a 1% change in interest rates totals NOK 95 million with NOK 30 million of the total balance in SR-Bank Markets and NOK 65 million of the total balance in Treasury.

NOTE 16 MARKET RISK RELATED TO CURRENCY RISK

(Figures in NOK millions)

The table shows net foreign currency exposure including financial derivatives as of 31 December, calculated in accordance with section 38-3 of the Capital Requirements Regulations.

Parent bank			Group	
2014	2015		2015	2014
		Currency		
1	-46	EUR	-46	1
1	4	USD	4	1
-	-2	CHF	-2	-
-	1	GBP	1	-
-2	-48	SEK	-48	-2
-4	1	Other	1	-4
-4	-90	Total	-90	-4
0,1	2,7	Effect on result of 3% change before tax	2,7	0,1

Currency risk arises when differences exist between the group's assets and liabilities in the individual currency. Currency trading must at all times comply with the adopted limits and authorities. The group's limits define quantitative targets for the maximum net exposure in currency, measured in NOK.

The commercial risk is quantified and monitored continuously.

The group has defined limits for the net exposure in each currency, as well as limits for aggregated net currency exposure (expressed as the highest of the sum of long and short positions). The overnight price risk for spot trading in currencies must not exceed NOK 100 million per individual currency, and NOK 175 million in aggregate.

NOTE 17 LIQUIDITY RISK

(Figures in NOK millions)

The table shows cash flows including contractual interest maturity.

Parent bank ¹⁾

2015	Upon request	Under 3 months	3 12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	3 207	1 643	2	1 172	-	6 024
Deposits from customers	85 575	1 656	2 401	-	-	89 632
Securities issued	-	2 596	11 713	36 139	14 373	64 821
Subordinated loan capital	-	23	777	3 016	-	3 816
Total liabilities	88 782	5 918	14 893	40 327	14 373	164 293
Derivatives						
Contractual cash flows out	-	-25 140	-15 789	-12 249	-4 850	-58 028
Contractual cash flows in	-	25 983	16 080	13 850	5 257	61 170

2014

Debt to financial institutions	3 016	1 588	454	7	1 091	6 156
Deposits from customers	77 908	2 067	1 748	-	-	81 723
Securities issued	-	5 334	1 827	41 917	17 632	66 710
Subordinated loan capital	-	25	140	3 326	-	3 491
Total liabilities	80 924	9 014	4 169	45 250	18 723	158 080
Derivatives						
Contractual cash flows out	-	-14 769	-5 372	-13 541	-8 246	-41 928
Contractual cash flows in	-	14 393	4 768	12 298	7 935	39 394

Group ¹⁾

2015						
Debt to financial institutions	2 498	1 643	2	1 172	-	5 315
Deposits from customers	85 387	1 656	2 401	-	-	89 444
Securities issued	-	2 611	11 784	45 793	14 373	74 561
Subordinated loan capital	-	23	777	3 016	-	3 816
Total liabilities	87 885	5 933	14 964	49 981	14 373	173 136
Derivatives						
Contractual cash flows out	-	-25 164	-15 860	-22 143	-4 850	-68 017
Contractual cash flows in	-	25 985	16 109	23 577	5 257	70 928

2014

Debt to financial institutions	3 010	1 588	454	7	1 091	6 150
Deposits from customers	77 674	2 067	1 748	-	-	81 489
Securities issued	-	5 334	1 827	41 917	17 632	66 710
Subordinated loan capital	-	25	140	3 326	-	3 491
Total liabilities	80 684	9 014	4 169	45 250	18 723	157 840
Derivatives						
Contractual cash flows out	-	-14 557	-5 372	-13 541	-8 246	-41 716
Contractual cash flows in	-	14 392	4 766	12 085	7 935	39 178

¹⁾ Also see note 6 financial risk management.

NOTE 18 MATURITY ANALYSIS OF ASSETS AND DEBT/LIABILITIES

(Figures in NOK millions)

Parent bank

31 December 2015	Upon request ¹⁾	Under 3 months	3 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and receivables from the central bank	203	728	-	-	-	931
Lending to and deposits with credit institutions	6 470	2 213	-	-	130	8 813
Gross loans to customers	51 422	1 825	4 171	15 966	64 858	138 242
- Individual impairments	-285	-	-	-	-	-285
- Impairments on groups of loans	-451	-	-	-	-	-451
Loans to customers	50 686	1 825	4 171	15 966	64 858	137 506
Certificates and bonds at fair value	126	1 865	4 139	13 120	1 064	20 314
Financial derivatives	785	915	561	2 067	1 805	6 133
Equities, units and other equity interests	300	-	-	-	-	300
Operations that will be sold	168	-	-	-	-	168
Investments in ownership interests	3 172	-	-	-	-	3 172
Investments in group companies	2 698	-	-	-	-	2 698
Tangible fixed assets and intangible assets	344	-	-	-	-	344
Other assets	1 963	-	-	-	-	1 963
Total assets	66 915	7 546	8 871	31 153	67 857	182 342
Liabilities						
Debt to financial institutions	4 134	717	-	-	1 154	6 005
Deposits from customers	85 575	1 656	2 401	-	-	89 632
Securities issued	793	96	11 603	36 458	14 388	63 338
Financial derivatives	273	319	365	1 141	781	2 879
Payable tax	544	-	-	-	-	544
Deferred tax liabilities	643	-	-	-	-	643
Other liabilities	708	-	-	-	-	708
Subordinated loan capital	12	-	-	-	3 447	3 459
Total liabilities	92 682	2 788	14 369	37 599	19 770	167 208

Continue note 18

Group

31 December 2015	Upon request ¹⁾	Under 3 months	3 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and receivables from the central bank	203	728	-	-	-	931
Lending to and deposits with credit institutions	1 204	1 780	-	-	-	2 984
Gross loans to customers	52 330	1 961	4 681	21 245	74 973	155 190
- Individual impairments	-315	-	-	-	-	-315
- Impairments on groups of loans	-518	-	-	-	-	-518
Loans to customers	51 497	1 961	4 681	21 245	74 973	154 357
Certificates and bonds at fair value	126	1 865	4 139	12 332	1 071	19 533
Financial derivatives	841	908	561	2 057	1 768	6 135
Equities, units and other equity interests	441	-	-	-	-	441
Operations that will be sold	168	-	-	-	-	168
Investments in ownership interests	4 792	-	-	-	-	4 792
Investments in group companies	-	-	-	-	-	-
Tangible fixed assets and intangible assets	465	-	-	-	-	465
Other assets	2 243	-	-	-	-	2 243
Total assets	61 980	7 242	9 381	35 634	77 812	192 049
Liabilities						
Debt to financial institutions	3 425	717	-	-	1 154	5 296
Deposits from customers	85 387	1 656	2 401	-	-	89 444
Securities issued	835	96	11 603	45 057	14 388	71 979
Financial derivatives	273	319	365	1 048	781	2 786
Payable tax	637	-	-	-	-	637
Deferred tax liabilities	654	-	-	-	-	654
Other liabilities	880	-	-	-	-	880
Subordinated loan capital	12	-	-	-	3 447	3 459
Total liabilities	92 103	2 788	14 369	46 105	19 770	175 135

¹⁾Overdraft facilities and operating credits (including flexi loans) and accrued interest are included in the 'upon request' interval.

Non-financial assets and liabilities have for presentation purposes been added to the 'upon request' column.

Deposits, with the exception of fixed-rate deposits, have been added to the 'upon request' column but there is no expectation that all deposits would have to be settled within a short space of time.

NOTE 19 NETTO RENTEINNTÆKTER

(Figures in NOK millions)

Parent bank						Group					
2014			2015			2015			2014		
Measured at fair value	Measured at amortised cost	Total	Measured at fair value	Measured at amortised cost	Total	Total	Measured at amortised cost	Measured at fair value	Total	Measured at amortised cost	Measured at fair value
Interest income											
-	205	205	-	197	197	50	50	-	43	43	-
442	4 736	5 178	422	4 370	4 792	5 298	4 876	422	5 558	5 116	442
435	45	480	407	-	407	402	-	402	480	45	435
-	55	55	-	3	3	2	2	-	56	56	-
877	5 041	5 918	829	4 570	5 399	5 752	4 928	824	6 137	5 260	877
Interest costs											
425	54	479	549	42	591	586	40	546	498	73	425
-	1 759	1 759	-	1 355	1 355	1 350	1 350	-	1 734	1 734	-
-355	1 576	1 221	-474	1 442	968	1 024	1 504	-480	1 224	1 579	-355
-21	234	213	-23	160	137	137	160	-23	213	234	-21
-	64	64	-	62	62	62	62	-	64	64	-
49	3 687	3 736	52	3 061	3 113	3 159	3 116	43	3 733	3 684	49
828	1 354	2 182	777	1 509	2 286	2 593	1 812	781	2 404	1 576	828
Net interest income											
						2 593	1 812	781	2 404	1 576	828

NOTE 20 NET COMMISSIONS AND OTHER OPERATING INCOME

(Figures in NOK millions)

Parent bank			Group		
2014	2015		2015	2014	
111	134	Guarantee commissions	128	103	
12	10	Interbank commissions	10	12	
17	18	Securities trading	18	16	
-	-	Management	92	83	
113	124	Brokerage commissions	82	76	
468	258	Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	258	468	
292	291	Payment systems	290	292	
173	187	Insurance services	191	177	
133	104	Other commissions	153	143	
-	-	Property sales	383	434	
1 319	1 126	Total commissions	1 605	1 804	
8	7	Interbank commissions	7	8	
63	60	Payment systems	60	63	
2	3	Other commission costs	11	7	
73	70	Total commission costs	78	78	
5	6	Operating income from investment properties	5	5	
1	-	Other operating income	-	1	
6	6	Total other operating income	5	6	
1 252	1 062	Net commissions and other operating income	1 532	1 732	

NOTE 21 NET INCOME/LOSSES FROM FINANCIAL INSTRUMENTS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
122	-79	Net gains/losses on equity instruments	-39	233
-92	-274	Net gains/losses on bonds and certificates	-275	-92
41	91	Net derivatives, bonds and certificates	91	41
-	-66	Net counterparty risk, inclusive of CVA	-66	-
6	-35	Net derivatives, fixed-rate	-35	6
-72	-	Net derivatives, debt	-	-72
12	85	Net derivatives, basis swap spread	85	12
108	105	Net gain currency	104	108
125	-173	Net income/losses from financial investments	-135	236

NOTE 22 REMUNERATION STATEMENT, PAYROLL COSTS AND BENEFITS FOR EXECUTIVE PERSONNEL AND ELECTED REPRESENTATIVES

THE BOARD'S STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

SpareBank 1 SR Bank ASA's remuneration policy

SpareBank 1 SR-Bank ASA has established a remuneration scheme that applies to all employees.

The group's remuneration scheme shall:

- be consistent with the group's overall objectives, risk tolerance and long-term interests
- help promote and encourage good management and control of the group's risk
- counter overly high or undesirable risk taking
- help to avoid conflicts of interest
- comply with the Regulation on Remuneration Schemes in Financial Institutions, Investment Firms and Management Companies of 1 December 2010.

