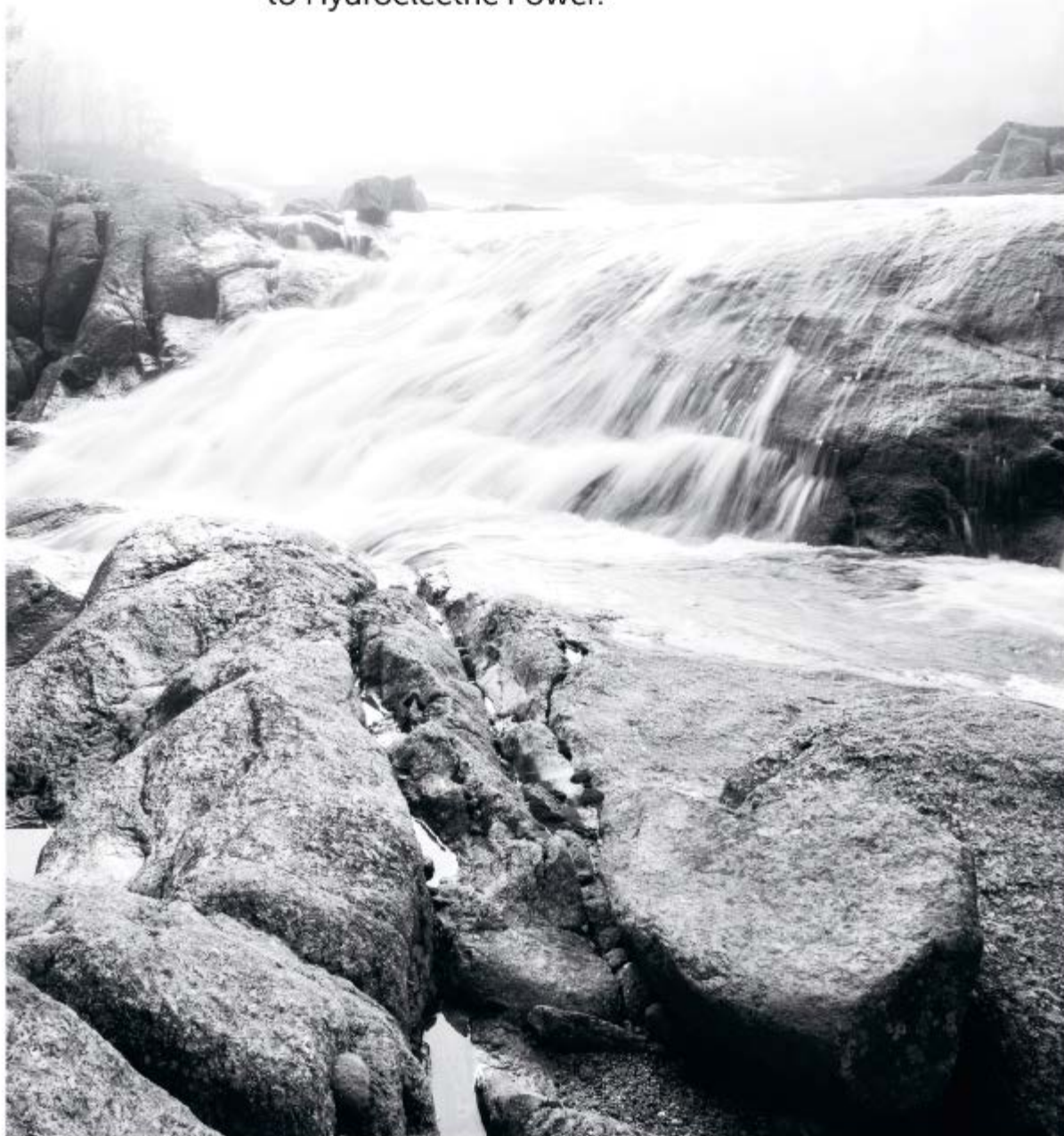


From Rain  
to Hydroelectric Power.



FOURTH QUARTER 2014

SpareBank   
SR-BANK

Chief Executive, CEO

Arne Austreid

For further information, please contact

Inge Reinertsen, Chief Financial Officer	inge.reinertsen@sr-bank.no	+47 909 95 033
Stian Helgøy, VP Investor Relations	stian.helgoy@sr-bank.no	+47 906 52 173

#### Address

SpareBank 1 SR-Bank, Postboks 250, 4066 Stavanger  
Visiting address: Bjergsted Terrasse 1, 4001 Stavanger

SpareBank 1 SR-Bank Switchboard: +47 915 02002

#### Information on the Internet

SpareBank 1 SR-Bank's homepage [www.sr-bank.no](http://www.sr-bank.no)

#### Financial Calendar 2015

General annual meeting	28 April
Ex-dividend date	29 April
First quarter 2015	29 April
Second quarter 2015	12 August
Third quarter 2015	29 October