The total remuneration shall be competitive but the group shall not be a wage leader. It shall ensure that the group attracts, develops and retains competent employees over time. The arrangements will ensure a reward model that is perceived to be fair, predictable and future-oriented and motivating.

Decision process

The board of SpareBank 1 SR-Bank ASA has established a remuneration committee consisting of three board members, one of which is an employee representative.

The Remuneration Committee prepares matters for the Board and is mainly responsible for:

- annually reviewing and proposing the total salary and remuneration for the chief executive
- annually considering proposals for corporate scorecard (chief executive's scorecard)
- annually considering the group's remuneration scheme, including strategy and guiding principles for variable remuneration
- advising the chief executive on matters relating to remuneration and other key benefits and other personnel-related issues for the group's executive personnel
- ensuring that the practice of the group's remuneration arrangements are reviewed annually by an independent control function
- preparing a statement on the fixing of salaries and other remuneration to executive personnel (ref. section 6-16 a of the Public Limited Liability Companies Act)
- considering other conditions as determined by the board and/or remuneration committee
- reviewing other personnel-related matters concerning the Group's remuneration scheme that are likely to involve significant reputation risk

Guidelines for the coming financial year

CEO's remuneration

The chief executive's salary and other financial benefits shall be fixed annually by the board based on the recommendation of the remuneration committee. The assessment is based on results achieved, individual performance and the development of pay in comparable positions.

Variable compensation can be earned annually, but must be based on goals achieved in the last two years. The chief executive can receive group bonuses on a par with other employees in the group. Any variable remuneration, including group bonuses, may amount to up to 25% of fixed salary including holiday pay. No performance-based benefits are paid over and above the said schemes. Variable pay is not included in pensionable salary. Variable pay cannot be awarded to the chief executive if no group bonus is paid.

Half of the variable remuneration, with the exception of the group bonus, is paid in the form of shares in SpareBank 1 SR-Bank ASA, where 1/3 of the shares can be awarded in each of the next three years. That part of the variable remuneration that is paid in shares can be reduced if subsequent results and developments indicate it was based on incorrect assumptions.

The chief executive may also receive benefits in kind to the extent that the benefits are related to the chief executive's function in the group and are in line with market practice in general.

A lifelong pension agreement has been concluded with the chief executive in which the retirement age is at the end of the year in which the chief executive turns 64. The annual service pension up until when the chief executive turns 67 amounts to 67% of pensionable pay. From the age of 67, the chief executive will receive a supplementary retirement pension which, together with the SpareBank 1 SR-Bank's pension fund, pension from the National Insurance Scheme and statutory early retirement pension (AFP) will constitute 67% of pensionable pay, assuming full earning period.

The chief executive has no agreement concerning termination benefits if he leaves his post prior to reaching retirement age.

Remuneration of other executive personnel

The chief executive fixes the remuneration of executive personnel based on the limits discussed by the remuneration committee and guidelines adopted by the board.

Salaries are fixed after considering the performance and conditions in the market for the various areas. Salaries should promote good performance and ensure that the group achieves its strategic goals. Remuneration should not be detrimental to the Group's reputation nor shall the Group be a market leader. Salaries should ensure that the group has the ability to attract and retain executives with the skills and experience required.

Variable remuneration is determined on the basis of the group's achieved return on equity and other targets set in the balanced scorecard. Variable compensation can be earned annually, but must be based on goals achieved in the last two years. Executive

personnel may receive a group bonus on a par with other employees. Any variable pay, including group bonuses, may amount to up to 25% of fixed salary including holiday pay. Variable pay cannot be awarded if no group bonus is paid. No performance-based

benefits are paid over and above the said schemes. Variable pay is not included in pensionable salary. The executive vice president, risk management and compliance and the executive vice president organisation and HR receive no variable remuneration beyond group bonuses.

Half of the variable remuneration, with the exception of the group bonus, is paid in the form of shares in SpareBank 1 SR-Bank ASA, where 1/3 of the shares can be awarded in each of the next three years. That part of the variable remuneration that is paid in shares can be reduced if subsequent results and developments indicate it was based on incorrect assumptions. Benefits in kind can be offered to executive personnel to the extent that benefits are linked to each function in the group and are in line with market practice in general.

The pension schemes should be seen in the context of other remuneration and should provide competitive terms. Members of the executive management team have a retirement age of 62 years, with the exception of the two last members to be employed, who have a retirement age of 67. The executive management team, with the exception of the last two members to be employed, will, from the age of 67, receive a supplementary retirement pension which, together with the SpareBank 1 SR-Bank's pension fund, pension from former employees, pension from the National Insurance Scheme and statutory early retirement pension (AFP) will constitute 70% of pensionable pay, assuming full earning period. The scheme was changed for new members from and including 2011. In other words, the pension basis of members of the executive management team who were appointed after this date is limited to 12G. From and including 2016, SpareBank 1 SR-Bank changed its pension scheme from a defined benefit scheme to a defined contribution scheme. The contribution rates are 7% of the pension basis up to 7.1G and 22% of the pension basis between 7.1G and 12G (where G = the National Insurance basic amount). Members of the executive management team who have a retirement age of 62 years are entitled to a pension equivalent to 70% of pensionable income in the form of service pension, from age 62 to age 67.

No executive personnel have an agreement concerning termination benefits upon leaving his/her post prior to reaching retirement age.

Remuneration paid to executive personnel with supervision duties

The remuneration paid to executive personnel with supervision duties must be independent of the results of the operations they supervise.

Employees with control functions do not receive variable remuneration beyond group bonuses.

Remuneration for employee representatives and other employees with remuneration equivalent to executive personnel

The remuneration will comply with the aforementioned guidelines for executive personnel.

Group bonus

The group has a bonus scheme which includes all employees. Group bonuses are set at an equal percentage of salary, and can, as a maximum, amount to 1.5 month's salary.

The group bonus is set by the board based on the financial targets achieved. The group bonus is paid entirely in cash.

Binding guidelines for shares, subscription rights, options, etc. for the coming financial year

The chief executive and executive management team are able to participate in private placements for employees on an equal footing with other employees.

Of the variable pay earned in 2015 by the chief executive and other employees subject to the regulations governing remuneration in financial institutions, half of the variable remuneration, with the exception of the group bonus, will be paid in the form of a promise of shares in SpareBank 1 SR-Bank ASA. 1/3 of the shares will be awarded in each of the next 3 years.

Report on executive pay policy in the preceding financial year

The board confirms that the guidelines provided in last year's statement on executive personnel pay for 2015 have been followed.

Continue note 22

PERSONNEL COSTS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
655	632	Salaries	851	888
102	-102	Pension costs (note 24)	-95	125
86	91	Social security costs	128	119
57	48	Other personnel costs	61	70
900	669	Total personnel costs	945	1 202
973	945	Average no. of employees	1 233	1 249
866	870	No. of full-time equivalents as of 31 Dec	1 161	1 106
958	937	No. of employees as of 31 Dec	1 249	1 220
165 890	124 581	Outstanding no. of shares from bonus share programme	131 098	174 477
-	-	Outstanding fund units from bonus share programme	288	-

Benefits for executive management team

(Amounts in NOK)

2015		Salary ¹⁾	Short-term benefits ¹⁾	Other remuneration ¹⁾	Earned bonus in current year ¹⁾		Earned pension rights	Pension costs		Loans	No. of shares ³⁾	Outstanding no. of shares from bonus share programme
					Total	benefits						
	Arne Austreid	3 427	11	132	659	4 230	9 668	2 057	1 034	73 662	9 169	
	Inge Reinertsen	2 062	6	273	306	2 647	10 054	763	7 930	63 837	6 090	
	Tore Medhus	2 063	7	241	306	2 617	15 054	755	5 780	35 438	6 105	
	Jan Friestad	2 028	7	225	301	2 561	3 718	163	8 722	31 372	5 900	
	Glenn Sæther	1 763	5	188	261	2 217	6 455	1 075	4 575	14 649	5 137	
	Thor-Christian Haugland	1 503	6	175	223	1 907	8 843	661	2 920	13 648	4 435	
	Frode Bø ²⁾	1 760	-	314	21	2 094	10 942	728	-	16 268	865	
	Inglen Haugland ²⁾ (from 1.2.2015)	1 419	14	164	18	1 615	4 928	179	3 325	25 301	-	
	Wenche Drønen											
	Christenssen ²⁾ (until 31.1.2015)	115	-	30		145						
2014												
	Arne Austreid	3 405	49	135	824	4 413	8 787	1 855	1 218	16 999	7 993	
	Stian Helgøy (until 25.8.2014)	1 329	3	150	382	1 864		366				
	Stig Eriksen (from 25.8.2014 until 31.10.2014)	524	-	32	230	786		32				
	Inge Reinertsen	1 990	8	269	482	2 749	10 575	644	7 860	40 822	5 696	
	Tore Medhus	1 992	17	240	482	2 731	15 906	654	9 143	32 299	5 822	
	Jan Friestad	1 952	12	210	474	2 648	4 532	136	9 000	28 508	5 421	
	Glenn Sæther	1 697	3	206	412	2 317	6 517	769	4 281	12 137	4 737	
	Thor-Christian Haugland	1 450	33	175	351	2 009	9 396	575	3 017	11 456	4 141	
	Frode Bø ²⁾	1 767	11	303	107	2 119	10 262	629	1 953	14 452	2 533	
	Wenche Drønen Christenssen ²⁾	1 491	13	374	91	1 969	7 105	720	6 074	11 000	4 293	

For further information on the remuneration of executive personnel, reference is made to the board's statement on the remuneration of executive personnel.

¹⁾ Benefits are recognised as costs in the current year.

²⁾ Employees with control functions do not receive variable remuneration beyond group bonuses.

³⁾ No. of shares the person owns in SpareBank 1 SR-Bank as of 31 December. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act.

Continue note 22

Remuneration of the Board and Audit Committee

(Amounts in NOK 1 000s)

		Fees	Other remuneration	Loans	No. of shares ⁴⁾
2015					
Ingvald Løyning	Chair	413	-	-	41 052
Kate Henriksen ^(from 4.6.2015)	Board member	113	18	-	-
Gunn-Jane Håland ^(until 4.6.2015)	Board member	100	22	-	-
Birthe Cecilie Lepsøe	Board member	213	85	-	-
Erling Øverland ⁵⁾	Board member	213	70	-	28 935
Odd Torland	Board member	213	33	-	-
Siv Juvik Tveitnes	Board member	213	46	-	-
Tor Dahle ⁵⁾	Board member	213	1 197	1 810	72 462 443
Sally Lund-Andersen	Board member (employee)	213	840	3 269	941
Oddvar Rettedal	Board member (employee)	213	940	833	8 313
Odd Jo Forsell	Chair, Control Committee	140	-	2 841	-
Vigdis Wiik Jacobsen	Member, Control Committee	90	-	-	18 581
Egil Fjogstad	Member, Control Committee	90	-	-	2 565 000
2014					
Ingvald Løyning ^(from 5.6.2014)	Chair	200	-	3 459	41 052
Kristian Eidesvik ^(until 5.6.2014)	Chair	200	24	-	-
Gunn-Jane Håland	Board member	200	28	455	-
Birthe Cecilie Lepsøe	Board member	200	60	-	-
Erling Øverland ⁵⁾	Board member	200	68	-	18 935
Catharina Hellerud ^(til 5.6.2014)	Board member	100	28	-	-
Odd Torland	Board member	200	18	-	-
Siv Juvik Tveitnes ^(fra 5.6.2014)	Board member	100	35	-	-
Tor Dahle ⁵⁾	Board member	200	1 115	3 887	72 462 175
Sally Lund-Andersen	Board member (employee)	200	818	2 398	2 194
Oddvar Rettedal	Board member (employee)	200	871	1 259	8 089
Odd Jo Forsell	Chair, Control Committee	140	-	2 615	-
Vigdis Wiik Jacobsen	Member, Control Committee	90	-	-	18 581
Egil Fjogstad	Member, Control Committee	90	7	-	2 525 000

⁴⁾ No. of shares the person owns in SpareBank 1 SR-Bank as of 31 December. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act. In addition to this, the shares of the institution the individual representative was elected on behalf of are included.

⁵⁾ Erling Øverland is a member of the board and Tor Dahle is the general manager of Sparebankstiftelsen SR-Bank

NOTE 23 OTHER OPERATING COSTS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
262	284	IT costs	301	277
74	69	Marketing	90	96
77	69	Other administrative costs	89	95
64	72	DEPRECIATION (NOTES 30 AND 31)	77	88
-	8	Impairments (notes 30 and 31)	8	-
39	38	Operating costs real estate	41	37
41	47	External fees	71	56
99	122	Other operating costs	241	205
656	709	Total other operating costs	918	854

Fees for external auditor - specification of audit fees

(Figures in NOK 1,000s)

2 432	1 824	Statutory audit	3 917	4 583
145	52	Tax advice ¹⁾	251	632
398	217	Other certification services	514	711
424	600	Other non-auditing services ¹⁾	1 146	856
3 399	2 693	Total	5 828	6 782
116	-	¹⁾ Fees for Advokatfirmaet PricewaterhouseCoopers that are included in tax advice and other non-auditing services	262	161

All figures inclusive of VAT.

NOTE 24 PENSIONS

As of 31 December 2015, the SpareBank 1 SR-Bank Group had a defined contribution pension scheme and a defined contribution pension scheme for its employees. The company's and group's pension schemes comply with the requirements of the Mandatory Occupational Pension Act.

Defined contribution pensions

The supervisory board adopted changes to the SpareBank 1 SR-Bank Group's pension scheme on 24 March 2011. The defined benefit scheme was closed and employees who were members before it was closed on 1 April 2011 were given an opportunity to voluntarily transfer to a defined contribution scheme.

No changes were made in retirement pension coverage in the remaining defined benefit scheme, but the following changes were adopted: Spouse/cohabitant pensions ceased and paid-up policies were issued for the pension rights accrued prior to 1 April 2011. Disability and children's pensions will continue as before, but no paid-up policy will be accrued by employees. Premium exemptions for new disability pensioners and children were continued as before.

Defined benefit pensions

The defined benefit pension schemes for SpareBank 1 SR-Bank ASA, SR-Forvaltning AS and SR-Finans AS were covered by the group's pension fund until 31 December 2015. Pension assets that were managed by the pension fund were regulated by Norwegian law and practice. The relationship between the group and the pension fund was regulated by the applicable law. Responsibility for the management of the schemes, including investment decisions and premium levels, rested jointly with the group and board of the pension fund. The board of the pension fund had to consist of representatives of the group and pension scheme participants in relation to the rules of the pension schemes.

SpareBank 1 SR-Bank ASA, SR-Forvaltning AS, and SR-Finans AS had, until 31 December 2015, uniform schemes in which the principal terms were a contribution period of 30 years, 70% pension relative to the pension basis as of 1 January in the year the employee turned 67, as well as a disability and children's pension. All pension benefits were coordinated with expected National Insurance Scheme benefits. If changes were made to the National Insurance Scheme that entailed a reduction in benefits, such reductions would not be compensated for through the pension schemes. As of 31 December 2015, the group's pension schemes had 586 active members (555 active members for the bank) and 516 pensioners (485 pensioners for the bank).

A decision was taken at the board meeting in June 2015 that employees who were members of the defined benefit scheme had to 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 received a paid-up policy for their earned rights from the defined benefit scheme.

The change has reduced pension liabilities. The effects that was recognised in the financial statements in the third and fourth quarters of 2015 were:

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

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.

In addition to the pension liabilities covered by the pension fund, the group has uncovered pension liabilities that cannot be covered by the assets in the collective schemes. The liabilities apply to people that are not enrolled in the insurance schemes, supplementary pensions in excess of 12G (G = the National Insurance basic amount), ordinary early retirement pensions and statutory early retirement pension (AFP).

The new AFP scheme, which applies with effect from 1 January 2011, should be regarded as a defined benefit multi-company scheme, but will be recognised as a defined contribution scheme until adequate reliable information is available to allow the bank and the group to recognise their proportional shares of the pension costs, the pension liabilities and the pension funds in the scheme. Thus, the bank's and the group's liabilities are not recognised in the balance sheet as liabilities as of 31 December 2015. The AFP liability under the old scheme was recorded as a liability and was recognised as income in 2010 with the exception of the liability linked to the former employees who are now pensioners under the scheme.

Continue note 24

The following economic assumptions are made when calculating pension liabilities:

	2015	2014
Discount rate	2,70 %	2,30 %
Expected return on assets	2,70 %	2,30 %
Future salary growth rate	2,50 %	2,75 %
Adjustment of NI basic amount (G)	2,25 %	2,50 %
Paid-up policy adjustment/pension adjustment	1,60% / 2,00%	2,00 %
Employer's NI contributions	14,10 %	14,10 %
Voluntary retirement before 45 – funded scheme	Ikke aktuelt	5,00 %
Voluntary retirement after 45 – funded scheme	Ikke aktuelt	2,00 %
Voluntary retirement before 45 – unfunded scheme	5,00 %	5,00 %
Voluntary retirement after 45 – unfunded scheme	2,00 %	2,00 %
The remaining average accrual time (number of years) for members of the covered defined benefit scheme is calculated to be approx.	Ikke aktuelt	9,84
The remaining average accrual time (number of years) for members of the uncovered defined benefit scheme is calculated to be approx.	9,36	9,84
The average life expectancy (number of years) for a person who on the balance sheet date turns 65 is as follows:		
Man	21,24	21,10
Woman	24,40	24,30
The average life expectancy (number of years) for a person who 20 years after the balance sheet date turns 65 is as follows:		
Man	23,04	23,00
Woman	26,32	26,20
The mortality table that has been adjusted for opening mortality and the decline in the mortality rate.	K2013BE	K2013BE

The pension liabilities are calculated annually by an independent actuary using a straight line accrual method. The present value of the defined benefits are determined by discounting estimated future payments by a discount rate based on the interest rate for a bond issued by the company with a high credit rating (corporate bond or covered bond rate) in the same currency and with a maturity that is almost the same as the maturity of the related pension liabilities. Use of the corporate bond rate as the basis for the discount rate requires the existence of corporate bonds with long maturities and high quality in the same currency, as well as a deep market for such bonds. Market players have asserted that the covered bond market is sufficiently deep and that pricing in the market is reliable. Analyses conducted by an actuary, Gabler AS, and the bank's own analyses, which take into account interest rate swap agreements, support the assertion that a deep and liquid market exists for corporate bonds with a high credit rating, concentrated on covered bonds. The Norwegian covered bond market has become better developed after the financial crisis and has a high credit rating. The bank and the group have therefore chosen the covered bond rate as their discount rate for calculating pension liabilities.

Continue note 24

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
		Book value of liabilities		
464	78	Pension benefits – funded scheme	94	505
161	160	Pension benefits – unfunded scheme	169	169
625	238	Total book value of liabilities	263	674
		Costs charged to income statement		
64	-135	Pension benefits – funded scheme	-143	69
14	11	Pension benefits – unfunded scheme	12	14
78	-124	Total costs charged to income statement	-131	83
		Pension liabilities related to defined benefit pensions		
1 292	1 740	Present value pension liabilities 1 Jan	1 838	1 360
59	67	Pension benefits accrued in the period	71	63
49	42	Interest costs on pension liabilities	44	52
		Effect of recalculation:		
392	-160	- Change in demographic assumptions	-169	416
-8	-11	- Change in financial assumptions	-13	-6
-46	-52	Payments/redemption from fund	-53	-49
-	-187	Reductions	-198	-
2	-	Other changes	-	2
1 740	1 439	Present value pension liabilities 31 Dec	1 520	1 838
1 599	1 299	of which fund-based	1 372	1 690
141	140	of which not fund based	148	148
		Pension assets		
1 096	1 192	Pension assets 1 Jan	1 247	1 148
39	31	Interest income	32	41
29	-7	Actual return on assets in relation to booked interest income	-7	30
79	66	Employer's NI contributions	71	82
-46	-52	Payments/redemption from fund	-53	-49
-4	-	Reductions	-	-4
-1	-	Other changes	-	-1
1 192	1 230	Pension assets 31 Dec	1 290	1 247
		Net pension liabilities in the balance sheet		
1 740	1 439	Present value pension liabilities 31 Dec	1 520	1 838
1 192	1 230	Pension assets 31 Dec	1 290	1 247
548	209	Net pension liabilities 31 Dec	230	591
77	29	Employer's NI contributions	33	83
625	238	Net pension liabilities in the balance sheet	263	674
		Pension costs for the period		
59	67	Accrued defined benefit-based pensions	71	63
49	42	Interest costs on pension liabilities	44	52
-39	-31	Interest income	-32	-41
-4	-213	Reductions and settlements	-226	-4
3	-	Benefits earned in prior periods included in the period	-	3
68	-135	Net defined benefit-based pension costs without employer's NI contributions	-143	73
10	11	Accrued employer's NI contributions	12	10
78	-124	Net defined benefit-based pension costs recognised through profit or loss	-131	83
19	22	Contribution based pension costs and joint AFP scheme	36	32
5	-	Other payments	-	10
102	-102	Pension costs in the period recognised in the income statement	-95	125

Continue note 24

Composition of the Group's pension assets	2015	2014
Real estate	14	16
- of which used by the bank	-	-
Equities	261	241
Other assets	1 015	990
Total pension assets	1 290	1 247

Development in last 5 years in defined benefit pension scheme for the group	2015	2014	2013	2012	2011
Present value pension liabilities 31 Dec	1 520	1 838	1 360	1 203	1 730
Pension assets 31 Dec	1 290	1 247	1 148	1 049	1 116
Net shortfall	230	591	212	154	614

Sensitivity in calculation of pension liabilities when weighted assumptions change as follows:

Effect on pension liabilities

	Change in assumption	Increase in assumption	Reduction in assumption
Discount rate	0,50 %	Reduction of 8,6 %	Increase of 10,3 %
Wages growth	0,50 %	Increase of 0,6 %	Reduction of 0,4 %
Pension growth	0,25 %	Increase of 4,9 %	Reduction of 4,6 %
Life expectancy	1 år	Increase of 4,3 %	Reduction of 4,4 %

The sensitivity analysis above is based on a change in one of the assumptions, given that all other assumptions remain constant. This is improbable in practice and changes in some of the assumptions may correlate. Sensitivity calculations are executed using the same method as actuarial calculations for calculating the pension liabilities on the balance sheet.