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# 1. SpareBank 1 SR-Bank ASA

## 1.1 Financial highlights

### Q4 2014

- Pre-tax profit: NOK 553 million (NOK 674 million)
- Profit after tax: NOK 448 million (NOK 567 million)
- Return on equity after tax: 11.7 % (16.2 %)
- Earnings per share: NOK 1.75 (NOK 2.22)
- Net interest income: NOK 655 million (NOK 574 million)
- Net commission and other income: NOK 405 million (NOK 489 million)
- Net income from financial investments: NOK 116 million (NOK 195 million)
- Operating expenses: NOK 530 million (NOK 534 million)
- Impairment losses on loans and guarantees: NOK 93 million (NOK 50 million)
- Total lending growth over past 12 months: 4.7 % (5.3%)
- Growth in deposits over past 12 months: 13.7% (6.0%)
- Tier 1 capital ratio: 12.3% (12.8%)
- CET 1 capital ratio: 11.5% (11.1%)  
*(Q4 2014 in parentheses)*

### As at 31 December 2014

- Pre-tax profit: NOK 2,601 million (NOK 2,347 million)
- Profit after tax: NOK 2,095 million (NOK 1,860 million)
- Return on equity after tax: 14.2 % (14.0 %)
- Earnings per share: NOK 8.20 (NOK 7.28)
- Net interest income: NOK 2,404 million (NOK 2,119 million)
- Net commission and other income: NOK 1,732 million (NOK 1,824 million)
- Net income from financial investments: NOK 778 million (NOK 555 million)
- Operating expenses: NOK 2,056 million (NOK 2,019 million)
- Impairment losses on loans and guarantees: NOK 257 million (NOK 132 million)
- Total lending growth over past 12 months: 4.7 % (5.3%)
- Growth in deposits over past 12 months: 13.7% (6.0%)
- Tier 1 capital ratio: 12.3% (12.8%)
- CET 1 capital ratio: 11.5% (11.1%)  
*(As at 31 December 2014 in parentheses)*

### Income statement

MNOK	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Net interest income	655	621	581	547	574	2.404	2.119
Net commission and other income	405	403	444	480	489	1.732	1.824
Net return on investment securities	116	142	201	319	195	778	555
Total income	1.176	1.166	1.226	1.346	1.258	4.914	4.498
Total operating expenses	530	520	501	505	534	2.056	2.019
Operating profit before losses	646	646	725	841	724	2.858	2.479
Losses on loans and guarantees	93	69	41	54	50	257	132
Operating profit before tax	553	577	684	787	674	2.601	2.347
Tax expense	105	123	150	128	107	506	487
Profit after tax	448	454	534	659	567	2.095	1.860

## Key figures

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Return on equity <sup>1)</sup>	11,7 %	12,2 %	14,5 %	18,4 %	16,2 %	14,2 %	14,0 %
Cost ratio <sup>2)</sup>	45,1 %	44,6 %	40,9 %	37,5 %	42,4 %	41,8 %	44,9 %
Deposit-to-loan ratio	57,5 %	59,1 %	60,4 %	61,2 %	59,6 %	57,5 %	59,6 %
Growth in loans	17,7 %	17,7 %	17,5 %	8,4 %	9,8 %	17,7 %	9,8 %
Growth in loans incl. covered bond companies	4,7 %	3,5 %	3,6 %	3,8 %	5,3 %	4,7 %	5,3 %
Growth in deposits	13,7 %	14,9 %	11,5 %	8,5 %	6,0 %	13,7 %	6,0 %
Average total assets, MNOK	172.179	166.894	164.949	158.867	155.489	166.017	149.554
Total assets, MNOK	174.926	168.310	167.273	157.752	156.985	174.926	156.985
Impairment losses ratio <sup>3)</sup>	0,27	0,20	0,13	0,18	0,17	0,20	0,11
Capital ratio	14,5	15,4	14,6	14,5	14,1	14,5	14,1
Common Equity Tier 1 capital ratio	11,5	11,3	11,4	11,2	11,1	11,5	11,1
Share price	52,50	61,00	59,75	60,75	60,25	52,50	60,25
EPS (group)	1,75	1,78	2,09	2,58	2,22	8,20	7,28

<sup>1)</sup> Net profit as a percentage of average equity.