NOTE 25 TAX

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
2 252	1 962	Pre-tax operating result	2 146	2 601
-620	-455	Permanent differences ¹⁾	-390	-685
-271	-122	Group contribution	-	-
-569	444	Change in temporary differences	412	-1 002
-415	187	- of which recorded directly against equity	193	-445
377	2 016	Tax base/taxable income for the year	2 361	469
102	544	Of which payable tax 27%	637	127
73	33	Tax effect of group contribution	-	-
154	-120	Change in deferred tax	-111	253
112	-50	- of which change not recorded in income statement	-52	120
-	-68	Change deferred tax from 27% to 25%	-77	-
5	1	Excess/insufficient payable tax allocation in previous years	3	6
446	340	Total tax cost	400	506
		Explanation of why the tax cost for the year is not 27% of pre-tax profit		
608	530	27% tax on pre-tax profit	579	702
-167	-123	27% tax on permanent differences ¹⁾	-105	-185
-	-	Deferred tax from previous years recognised as income	-	-18
-	-68	Change deferred tax from 27% to 25% on permanent differences	-77	-
5	1	Excess/insufficient tax allocation in previous years	3	7
446	340	Calculated tax cost	400	506
		Deferred tax asset		
-188	-117	- deferred tax asset that reverses in more than 12 months	-132	-209
-4	-7	- deferred tax asset that reverses within 12 months	-7	-5
-192	-124	Total deferred tax asset	-139	-214
		Deferred tax		
974	736	- deferred tax that reverses in more than 12 months	793	1 035
73	31	- deferred tax that reverses within 12 months	-	-
1 047	767	Total deferred tax	793	1 035
855	643	Net deferred tax/deferred tax asset	654	821
		Specification of temporary differences		
19	16	Gains and loss account	-17	-31
3 546	2 743	Differences related to financial items	2 741	3 596
-	-	Loans	36	-1
-625	-238	Pension liabilities	-263	-675
-13	-29	Accounting provisions	-1	-14
-	-	Leasing operating equipment	172	175
-32	-43	Tangible fixed assets	-50	-8
271	123	Group contribution paid	-	-
-	-	Losses carried forward	-2	-3
3 166	2 572	Total temporary differences	2 616	3 039
27 %	25 %	Tax rate applied	25 %	27 %

¹⁾ Includes tax-exempted dividends, non-tax-deductible expenses, net tax-exempt gains on the realisation of equities in the European Economic Area (EEA), and tax allowances for profit attributable to associated companies (the percentage of the profit is extracted as it has already been taxed in the individual company).

NOTE 26 CLASSIFICATION OF FINANCIAL INSTRUMENTS

(Figures in NOK millions)

Group	Financial instruments at fair value through profit or loss			Financial assets and liabilities at amortised cost or at fair value	Financial assets available for sale	Financial assets that held to maturity	Total
	Held for sale	Recogniced at fair value	Financial measured derivatives hedging instrument				
2015							
Assets							
Cash and receivables from the central bank				931			931
Loans to and receivables from financial institutions				2 984			2 984
Loans to customers		10 565		143 792			154 357
Certificates and bonds at fair value	19 533						19 533
Financial derivatives		3 030	3 105				6 135
Equities, units and other equity interests	344				97		441
Operations that will be sold		168					168
Other assets				2 243			2 243
Total assets	19 877	13 763	3 105	149 950	97		186 792
Liabilities							
Debt to financial institutions				5 296			5 296
Deposits from customers				89 444			89 444
Securities issued ¹⁾				71 979			71 979
Financial derivatives		2 420	366				2 786
Other liabilities				880			880
Subordinated loan capital ¹⁾				3 459			3 459
Total liabilities		2 420	366	171 058			173 844
2014							
Assets							
Cash and receivables from the central bank				1 847			1 847
Loans to and receivables from financial institutions				2 222			2 222
Loans to customers		9 994		130 926			140 920
Certificates and bonds at fair value	15 261						15 261
Financial derivatives		4 152	3 188				7 340
Equities, units and other equity interests	505	118			3		626
Operations that will be sold		22					22
Other assets				1 614			1 614
Total assets	15 766	14 286	3 188	136 609	3	-	169 852
Liabilities							
Debt to financial institutions				6 139			6 139
Deposits from customers				81 489			81 489
Securities issued ¹⁾				63 253			63 253
Financial derivatives		2 912	405				3 317
Other liabilities				1 334			1 334
Subordinated loan capital ¹⁾				2 964			2 964
Total liabilities		2 912	405	155 179			158 496

¹⁾ Securities issued and subordinated loan capital contain secured debt.

Continue note 26

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: Listed price in an active market for an identical asset or liability (level 1).

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 2).

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

2015	Valuation according to prices in an active	Valuation according to observable	Valuation according to factors other than observable market data	Total
Assets				
Loans to customers			10 565	10 565
Certificates 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
2014				
Assets				
Loans to customers			9 994	9 994
Certificates 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

No transfers between levels 1 and 2

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

Group	Loans to customers	Equities, units and other equity interests	Operations that will be sold
	2015	2015	2015
Balance 1 Jan	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 ²⁾	-95	68	9
Balance 31 Dec	10 565	236	168
Nominal value/cost price	10 145	180	107
Fair value adjustment	420	56	61
Balance 31 Dec	10 565	236	168
Group			
	2014	2014	2014
Balance 1 Jan	11 421	625	85
Additions	442	16	-
Disposals	-2 101	-371	-47
Transferred from or to measurement according to prices in an active market or observable market data	-	-	-
Change in value ³⁾	232	18	-16
Balance 31 Dec	9 994	288	22
Nominal value/cost price	9 475	241	29
Fair value adjustment	519	47	-7
Balance 31 Dec	9 994	288	22

Continue note 26

The stake in Bank 1 Oslo Akershus is valued every quarter by SpareBank 1 Gruppen and distributed to all of the alliance banks. 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. 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.

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 estimated liquidity discount 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.

²⁾ Value changes are recognised in net income from financial instruments.

Group

Fair value of financial instruments at amortised cost (Figures in NOK millions)	Carrying amount 2015	Fair value 2015
Assets		
Cash and receivables from the central bank	931	931
Loans to and receivables from financial institutions	2 984	2 984
Loans to customers ¹⁾	143 792	143 792
Certificates and bond held to maturity	-	-
Total assets at amortised cost	147 707	147 707
Liabilities		
Debt to financial institutions	5 296	5 296
Deposits from customers ¹⁾	89 444	89 444
Securities issued	71 979	70 775
Subordinated loan capital	3 459	3 466
Total liabilities at amortised cost	170 178	168 981

¹⁾ Customer loans and deposits at amortised cost amount to book value best estimate at fair value.

NOTE 27 CERTIFICATES AND BONDS

(Figures in NOK millions)

Parent bank		Certificates and bonds	Group	
2014	2015		2015	2014
		State		
1 714	1 488	face value	1 488	1 714
1 764	1 553	fair value	1 553	1 764
		Other public issuers		
151	2 457	face value	2 457	151
152	2 453	fair value	2 453	152
		Covered bonds		
10 392	12 229	face value	11 432	10 392
10 509	12 284	fair value	11 487	10 509
		Other financial enterprises		
2 183	3 490	face value	3 490	2 183
2 228	3 570	fair value	3 570	2 228
		Non-financial corporations		
561	422	face value	439	576
492	328	fair value	343	505
103	126	Accrued interest	127	103
15 001	20 086	Total certificates and bonds at nominal value	19 306	15 016
15 248	20 314	Total certificates and bonds	19 533	15 261

NOTE 28 FINANCIAL DERIVATIVES

General description:

The fair value of financial derivatives is determined using valuation methods where the price of the underlying object, for example interest and currency rates, is obtained from the market. If the group's risk position is relatively neutral, normal rates will be used in pricing. A neutral risk position means, for example, that the interest rate risk within a re-pricing interval is approximately zero. Otherwise, the relevant purchase or sales price is used to assess the net position. CVA (Credit Valuation Adjustment) for derivative transactions is assessed on the basis of the net positive market values per counterparty. The CVA risk for counterparties that regularly exchange collateral and Norwegian municipalities is considered marginal. For other counterparties, the CVA calculation is based on the probability of default compared with the remaining term to maturity of the derivative positions and loss given default.

The group hedges fixed-rate loans. Each hedge is documented with a reference to the group's risk management strategy, a clear identification of the item being hedged, the hedging instrument used, a description of the hedged risk, a description of why hedging is regarded as highly probable and a description of how and when the group shall determine the efficiency of the hedge during the accounting period and that it is expected to be very effective during the next accounting period. The group has defined the hedged risk as value changes linked to the NIBOR component of the hedged fixed interest rates in NOK and value changes linked to the LIBOR components of the hedged fixed interest rates in foreign currencies.

As of 31 December 2015, the net fair value of the hedging instruments was NOK 2,225 million (NOK 2,318 million in assets and NOK 93 million in liabilities). The corresponding figures for 2014 were NOK 2,232 million (NOK 2,341 million in assets and NOK 109 million in liabilities). There was no ineffective result for hedging instruments in 2015.

ISDA agreements with CSA supplements regulate the counterparty risk through payments of margins in relation to exposure limits. Contract sums and effects of reinvestment costs covered by netting agreements amount to NOK 146.9 billion and NOK 3.2 billion, respectively, as of 31 December 2015.

The group has no financial instruments that are booked net.

Group ²⁾

(Figures in NOK millions)

At fair value through profit or loss	2015 Fair value			2014 Fair value		
	Contract amount	Assets	Liabilities	Contract amount	Assets	Liabilities
Currency instruments						
Currency futures (forwards)	2 891	239	27	4 661	288	80
Currency swaps	44 129	1 104	323	32 235	1 332	498
Currency options	-	-	-	25	-	-
Total currency instruments	47 020	1 343	350	36 921	1 620	578
Interest rate instruments						
Interest rate swaps, incl. cross-currency swaps	66 073	1 687	2 068	69 404	2 528	2 334
Other interest rate contracts	164	2	2	-	-	-
Total interest rate instruments	66 237	1 689	2 070	69 404	2 528	2 334
Interest rate instruments, hedging						
Interest rate swaps, incl. cross-currency swaps	53 512	2 318	93	53 065	2 341	109
Total interest rate instruments, hedging	53 512	2 318	93	53 065	2 341	109
Accrued interest						
Accrued interest	-	785	273	-	851	296
Total accrued interest	-	785	273	-	851	296
Total currency and interest rate instruments	47 020	1 343	350	36 921	1 620	578
Total interest rate instruments	119 749	4 007	2 163	122 469	4 869	2 443
Total accrued interest		785	273		851	296
Total currency and interest rate instruments	166 769	6 135	2 786	159 390	7 340	3 317

²⁾ This note is almost identical for the parent bank

NOTE 29 EQUITIES, UNITS AND OTHER EQUITY INTERESTS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
		At fair value through profit or loss		
102	67	- Listed	67	102
115	119	- Securities funds	119	115
257	17	- Unlisted	158	406
474	203	Total at fair value through profit or loss	344	623
		Available for sale		
3	97	- Unlisted	97	3
3	97	Total available for sale	97	3
		Total equities, units and other equity interests	441	626
477	300			

Equities, units and other equity interests are classified within the categories fair value and available for sale. Securities that can be measured reliably and are reported internally at fair value are classified as fair value through profit or loss. Other equities are classified as available for sale.

Investments in equities, units and other equity interests

Parent bank (Amounts in NOK)	Company's share capital	Ownership	No. of shares/	Acquisition cost	Book value/ market value
At fair value through profit or loss					
Sandnes Sparebank	710 581	13,9 %	985 009	94 477	67 227
Listed companies				94 477	67 227
SR-Kombinasjon A			30 000	30 000	37 200
SR-Rente			53 485	53 480	52 821
SR-Utbytte A			20 000	20 000	29 085
Securities funds				103 480	119 106
Unlisted companies					
Short-term investments in shares					
Other unlisted companies				34 827	17 449
Total unlisted companies				34 827	17 449
Total at fair value through profit or loss equities, units and other				232 784	203 782
Available for sale					
Visa Norge IFS					95 200
Unlisted companies					1 301
Total available for sale					96 501
Total equities, units and other equity interests parent bank					300 283

Continue note 29

Investments in equities, units and other equity interests

Group (Amounts in NOK)	Company's share capital	Ownership	No. of equities/units	Acquisition cost	Book value/ market value
At fair value through profit or loss					
Total listed companies parent bank				94 477	67 227
Total listed in subsidiaries				-	-
Total listed companies Group				94 477	67 227
Total combination funds parent bank					
Total combination funds in subsidiaries				103 480	119 106
Total combination funds Group				103 480	119 106
Total unlisted companies parent bank					
Hitec Vision Asset Solution LP		1,2 %		21 924	23 917
HitecVision Private Equity IV LP		2,0 %		17 456	10 716
Energy Ventures III LP		1,1 %		11 459	10 787
Energy Ventures IV LP		0,7 %		11 209	10 876
SR-PE-Feeder III KS		36,5 %		17 572	17 556
Other unlisted companies in subsidiaries				100 152	66 529
Total unlisted in subsidiaries				179 772	140 381
Total unlisted in group				214 599	157 830
Total at fair value through profit or loss equities, units and other				412 556	344 163
Available for sale					
Unlisted companies parent bank					96 501
Unlisted companies in subsidiaries					100
Total equities, units and other equity interests Group					440 764

NOTE 30 INTANGIBLE ASSETS

(Figures in NOK millions)

Parent bank				Group		
Customer contracts	Goodwill	Totall	2015	Totall	Goodwill	Customer contracts
-	-	-	Acquisition cost 1 Jan	20	20	-
3	-	3	Additions	43	33	10
-	-	-	Disposals	-	-	-
3	-	3	Acquisition cost 31 Dec	63	53	10
-	-	-	Accumulated depreciation and write-downs 1 Jan	-	-	-
-	-	-	Year's disposals	-	-	-
1	-	1	Year's depreciation and write-downs	2	-	2
1	-	1	Accumulated depreciation and write-downs 31 Dec	2	-	2
2	-	2	Carrying amount 31 Dec	61	53	8
Distribution of carrying amount						
-	-	-	SR-Forvaltning – acquisition of 33.3% of the shares in May 2009	20	20	-
2	-	2	SpareBank 1 SR-Bank - purchase of customer contracts from Swedbank in 2015	2	-	2
-	-	-	SpareBank 1 Regnskapshuset SR – acquisition of SpareBank 1 Regnskapshuset Østland's Rogaland branches in 2015	27	24	3
-	-	-	SpareBank 1 Regnskapshuset SR – acquisition of 100% of the shares in ODB-Regnskap AS in 2015	12	9	3
2	-	2	Carrying amount 31 Dec	61	53	8
2014						
-	-	-	Acquisition cost 1 Jan	39	39	-
-	-	-	Additions	-	-	-
-	-	-	Disposals	19	19	-
-	-	-	Acquisition cost 31 Dec	20	20	-
-	-	-	Accumulated depreciation and write-downs 1 Jan	-	-	-
-	-	-	Year's disposals	19	19	-
-	-	-	Year's depreciation and write-downs	19	19	-
-	-	-	Accumulated depreciation and write-downs 31 Dec	-	-	-
-	-	-	Carrying amount 31 Dec	20	20	-
Distribution of carrying amount						
-	-	-	SR-Forvaltning – acquisition of 33.3% of the shares in May 2009	20	20	-
-	-	-	Carrying amount 31 Dec	20	20	-

The amounts are the differences between identifiable assets inclusive of excess values and the cost price of the identifiable assets. The elements in the goodwill item relate to future earnings in the company supported by the calculations of the present value of expected future earnings, which document a future economic benefit from acquiring the company.

The goodwill item's elements are valued annually and written down if a there is a basis for this following a concrete assessment.

NOTE 31 TANGIBLE FIXED ASSETS

(Figures in NOK millions)

Parent bank					Group		
Buildings and real	Machinery, fixtures, and vehicles	Total		Total	Buildings and real	Machinery, fixtures, and vehicles	Total
221	708	929	Acquisition cost 1 Jan 2015	1 040	787	253	
40	86	126	Additions	165	90	75	
-	41	41	Disposals	56	41	15	
261	753	1 014	Acquisition cost 31 Dec 2015	1 149	836	313	
112	523	635	Accumulated depreciation and write-downs 1 Jan 2015	713	589	124	
4	67	71	Year's depreciation	75	71	4	
-	8	8	Year's write-downs	8	8	-	
-	41	41	Year's disposals	51	41	10	
116	557	673	Accumulated depreciation and write-downs 31 Dec 2015	745	627	118	
146	196	342	Carrying amount 31 Dec 2015	404	209	195	
380			Fair value				380
268	676	944	Acquisition cost 1 Jan 2014	1 044	752	292	
-	70	70	Additions	81	73	8	
47	38	85	Disposals	85	38	47	
221	708	929	Acquisition cost 31 Dec 2014	1 040	787	253	
108	500	608	Accumulated depreciation and write-downs 1 Jan 2014	682	562	120	
4	60	64	Year's depreciation	69	65	4	
-	-	-	Year's write-downs	1	1	-	
-	37	37	Year's disposals	39	39	-	
112	523	635	Accumulated depreciation and write-downs 31 Dec 2014	713	589	124	
110	185	295	Carrying amount 31 Dec 2014	327	198	129	
385			Fair value				385

Pledged security

The group has not mortgaged/pledged or accepted any other disposal restrictions on its tangible fixed assets.

Revaluation/ depreciation

The group does not make regular revaluations of tangible fixed assets. In connection with the initial implementation of IFRS, buildings were valued at cost less accumulated depreciation in accordance with current Norwegian legislation. Percentage rate of depreciation is 10% to 33% for machinery, equipment and vehicles, and 2% for bank buildings, investment property and other real estate.

Buildings and real estate

Of the total book value of buildings and real estate NOK 128 million is for use in the banking business. The fair value of buildings is determined by appraisal.

Operational leases

The group has no significant operational leases.

NOTE 32 OTHER ASSETS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
29	15	Income earned but not received from SpareBank 1 Boligkreditt and Næringskreditt	15	29
16	25	Prepaid costs	29	17
35	35	Paid in capital SR-Bank Pension Fund	35	35
1 053	1 756	Unsettled trades	1 756	1 053
177	132	Other assets	408	480
1 310	1 963	Total other assets	2 243	1 614

NOTE 33 DEPOSITS FROM CUSTOMERS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
70 555	78 834	Deposits from and liabilities to customers, at call	78 658	70 334
11 166	10 796	Deposits from and liabilities to customers with agreed maturity	10 783	11 153
2	2	Accrued interest	2	2
81 723	89 632	Total deposits from customers	89 444	81 489
Deposits by sector and industry				
1 121	1 146	Agriculture/forestry	1 146	1 121
252	351	Fisheries/fish farming	351	252
2 135	2 529	Mining operations/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	Wholesale and retail trade, hotels and restaurants	2 599	2 210
1 369	1 662	International shipping, pipe transport, other transport	1 662	1 369
6 883	7 078	Property management	7 078	6 883
9 730	12 431	Service sector	12 243	9 496
15 043	16 217	Public sector and financial services	16 217	15 043
42 176	47 529	Total industry	47 341	41 942
39 545	42 101	Retail market	42 101	39 545
2	2	Accrued interest industry and retail market	2	2
81 723	89 632	Total deposits by sector and industry	89 444	81 489
Deposits by geographic area				
61 464	63 695	Rogaland	63 507	61 230
5 665	7 272	Agder counties	7 272	5 665
6 957	8 485	Hordaland	8 485	6 957
2 204	4 605	International	4 605	2 204
5 433	5 576	Other	5 576	5 433
81 723	89 632	Total deposits by geographic area	89 444	81 489

NOTE 34 SECURITIES ISSUED

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
59 942	60 336	Bond debt ¹⁾	68 935	59 942
2 468	2 209	Value adjustments	2 242	2 468
843	793	Accrued interest	802	843
63 253	63 338	Total securities issued	71 979	63 253
2,7 %	2,3 %	Average interest rate	2,3 %	2,7 %
		Securities issued by maturity date ¹⁾	Maturity	
5 661	-		2015	5 661
10 274	11 699		2016	10 274
9 062	10 309		2017	9 062
12 919	13 702		2018	12 919
5 834	6 134		2019	5 834
5 909	6 313		2020	5 909
6 992	7 447		2021	6 992
-	97		2022	-
1 496	1 498		2023	1 496
-	329		2025	-
422	442		2033	422
108	113		2034	108
-	315		2035	-
203	208		2037	203
326	341		2043	326
1 270	1 329		2044	1 270
-	257		2045	-
203	207		2046	203
424	436		2047	424
250	261		2053	250
1 057	1 108		2054	1 057
843	793	Accrued interest	802	843
63 253	63 338	Total securities issued	71 979	63 253
		Securities issued by currency ¹⁾		
14 911	13 956	NOK	17 755	14 911
43 197	42 959	EUR	47 792	43 197
1 825	1 997	SEK	1 997	1 825
2 292	2 752	CHF	2 752	2 292
185	881	USD	881	185
843	793	Accrued interest	802	843
63 253	63 338	Total securities issued	71 979	63 253

¹⁾ Own commercial paper and bonds have been deducted.