<sup>2)</sup> Total operating expenses as a percentage of total operating income

<sup>3)</sup> Net losses expressed as a percentage of average gross lending year to date, annualized

# 1.2 Business description: leading financial institution in Rogaland, Hordaland and Agder

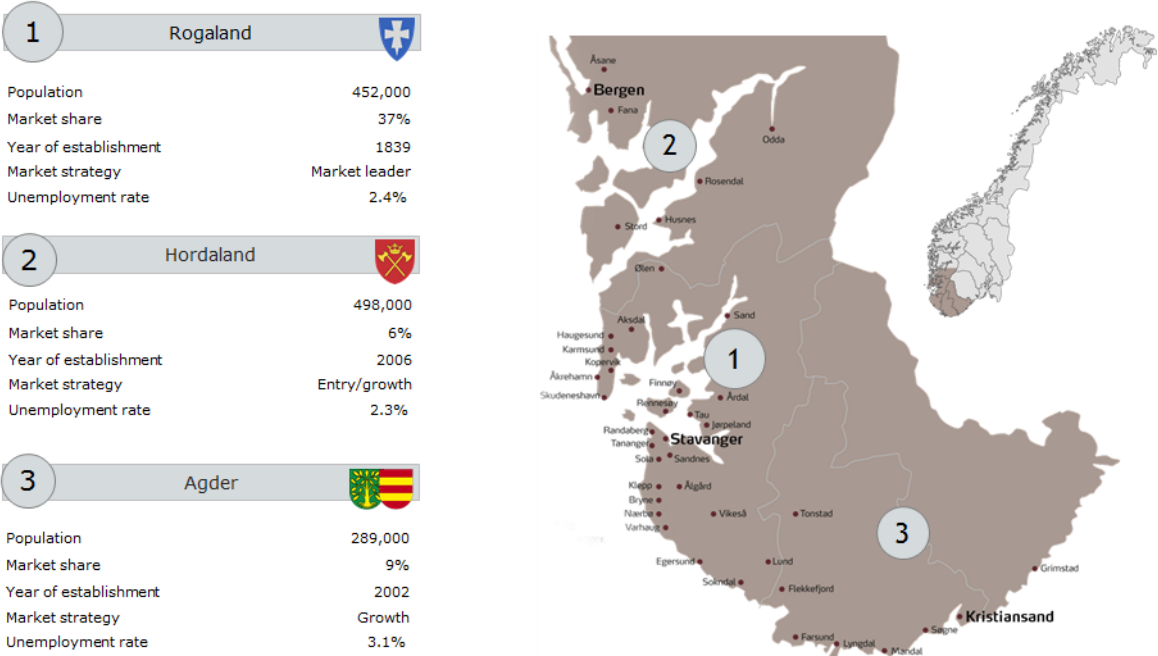


Figure 1.2.1: Operating areas (reducing the number of branches from 52 to 48 in 2014)

SpareBank 1 SR-Bank is Norway’s largest regional bank and the second largest Norwegian-owned bank (after DNB) with gross lending including covered bond companies of NOK 175 billion and market cap of NOK 13.4 billion as at 31 December 2014. Head office is in Stavanger. The market areas are the counties of Rogaland, Agder and Hordaland. SpareBank 1 SR-Bank ASA has 1 106 employees and provides a full range of products and services within financing, investments, money transfers, pensions as well as life and non-life insurance.

The customer-oriented activity is organized in three divisions; Retail Market, Corporate Market and Capital Market.

### Retail Market

SpareBank 1 SR-Bank ASA is the leading retail customer bank in Rogaland, with about 262,000 retail customers and a market share in Rogaland of about 40 per cent. The division also serves agricultural clients, sole proprietorships and associations.

### Corporate Market

SpareBank 1 SR-Bank ASA service about 12,000 customers in the business sector and public sector. These also include small businesses, agricultural customers, societies and associations. About 40 per cent of all businesses in the bank’s traditional market list SpareBank 1 SR-Bank ASA as their main bank.

### Capital Market

The Capital Market division comprises securities activities, SR-Markets and the subsidiary SR-Forvaltning that manage customers’ and the bank’s own assets in the form of securities, mutual funds and properties. SR-Markets primarily serve the group’s customers and other selected customers in defined market areas in the country as a whole.