Group	Balance 31 Dec 2015	Issued 2015	Matured/ redeemed 2015	Exchange rate and other changes 2015	Balance 31 Dec 2014
Change in securities issued					
Bonds, nominal value	68 935	12 866	-7 332	3 459	59 942
Value adjustments	2 242	-	-	-226	2 468
Accrued interest	802	-	-	-41	843
Total securities issued	71 979	12 866	-7 332	3 192	63 253

NOTE 35 OTHER LIABILITIES

(Figures in NOK millions)

Parent bank			Group	
2014	2015	Other liabilities	2015	2014
625	238	Pension liabilities (note 24)	263	674
1	3	Specified loss provisions guarantees	3	1
20	27	Accounts payable	45	38
37	39	Tax deducted	53	52
191	162	Other liabilities incl. unsettled trades	194	209
70	71	Accrued holiday pay	97	94
194	168	Other accrued costs	225	266
1 138	708	Total other liabilities	880	1 334
Guarantees issued (amounts guaranteed)				
2 070	1 883	Payment guarantees	1 883	2 070
2 843	2 625	Performance bonds	2 625	2 843
2 379	2 407	Loan guarantees	2 407	2 379
101	146	Guarantees for tax	146	101
5 486	4 351	Other guarantee liabilities	4 351	5 486
-	-	Guarantee in favour of the Norwegian Banks Guarantee Fund	-	-
12 879	11 412	Total guarantees issued	11 412	12 879
Other liabilities				
122	5 532	Unused credit lines for financial institutions	-	-
17 827	19 167	Unused credit lines for customers	19 388	17 827
1 653	1 723	Approved loan commitments	1 807	1 777
17	18	Letters of credit	18	17
19 619	26 440	Total other liabilities	21 213	19 621
33 636	38 560	Total liabilities	33 505	33 834
Security pledged				
8 955	9 292	Securities pledged as security	9 292	8 955

Ongoing legal disputes

The Group is a party in a number of court cases with a total financial scope that is not considered to be significant, inasmuch as the Group has made provisions for losses in those cases where it is assumed more likely than not that the Group will incur a loss as a result of the cases.

Operational lease payments

The group's operational leases have terms of 3-5 years. The annual cost is approximately NOK 7 million. Leasing agreements are normally arranged through SpareBank 1 SR-Finans AS.

NOTE 36 RESTRICTED FUNDS

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
38	39	Tax deducted	53	52
38	39	Total restricted funds	53	52

NOTE 37 SUBORDINATED LOAN CAPITAL

(Figures in NOK millions)

Parent bank				Group			
2014	2015	Principal	Terms	Forfall	Første forfallstidspunkt	2015	2014
Non-perpetual							
745	746	750	NOK 3-month NIBOR + 3.50% per annum	2021	2016	746	745
499	499	500	NOK 3-month NIBOR + 1.80% per annum	2023	2018	499	499
-	502	50	EUR 4% per annum until 21 Dec 2017, thereafter 6-month NIBOR + 1.725% per annum	2030	2030	502	-
825	825	825	NOK 3-month NIBOR + 2.75% per annum	2022	2017	825	825
2 069	2 572	Total non-perpetual				2 572	2 069
Tier 1 capital instruments							
767	759	684	NOK 9.35% per annum until 9 Dec 2019, thereafter 3-month NIBOR + 5.75% per annum		2019	759	767
116	116	116	NOK 3-month NIBOR + 4.75% per annum until 9 Dec 2019, thereafter NIBOR + 5.75% per annum		2019	116	116
883	875	Total hybrids				875	883
12	12	Accrued interest				12	12
2 964	3 459	Total subordinated loan capital				3 459	2 964

Subordinated loan capital and hybrid tier 1 bonds (hybrids) in foreign currencies are included in the group's total currency position so that there is no currency risk associated with the loans. Of a total of NOK 3,459 million in subordinated loan capital, NOK 794 million counts as tier 1 capital and NOK 2,536 million as term subordinated loan capital. Capitalised costs associated with borrowing are reflected in the calculation of amortised cost.

Group	2015	2014
Subordinated loan capital and hybrid tier 1 capital loans¹⁾	2 550	2 069
Ordinary subordinated loan capital, nominal value	795	794
Hybrid instruments, nominal value	102	89
Value adjustments	12	12
Accrued interest	3 459	2 964
Total subordinated loan capital and hybrid tier 1 capital loans	3 459	2 964

Change in securities issued of subordinated loans/bond loans ¹⁾	Balance 31 Dec 2015	Issued/sale own 2015	Matured/redeemed 2015	Exchange rate and other 2015	Balance 31 Dec 2014
Term subordinated loan capital, nominal value	2 550	481	-	-	2 069
Hybrid instruments, nominal value	795	-	-	1	794
Value adjustments	102	-	-	13	89
Accrued interest	12	-	-	-	12
Total subordinated loan capital and hybrid tier 1 capital loans	3 459	481	-	14	2 964

¹⁾ This note is identical for the parent bank.

NOTE 38 INVESTMENTS IN OWNERSHIP INTERESTS

Subsidiaries, associated companies and joint ventures

Company	Acquisition date	Registered head office	Ownership interest in % ¹⁾
Investments in subsidiaries			
Shares owned			
SpareBank 1 SR-Finans	1987	Stavanger	100,00
EiendomsMegler 1 SR-Eiendom	1990	Stavanger	100,00
SR-Forvaltning	2001	Stavanger	100,00
SR-Investering	2005	Stavanger	100,00
SpareBank 1 Regnskapshuset SR	2007	Stavanger	100,00
Etis Eiendom	2012	Stavanger	100,00
Finansparken Bjergsted	2014	Stavanger	100,00
Rygir Industrier Group	2012	Stavanger	100,00
SR-Boligkreditt	2015	Stavanger	100,00
Shares owned by subsidiaries			
Jærmegleren	2007	Stavanger	100,00
ODB Regnskap	2015	Sotra	100,00
Investments in associated companies			
Admisenteret	1984	Jørpeland	50,00
SpareBank 1 Boligkreditt	2005	Stavanger	16,69
SpareBank 1 Næringskreditt	2009	Stavanger	26,80
BN Bank	2008	Trondheim	23,50
SpareBank 1 Kredittkort	2012	Trondheim	18,09
Samarbeidende Sparebanker Bankinvest	2010	Oslo	3,27
SpareBank 1 Mobilbetaling	2015	Oslo	19,70
Investments in joint ventures			
SpareBank 1 Gruppen	1996	Oslo	19,50
SpareBank 1 Banksamarbeidet	2004	Oslo	17,74

¹⁾ Voting rights and ownership share are equal in all companies

Continue note 38

Subsidiaries**Shares in subsidiaries parent bank**

Investments are recognised at the parent bank's acquisition cost. These items are fully consolidated in the consolidated financial statements.

(Amounts in NOK)

2015	The company's share capital	Ownership interest in %	No. Face shares	Value	Assets	Liabilities	Total income	Total income costs	Total Company's result for year	Booked value
SpareBank 1 SR-Finans	167 000	100,00	334 000	167 000	7 008 028	6 008 575	235 339	45 273	113 851	811 689
SR-Boligkreditt	1 275 000	100,00	1 275 000	1 275 000	10 753 598	9 449 244	48 670	8 894	28 710	1 275 150
Total investments in from financial institutions				1 442 000	17 761 626	15 457 819	284 009	54 167	142 561	2 086 839
EiendomsMegler 1 SR-Eiendom	1 500	100,00	150	1 500	167 761	92 787	385 888	356 246	20 908	97 205
SR-Investering	35 000	100,00	3 500	35 000	164 773	500	-22 770	807	-18 796	164 225
SR-Forvaltning	6 000	100,00	6 000	6 000	65 698	23 246	59 902	24 052	26 051	29 018
SpareBank 1 Regnskapshuset SR	800	100,00	8 000	800	81 547	10 011	35 526	34 903	345	70 125
Rygir Industrier Group	14 400	100,00	90 000	14 400	207 787	3 228	8 922	20 185	-9 698	191 106
Etis Eiendom	1 000	100,00	10 000	1 000	10 838	1 555	799	792	-96	1 730
Finansparken Bjergsted	16 000	100,00	16 000	16 000	58 274	256	266	350	-83	58 016
Total other investments				74 700	756 678	131 583	468 533	437 335	18 631	611 425
Total investments in subsidiaries parent bank				1 516 700	18 518 304	15 589 402	752 542	491 502	161 192	2 698 264
2014										
SpareBank 1 SR-Finans	167 000	100,00	334 000	167 000	7 022 365	6 108 485	209 265	54 169	104 989	635 758
Total investments in financial institutions										
EiendomsMegler 1 SR-Eiendom				167 000	7 022 365	6 108 485	209 265	54 169	104 989	635 758
Westbroker Finans	1 500	100,00	150	1 500	209 221	115 193	444 096	388 563	42 070	97 205
SR-Investering	100	100,00	100	100	-	-	-	-	-	218
SR-Forvaltning	35 000	100,00	3 500	35 000	188 344	5 275	1 309	781	-415	180 725
SR-Forretningsservice	6 000	100,00	6 000	6 000	59 633	25 745	54 921	28 180	19 381	29 019
Rygir Industrier Group	100	100,00	1 000	100	1 202	11	300	173	143	125
Etis Eiendom	14 400	100,00	90 000	14 400	253 558	8 927	15 880	9 691	8 782	222 706
Finansparken Bjergsted	1 000	100,00	10 000	1 000	11 840	7 352	846	868	-16	1 730
Finansparken Bjergsted	16 000	100,00	16 000	16 000	58 342	239	462	351	83	58 016
Total other investments				74 100	782 140	162 742	517 814	428 607	70 028	589 744
Total investments in subsidiaries				241 100	7 804 505	6 271 227	727 079	482 776	175 017	1 225 502

Continue note 38

Investments in associated companies and joint ventures

(Figures in NOK millions)

Parent bank			Group	
2014	2015		2015	2014
3 552	3 250	Carrying amount 1 Jan	4 727	4 710
-302	-78	Additions/disposals	-77	-302
-	-	Change in equity	44	13
-	-	Share of profit/loss	422	506
-	-	Dividend paid	-324	-200
3 250	3 172	Carrying amount 31 Dec	4 792	4 727
-	-	Share of profit from SpareBank 1 Gruppen	251	356
-	-	Share of profit from SpareBank 1 Boligkreditt	91	49
-	-	Share of profit from SpareBank 1 Næringskreditt	24	32
-	-	Share of profit from BN Bank	29	66
-	-	Share of profit from SpareBank 1 Banksamarbeidet	6	-2
-	-	Share of profit from Samarbeidende Sparebanker Bankinvest	1	2
-	-	Share of profit from SpareBank 1 Kredittkort	20	2
-	-	Share of profit from Admisenteret	-	1
33	189	Dividend from SpareBank 1 Gruppen	-	-
100	42	Dividend from SpareBank 1 Boligkreditt	-	-
9	30	Dividend from SpareBank 1 Næringskreditt	-	-
57	62	Dividend from BN Bank	-	-
1	1	Dividend from Samspar Bank Invest	-	-
200	324	Total income	422	506

Investments in all the companies are assessed using the cost method in the parent bank and the equity method in the group.

Investments in joint ventures in the group as of 31 December 2015 includes goodwill amounting to NOK 23 million (2014: NOK 23 million).