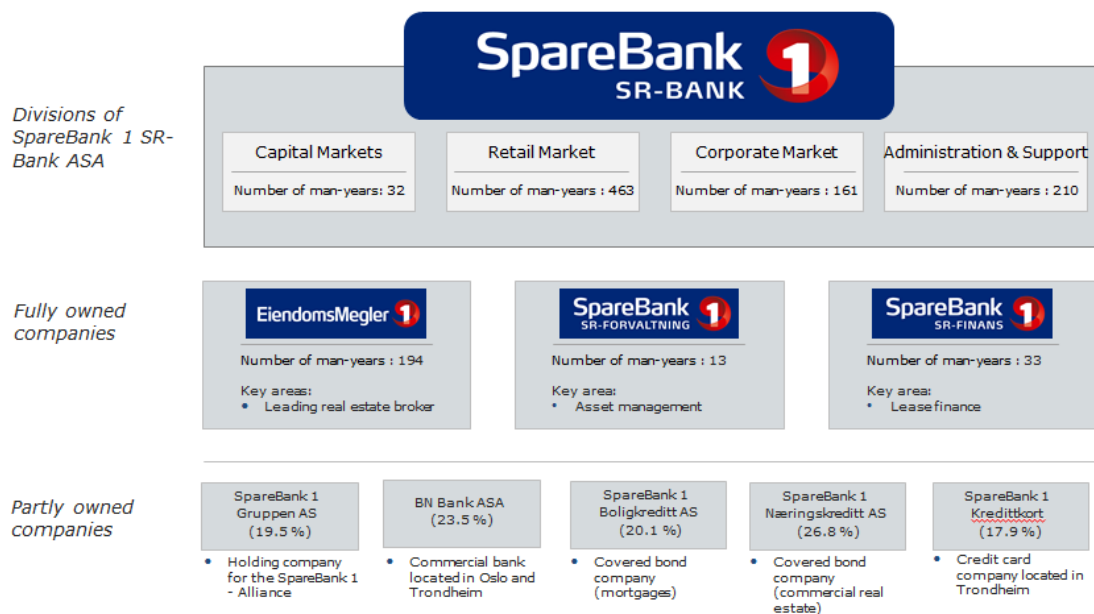


Figure 1.2.2: SpareBank 1 SR-Bank's activities

### Segment operating profit \*

MNOK	Retail market		Corporate market		Capital market	
	2014	2013	2014	2013	2014	2013
Operating profit before tax 4th quarter only	310	324	195	229	(36)	36
Operating profit before tax as at 31 December	1.349	1.296	855	882	19	94
Gross loans to customers excl. SB1 Boligkreditt and SB1 Næringskreditt as at 31 December	79.727	62.182	52.019	49.335	671	0
Deposits from customers as at 31 December	44.681	41.045	32.837	27.002	1.700	0

\* not including subsidiaries



## Vision and strategy

### Our vision: Recommended by customers

Primary objective	Financial targets
<ul style="list-style-type: none"><li>• SpareBank 1 SR-Bank ASA is committed to value creation in the bank's core market area</li><li>• Sustainable contribution to the value creation process in the region through;<ul style="list-style-type: none"><li>• Sustainable and profitable business model</li><li>• Owner friendly and stable dividend policy</li></ul></li></ul>	<ul style="list-style-type: none"><li>• ROE above 13% at a normalised level of interest rates</li><li>• Top 50% ROE and cost/income in a Nordic benchmark</li><li>• CET1 capital ratio at 0.5-1.0% above the regulatory requirement</li></ul>
Strategic goals	Strategic focus
<ul style="list-style-type: none"><li>• Most attractive and preferred partner for financial services in South-Western Norway, based on;<ul style="list-style-type: none"><li>• Good customer experience</li><li>• Strong team spirit and professionalism</li><li>• Local anchoring and local decisions</li><li>• Solvency, profitability and trust by the market</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Targeted customer growth and increased product mix</li><li>• Innovative and continuing focus on efficiency</li><li>• Expertise adapted to future customer needs</li><li>• Diversified funding platform</li></ul>

Figure 1.2.3: Vision and strategy

## Legal and organizational structure

SpareBank 1 SR-Banks's various management and control bodies have all been established with respect to Norwegian legislation. The figure below shows an overview of current management and control bodies:

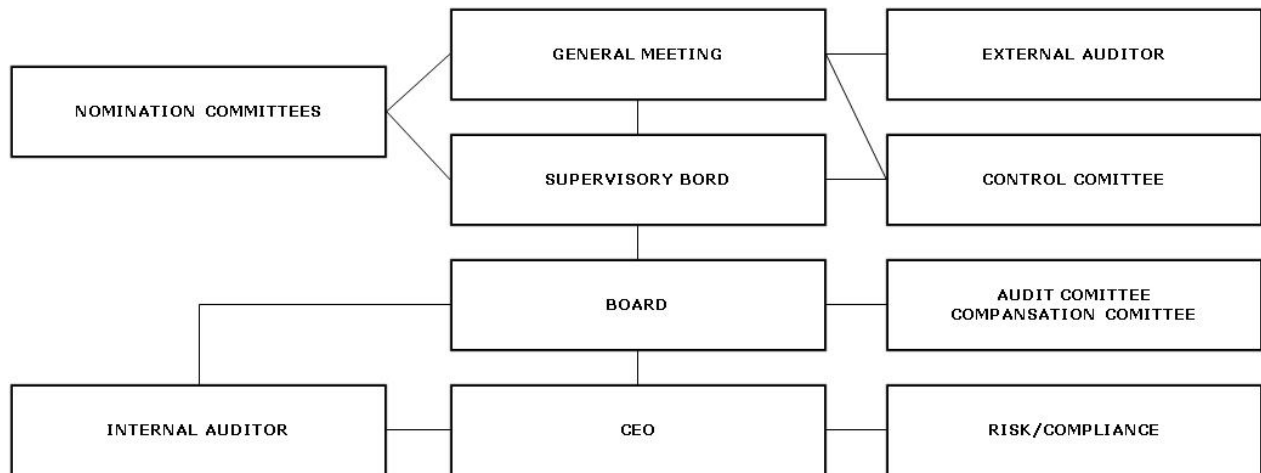


Figure 1.2.4: Overview of management and control bodies

### General Meeting

Through the General Meeting, the shareholders exercise the highest level of authority at SpareBank 1 SR-Bank ASA. The Ordinary General Meeting elects the members of the Supervisory Board, the Control Committee and the Nomination Committee, as well as approving the annual financial statements, including the allocation of a surplus or coverage of a deficit for a year.

### Supervisory Board

The Supervisory Board consists of 30 members and 15 deputy members. A total of 22 members and 11 deputy members are elected among the shareholders and eight members and four deputy members are elected by and among the employees.

The Supervisory Board conducts supervision of the administration by the Board of Directors and the CEO, elects the members and deputy members of the Board of Directors, elects the Nominating Committee, elects the auditor or auditing company, receives information on the operation and reviews extracts of SpareBank 1 SR-Bank's accounts and reports from the Control Committee, reviews the annual financial statements, annual report and auditor's report, and makes a statement to the General Meeting concerning the Board's proposal for the annual financial statements, and the Board's proposal for allocation of a surplus or coverage of a deficit as well as adopting decisions on remuneration for officers and auditors as well as compensation for the CEO.

### Control Committee

The Control Committee consists of three members and one deputy member who are elected for terms of two years at a time.

The Control Committee must see to it that the activities of SpareBank 1 SR-Bank are conducted in an appropriate manner, including co-operation and having on-going contact with other possible control committees of group companies, and conducting supervision that the Board and CEO have adequate supervision and control of the subsidiaries.

### Board of Directors

The Board of Directors consists of nine members and two deputy members, of which two members and one deputy member are elected by the employees.

The Board of Directors is responsible for the administration of the Bank's business. This includes making decisions on individual credit cases. The Board must ensure a satisfactory organisation of the Bank's operations, including ensuring that accounting and asset management are subjected to proper scrutiny.

### *Board committees*

The Board of Directors has established a Compensation Committee and an Audit Committee. The committees shall assist the Board of Directors in preparing cases, but the decision shall be made jointly by the Board of Directors. Both committees, on their own initiative, are able to conduct meetings and processes cases without participation by the administration.

Instructions for the committees are established by the Board of Directors.

### *Organisation of SpareBank 1 SR-Bank ASA*

The Bank's operational structure is illustrated in the figure below.

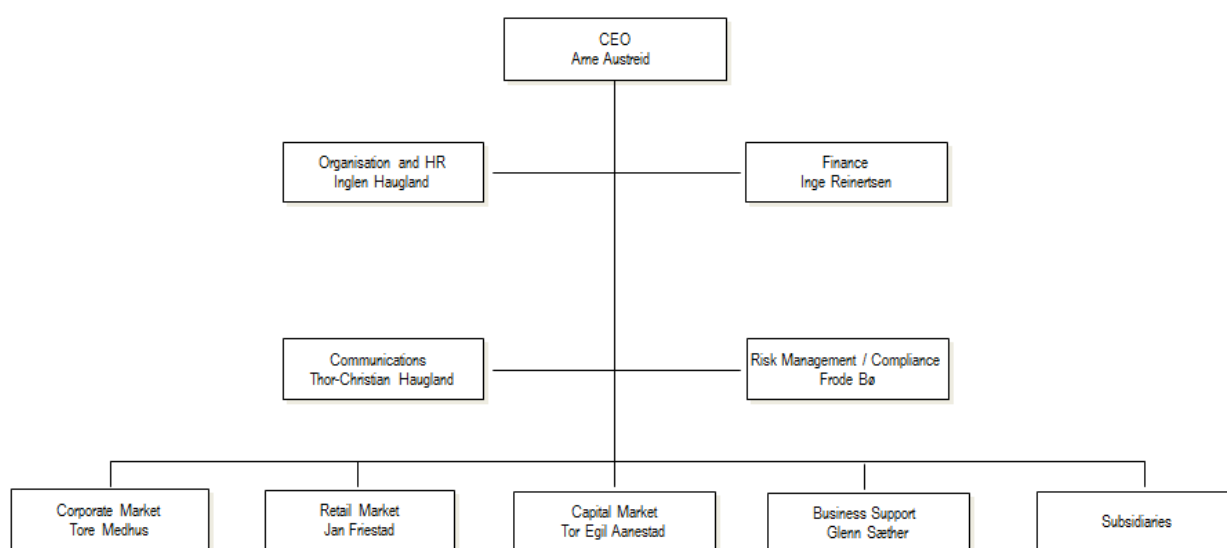


Figure 1.2.5: Organizational structure of SpareBank 1 SR-Bank

### *The SpareBank 1 Alliance*

SpareBank 1 SR-Bank is one of the founding partners of the SpareBank 1 Gruppen (“the Alliance”) in 1996. Through participation in the Alliance, SpareBank 1 SR-Bank is linked together in an alliance of independent and locally anchored banks. The purpose of the Alliance is for members to develop, procure and supply competitive financial services and products and to exploit economies of scale in the form of lower costs and higher quality, so that customers get the best advice and the best services on competitive terms. As shown in the figure below the Alliance has a wide distribution all over Norway.