The group's ownership interests in associated companies and joint ventures

(Figures in NOK millions)

2015		Assets	Liabilities	Income	Costs	Result	Book value 31.12.	Stake in%	No. of shares
SpareBank 1 Gruppen	Oslo	11 314	9 762	2 381	2 067	251	1 575	19,50	381 498
SpareBank 1 Banksamarbeidet	Oslo	114	92	117	113	6	22	17,74	
SpareBank 1 Boligkreditt	Stavanger	44 931	43 309	109	6	91	1 638	16,69	9 532 264
Admi-senteret	Jørpeland					-	4	50,00	80
BN Bank	Trondheim	7 671	6 847	109	64	29	824	23,50	3 317 338
SpareBank 1 Næringskreditt	Stavanger	4 256	3 743	36	3	24	513	26,80	3 913 034
Samarbeidene Sparebanker Bankinvest	Oslo	23	3	1	-	1	20	3,27	354
SpareBank 1 Kredittkort	Trondheim	949	770	82	44	20	179	18,09	464 107
SpareBank 1 Mobilbetaling	Oslo	16	-	-	-	-	16	19,70	1 635
Andre investeringer							1		
Sum		69 274	64 526	2 835	2 297	422	4 792		
2014									
SpareBank 1 Gruppen	Oslo	10 804	9 363	2 462	1 992	356	1 463	19,50	381 498
SpareBank 1 Banksamarbeidet	Oslo	118	99	146	143	-2	16	17,74	
SpareBank 1 Boligkreditt	Stavanger	45 746	44 043	64	7	49	1 709	20,10	11 076 409
Admi-senteret	Jørpeland	12	8	3	2	1	3	50,00	80
BN Bank	Trondheim	8 410	7 554	152	53	66	856	23,50	3 317 338
SpareBank 1 Næringskreditt	Stavanger	4 867	4 346	47	3	32	521	26,80	3 913 034
Samarbeidene Sparebanker Bankinvest	Oslo	24	3	2	-	2	19	3,27	354
SpareBank 1 Kredittkort	Trondheim	853	713	39	28	2	140	17,87	458 536
Sum		70 834	66 129	2 915	2 228	506	4 727		

NOTE 39 MATERIAL TRANSACTIONS WITH CLOSE ASSOCIATES

(Figures in NOK millions)

Close associates means associated companies, joint ventures and subsidiaries and people close to executive personnel and members of the board. The bank's outstanding balances with executive personnel and members of the board are shown in note 22.

Subsidiaries							
2015	Loans 31 Dec	Deposits 31 Dec	Interest income	Interest costs	Commissions	Other operating income	Operating costs
SR-Finans	5 831	2	139	-	21	-	-
EiendomsMegler 1	-	59	2	3	-	1	-
SR-Forvaltning	-	57	-	1	31	-	-
SR-Investering	-	7	-	1	-	-	-
Regnskapshuset SR	-	32	-	-	-	-	-
SR-Boligkreditt	-	706	18	4	-	-	-
Rygir Industrier Group	-	27	-	-	-	-	-
Etis Eiendom	-	3	-	-	-	-	-
Finansparken Bjergsted	-	3	-	-	-	-	-
Total subsidiaries	5 831	896	159	9	52	1	-

2014							
SR-Finans	5 907	6	168	-	22	-	-
EiendomsMegler 1	-	76	5	23	-	1	-
SR-Forvaltning	-	49	-	1	27	-	-
SR-Investering	-	33	-	1	-	-	-
SR-Forretningservice	-	1	-	-	-	-	-
EiendomsMegler 1 Drift	-	-	-	-	-	-	5
Rygir Industrier Group	-	34	4	-	1	-	-
Etis Eiendom	7	4	-	-	-	-	-
Finansparken Bjergsted	-	38	-	-	-	-	-
Total subsidiaries	5 914	241	177	25	50	1	5

Associated companies and joint ventures

2015	Loans 31 Dec	Deposits 31 Dec	Interest income	Interest costs	Commissions	Other operating income	Operating costs
SpareBank 1 Gruppen	443	-	2	-	269	-	-
SpareBank 1 Banksamarbeidet	-	-	-	-	-	-	174
SpareBank 1 Boligkreditt	-	2 454	-	11	-	-	-
Admiseret	14	3	1	-	-	-	-
SpareBank 1 Næringskreditt	-	160	-	5	-	-	-
Samarbeidende Sparebanker Bankinvest	3	-	-	-	-	-	-
SpareBank 1 Kredittkort	770	-	25	-	-	-	-
Total associated companies and joint ventures	1 230	2 617	28	16	269	-	174

2014							
SpareBank 1 Gruppen	43	-	4	-	244	-	-
SpareBank 1 Banksamarbeidet	-	-	-	-	-	-	157
SpareBank 1 Boligkreditt	-	2 174	-	16	461	-	-
Admiseret	16	3	1	-	-	-	-
SpareBank 1 Næringskreditt	-	350	-	7	6	-	-
Samarbeidende Sparebanker Bankinvest	3	-	-	-	-	-	-
SpareBank 1 Kredittkort	730	-	16	-	-	-	-
Total associated companies and joint ventures	792	2 527	21	23	711	-	157

Continue note 39

Transactions with close associates of the executive management team ¹⁾

There were no transactions with close associates of the executive management team.

Transactions with close associates of the board ¹⁾

2015 (figures in NOK 1,000s)	Loans 31 Dec ²⁾	Interest income	Other income
Ingvald Løyning	6 273	141	-
Birthe Cecilie Lepsøe	349 257	1 579	-
Siv Juvik Tveitnes	1 881	69	-
Tor Dahle	2 911	18	-

¹⁾ Including transactions with close associates and companies in which close associated are key personnel.

²⁾ Inclusive of loan limits, derivatives and guarantees.

NOTE 40 SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share capital

SpareBank 1 SR-Bank's share capital amounts to NOK 6,393,777,050 divided into 255,751,082 shares, each with a nominal value of NOK 25. The share capital (formerly equity share capital) was raised in the following manner and on the following dates:

Year		Change in share capital	Total share capital	No. of shares
1994	Public issue	744,0	744,0	7 440 000
2000	Private placement with employees	5,0	749,0	7 489 686
2001	Private placement with employees	4,8	753,8	7 538 194
2004	Bonus issue	150,8	904,6	9 045 834
2005	Bonus issue/split	226,1	1 130,7	22 614 585
2007	Private placement	200,0	1 330,7	26 613 716
2007	Bonus issue/split	443,5	1 774,2	70 969 909
2008	Dividend issue	91,7	1 866,0	74 638 507
2008	Private placement with employees	6,6	1 872,6	74 903 345
2009	Bonus issue/split	374,5	2 247,1	89 884 014
2009	Private placement	776,2	3 023,3	120 933 730
2010	Private placement with employees	7,8	3 031,1	121 243 427
2010	Private placement with Kvinnherad	151,7	3 182,8	127 313 361
2013	Conversion limited savings bank	1804,4	4 987,2	199 489 669
2013	Private placement	1406,5	6 393,8	255 751 082

Besides the share capital, the equity consists of the share premium reserve, fund for unrealised gains and other equity.

Dividend policy

SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price. Consideration must be given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the board is to distribute approximately half of the net profit for the year as dividends.

Trading in own shares in 2015

(Figures in NOK 1,000s)	Antall aksjer	Pålydende verdi
Holding as of 31 Dec 2014	231 043	5 776
Traded in 2015	-205 645	-5 141
Holding as of 31 Dec 2015	25 398	635

Continue note 40

20 largest shareholders as of 31 Dec 2015

Holder	Equities	Percentage share
Sparebankstiftelsen SR-Bank	72 419 305	28,3%
Gjensidige Forsikring ASA	26 808 416	10,5%
State Street Bank and Trust Co, USA	9 670 715	3,8%
Vpf Nordea Norge Verdi	8 268 105	3,2%
SpareBank 1-stiftinga Kvinnherad	6 226 583	2,4%
Wimoh Invest AS	5 761 169	2,3%
Odin Norge	5 381 793	2,1%
Pareto Aksje Norge	3 944 244	1,5%
Danske Invest Norske Instit. II	3 028 258	1,2%
State Street Bank and Trust Co, USA	2 990 287	1,2%
Clipper AS	2 565 000	1,0%
The Bank of New York Mellon, USA	2 542 184	1,0%
State Street Bank and Trust Co, USA	2 182 161	0,9%
State Street Bank and Trust Co, USA	1 890 186	0,7%
Danske Invest Norske Aksjer Inst.	1 674 894	0,7%
Vpf Nordea Kapital	1 653 050	0,6%
Pareto AS	1 640 867	0,6%
Vpf Nordea Avkastning	1 630 410	0,6%
Westco	1 577 534	0,6%
The Northern Trust Co, UK	1 512 297	0,6%
Total 20 largest	163 367 458	63,9%
Other holders	92 383 624	36,1%
Shares issued	255 751 082	100,0 %

The total number of shareholders as of 31 December 2015 was 10,153. This represents a decrease of 269 since year-end 2014. The proportion of shares held by shareholders resident in Rogaland, Hordaland and the Agder counties was 49.8%, and the proportion held by foreign shareholders was 17.3%. Please also see the overview of shareholders on the board and supervisory board. For more information about SpareBank 1 SR-Bank's share please refer to the special section in the annual report.

20 largest shareholders as of 31 Dec 2014.

Holder	Equities	Percentage share
Sparebankstiftelsen SR-Bank	72 419 305	28,3%
Gjensidige Forsikring ASA	26 748 416	10,5%
State Street Bank and Trust Co, USA	8 643 971	3,4%
Morgan Stanley & Co LLC, USA	8 231 700	3,2%
National Insurance Scheme Fund	7 069 608	2,8%
SpareBank 1-stiftinga Kvinnherad	6 226 583	2,4%
Wimoh Invest AS	5 761 169	2,3%
Skandinaviska Enskilda Banken, Sweden	3 907 817	1,5%
Vpf Nordea Norge Verdi	3 259 776	1,3%
State Street Bank and Trust Co, USA	3 043 658	1,2%
State Street Bank and Trust Co, USA	2 748 403	1,1%
Clipper AS	2 525 000	1,0%
MSCO Equity Firm Account, USA	2 287 448	0,9%
J.P. Morgan Chase Bank N.A., UK	2 083 137	0,8%
Danske Invest Norske Instit. II	1 924 571	0,8%
The Bank of New York Mellon, USA	1 865 430	0,7%
Westco	1 577 534	0,6%
Pareto Aksje Norge	1 543 600	0,6%
Odin Norge	1 473 591	0,6%
FLPS-Princ All Sec Stock Sub, USA	1 433 800	0,6%
Total 20 largest	164 774 517	64,4%
Other holders	90 976 565	35,6%
Shares issued	255 751 082	100,0 %

The total number of shareholders as of 31 December 2014 was 10,422. This represents a decrease of 729 since year-end 2013. The proportion of shares held by shareholders resident in Rogaland, Hordaland and the Agder counties was 48.9%, and the proportion held by foreign shareholders was 22.4%. Please also see the overview of shareholders on the board and supervisory board. For more information about SpareBank 1 SR-Bank's share please refer to the special section in the annual report.

NOTE 41 ACTIVITIES THAT WILL BE SOLD

(Figures in NOK millions)

The item includes assets that SpareBank 1 SR-Bank owns as part of its ordinary operations and which it has decided to sell.

SpareBank 1 SR-Bank establishes, as part of its business activities, investment projects for sale to its customers.

SpareBank 1 SR-Bank must also, as part of its business activities, take over assets, for one reason or another, from its customers. Such assets can also be measured as an activity that will be sold.

Group ¹⁾	Owned since	Ownership	2015 Book value	2014 Book value
Energiveien Eiendom Holding AS ²⁾	1996	16,80 %	22	22
Bank 1 Oslo Akershus	2008	4,80 %	146	-
Book value 31 Dec			168	22

The item is measured at fair value in the financial statements and as operations that will be sold.