## The SpareBank 1 Alliance - 2<sup>nd</sup> largest mortgage lender in Norway

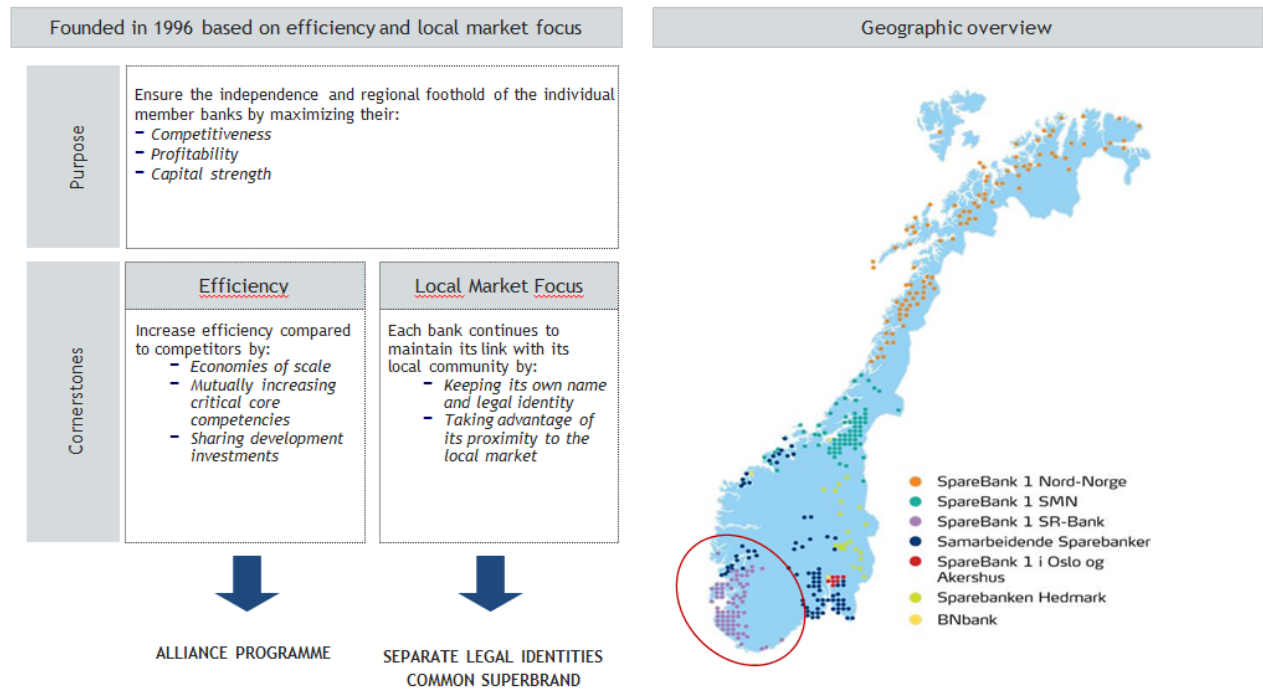


Figure 1.2.6: Geographic overview of the SpareBank 1 Alliance

The member banks in the Alliance work in part through common projects and in part through the jointly owned holding company; SpareBank 1 Gruppen AS. In addition to SpareBank 1 SR-Bank, SpareBank 1 Gruppen AS is owned by Sparebanken Nord-Norge, Sparebanken 1 SMN, Sparebanken Hedmark, Bank 1 Oslo/Akershus, Samarbeidende Sparebanker (14 local savings banks in southern Norway) and the Norwegian Confederation of Trade Unions (LO).

SpareBank 1 Gruppen AS owns all of the shares in SpareBank 1 Livsforsikring AS (life insurance), SpareBank 1 Skadeforsikring AS (non-life insurance), ODIN Forvaltning AS (asset management), SpareBank 1 Medlemskort (membership cards) and SpareBank 1 Gruppen Finans Holding AS (collection of bad debts).

The banks that are part of the Alliance also jointly own the two covered bond companies SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, EiendomsMegler 1 (chain of real estate brokers), Alliansesamarbeidet SpareBank 1 Utvikling DA, and the two banks; Bank 1 Oslo/Akershus AS and BN Bank ASA.

The SpareBank 1 Alliance structure is illustrated below in figure 1.2.7.

## SpareBank 1 Alliance

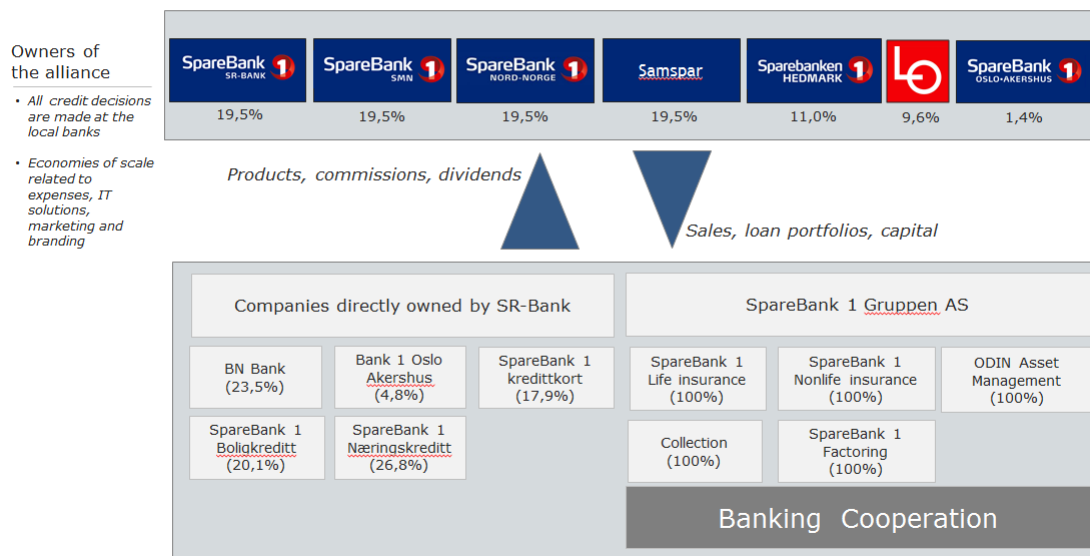


Figure 1.2.7: Structure of SpareBank 1 Alliance as per 31 December 2014

More information on the SpareBank 1 Alliance can be found on [www.sparebank1.no](http://www.sparebank1.no).

### 1.3 Shareholder information - SRBANK

SpareBank 1 SR-Bank's former Equity Certificates (EC) was listed on the Oslo stock exchange from 1994 until end 2011 under the ticker of ROGG. From 1 January 2012 the EC's were converted to ordinary shares. The share capital in SpareBank 1 SR-Bank is NOK 6,393,777,050 divided between 255,751,082, each with a nominal value of NOK 25.

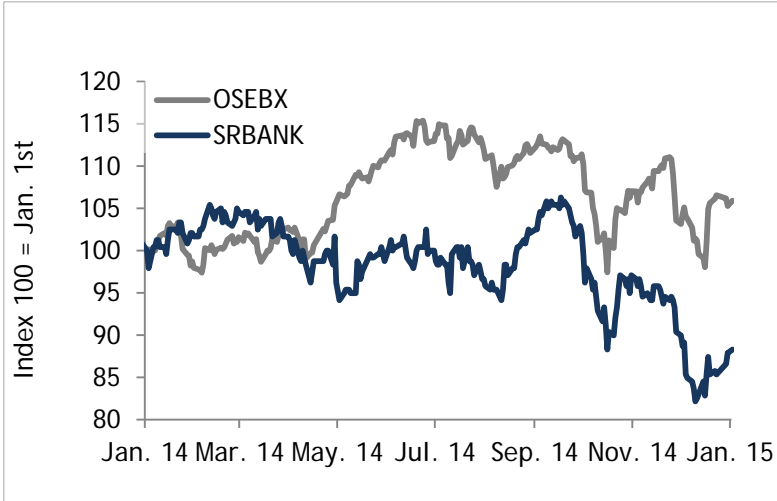


Figure 1.3.1: Relative performance; SRBANK vs OSEBX 1.1.2014 – 31.12.2014

The former ticker code ROGG was replaced by SRBANK and from 3 January 2012, SRBANK was included in the OSEAX All-Share index and sector index OSE40 Financials/OSE4010 Banks. Figure 1.3.1 shows the relative performance of SRBANK compared to OSEBX.

SpareBank 1 SR-Bank aims to ensure good liquidity in its shares and achieve a good diversity of shareholders who represent customers, regional interests, as well as Norwegian and international investors. Figure 1.3.2 shows how daily liquidity has developed in the period from 1 January 2010 to 31 December 2014. A general observation is that liquidity has increased after the conversion and issue of new shares.