¹⁾ This note is identical for the parent bank.

²⁾ SpareBank 1 SR-Bank does not consider the investment an associated company since no basis exists for exercising control and the investment has, therefore, not been recognised using the equity method.

NOTE 42 EVENTS AFTER THE BALANCE SHEET DATE

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

The proposed dividend is NOK 1.50 per share and will total NOK 384 million.



To the Annual Shareholders' Meeting and Supervisory Board of SpareBank 1 SR-Bank ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of SpareBank 1 SR-Bank ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2015, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for the parent company and the group SpareBank 1 SR-Bank ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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

Opinion on Registration and Documentation

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

Stavanger, 3 March 2016
PricewaterhouseCoopers AS


Note: This translation from Norwegian has been prepared for information purposes only.

STATEMENT BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER


We hereby confirm that the financial statements for the period 1 January to 31 December 2015 have, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's and the Group's assets, liabilities, financial positions and profit as a whole.

We also confirm that the Board of Directors' report provides a true and fair presentation of the performance, result and position of the company and Group, together with a description of the most important risk and uncertainty factors that the company and the Group face.

Stavanger, 3 March 2016


Ingvald Løyning
Chairman of the Board

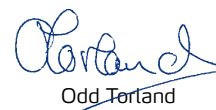

Kate Henriksen



Erling Øverland


Tor Dahle


Birthe Cecilie Lepsø


Siv Juvik Tveitnes


Odd Torland


Sally Lund-Andersen
Employee representative


Oddvar Rettedal
Employee representative


Arne Austreid
Chief Executive Officer

AUDIT COMMITTEE'S STATEMENT

TO THE SUPERVISORY BOARD AND GENERAL MEETING OF SPAREBANK 1 SR-BANK

The Audit Committee has supervised SpareBank 1 SR-Bank ASA and the Group pursuant to the law and the Supervisory Board's instructions.

The Audit Committee has in connection with the year-end closing of the accounts for the 2015 financial year reviewed the Board of Directors' report, annual financial statements and auditor's report for SpareBank 1 SR-Bank ASA. The committee finds that the Board's assessment of the financial positions of SpareBank 1 SR-Bank ASA and the Group are fair, and recommends that the Board of Directors' report and annual financial statements for the 2015 financial year be approved.

Stavanger, 10 March 2016


Odd Jo Forsell
(chair)


Vigdis Wiik Jacobsen


Egil Fjogstad

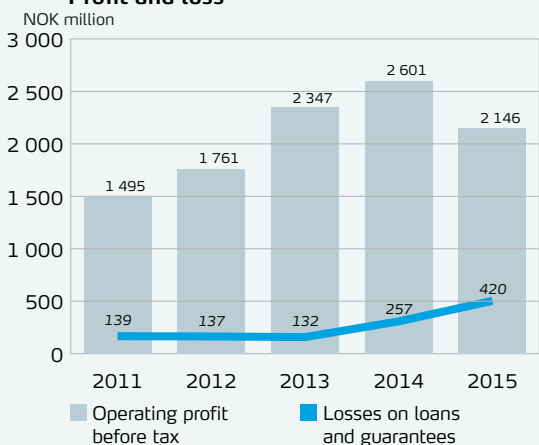


KEY FIGURES LAST 5 YEARS

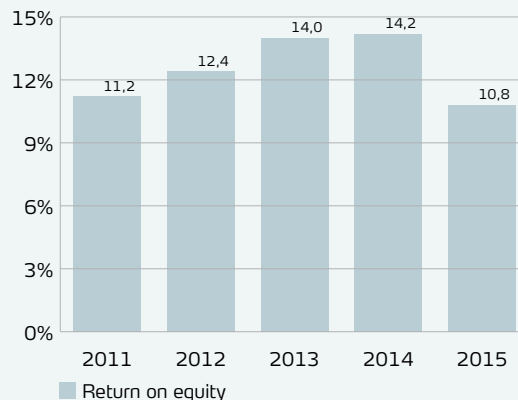
(Amounts in NOK millions)

SpareBank 1 SR-Bank Group	2015	2014	2013	2012	2011
Summary of results					
Net interest income	2 593	2 404	2 119	1 742	1 756
Net commissions and other operating income	1 532	1 732	1 824	1 466	1 192
Net income from financial investments	304	778	555	578	319
Total net income	4 429	4 914	4 498	3 786	3 267
Total operating costs	1 863	2 056	2 019	1 888	1 633
Operating profit before impairment losses on loans	2 566	2 858	2 479	1 898	1 634
Impairment losses on loans and guarantees	420	257	132	137	139
Pre-tax operating result	2 146	2 601	2 347	1 761	1 495
Taxes	400	506	487	400	414
Net profit for the year	1 746	2 095	1 860	1 361	1 081
Result (% of average total assets)					
Net interest income	1,42 %	1,45 %	1,42 %	1,27 %	1,31 %
Net commissions and other operating income	0,84 %	1,04 %	1,22 %	1,07 %	0,89 %
Net income from financial investments	0,17 %	0,47 %	0,37 %	0,42 %	0,24 %
Total net income	2,42 %	2,96 %	3,01 %	2,76 %	2,44 %
Total operating costs	1,02 %	1,24 %	1,35 %	1,38 %	1,22 %
Operating profit before impairment losses on loans	1,40 %	1,72 %	1,66 %	1,38 %	1,22 %
Impairment losses on loans and guarantees	0,23 %	0,15 %	0,09 %	0,10 %	0,10 %
Pre-tax operating result	1,17 %	1,57 %	1,57 %	1,28 %	1,12 %
Taxes	0,22 %	0,30 %	0,33 %	0,29 %	0,31 %
Net profit for the year	0,96 %	1,26 %	1,24 %	0,99 %	0,81 %
Balance sheet figures					
Lending to retail market	87 229	77 651	59 848	52 569	47 593
Lending to retail market, incl. SB1 Boligkreditt	115 397	109 939	105 595	100 786	92 287
Lending to corporate market	66 705	62 880	59 128	55 723	52 563
Lending to corporate market, incl. SB1 Næringskreditt	67 243	63 464	59 770	56 194	53 198
Retail market deposits	42 101	39 545	36 190	34 311	31 445
Corporate market deposits	47 341	41 942	35 474	33 248	32 557
Lending growth in retail market, excl. SB1 Boligkreditt %	12,3	29,7	13,8	10,5	-15,8
Lending growth in corporate market, excl. SB1 Næringskreditt %	6,1	6,3	6,1	6,0	7,9
Percentage growth in retail market deposits	6,5	9,3	5,5	9,1	9,6
Percentage growth in corporate market deposits %	12,9	18,2	6,7	2,1	1,6
Total assets	192 049	174 926	156 985	141 543	131 142
Average total assets	182 768	166 017	149 554	137 212	133 629
Impairment losses on loans and non-performance					
Impairment as % of lending	0,28	0,20	0,11	0,13	0,13
Non-performing commitments as % of gross loans	0,55	0,30	0,69	0,42	0,41
Other impaired commitments as % of gross loans	0,35	0,36	0,37	0,54	0,69
Equity					
Share capital	6 394	6 394	6 394	6 394	3 183
Share premium reserve	1 587	1 587	1 587	1 587	623
Other equity	8 933	7 422	6 075	4 656	1 573
Primary capital					2 739
Dividend equalisation fund					1 639
Total equity	16 914	15 403	14 056	12 637	9 757
Profitability, financial strength and staffing					
Return on equity %	10,8	14,2	14,0	12,4	11,2
Cost/income ratio	42,1	41,8	44,9	49,9	50,0
Common equity tier 1 capital ratio %	13,26	11,50	11,11	10,01	8,27
Tier 1 capital ratio %	14,17	12,34	12,83	12,15	10,62
Capital ratio %	16,73	14,53	14,07	13,10	11,44
No. of full-time equivalents	1 161	1 106	1 165	1 207	1 213

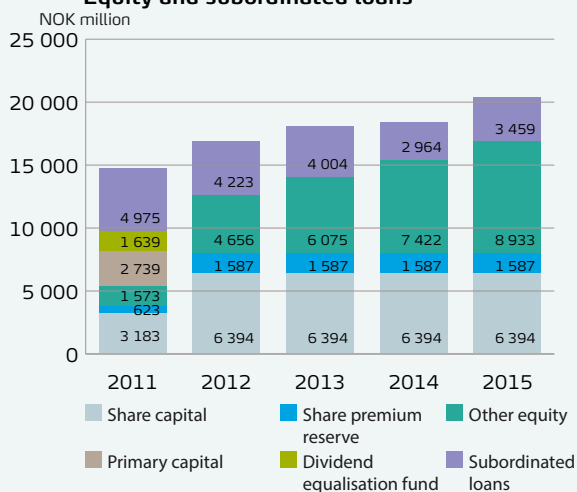
Profit and loss



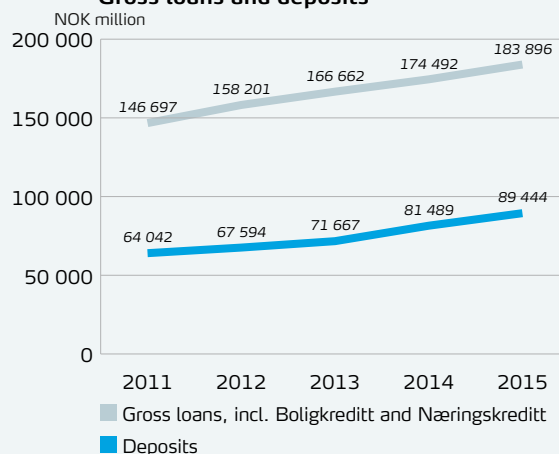
Return on equity



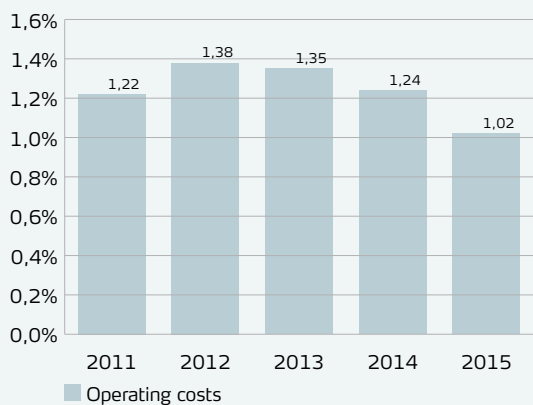
Equity and subordinated loans



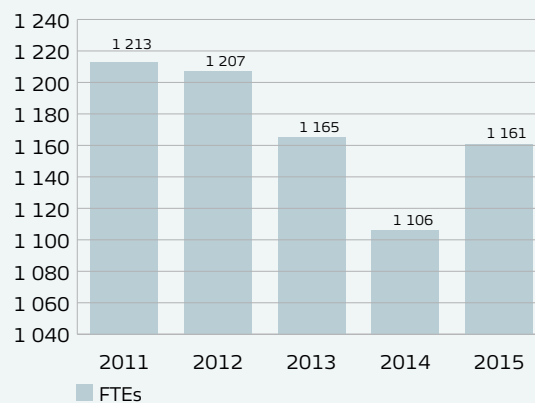
Gross loans and deposits



Operating costs as % of average total assets



FTEs, Group



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