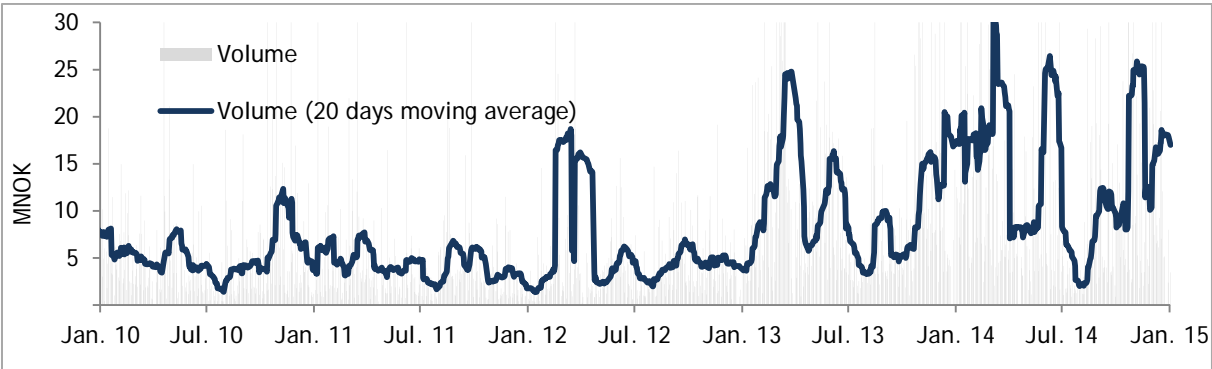


Figure 1.3.2 Development in liquidity; SRBANK 1.1.2010 – 31.12.2014

Figure 1.3.3 shows the share price movements and Price/Book development from 01.01.2014 to 31.12.2014.

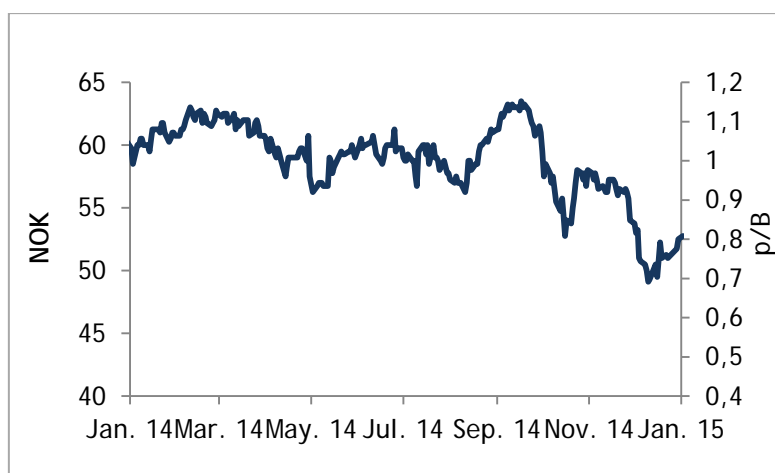


Figure 1.3.3: Share price and development in P/B; 1.1.2014 – 31.12.2014

### *Investor relations policy*

It is crucial to SpareBank 1 SR-Bank that accurate, relevant and timely information about the group's development and result inspires confidence in the investor market. Information is conveyed to the market mainly through quarterly investor presentations, websites, press releases and accounting reports. Regular presentations are also held for international partners, lenders and investors, mainly in the domestic and European market.

It is in SpareBank 1 SR-Bank's own interest that financial analyses are published with the highest possible quality. All analysts, irrespective of their recommendations and viewpoints regarding the stock are treated equally. As of today the following financial analysts have official coverage of SRBANK:

*Arctic Securities*, Karl Storvik: + 47 21 01 32 36, [karl.storvik@articsec.no](mailto:karl.storvik@articsec.no)  
*SpareBank 1 Markets*, Nils Kristian Øyen: + 47 24 14 74 00 [nils.oyen@sb1.markets.no](mailto:nils.oyen@sb1.markets.no)  
*First Securities*, Bengt Kirkøen +47 23 23 82 65 [bk@first.no](mailto:bk@first.no)  
*Nordea Markets*, Thomas Svendsen +47 22 48 79 21 [thomas.svendsen@nordea.com](mailto:thomas.svendsen@nordea.com)  
*Pareto Securities*, Vegard Eid Mediaas: +47 22 87 88 24, [vegard.eid.mediaas@pareto.no](mailto:vegard.eid.mediaas@pareto.no)  
*DnB NOR Markets*, Håkon Reistad Fure: + 47 22 94 89 12, [hakon.reistad.fure@dnb.no](mailto:hakon.reistad.fure@dnb.no)  
*Keefe, Bruyette & Woods*, Karl Morris: +44 207 663 5296, [kmorris@kbw.com](mailto:kmorris@kbw.com)  
*Enskilda Securities*, Christoffer Adams: +47 21 00 85 14, [christoffer.adams@seb.no](mailto:christoffer.adams@seb.no)  
*Norne Securities*, Andrius Valivonis: +47 55 55 91 30, [andrius.valivonis@norne.no](mailto:andrius.valivonis@norne.no)  
*Warren Securities*, Mille Fjeldstad: +47 99 03 89 16, [mille.fjeldstad@warren.no](mailto:mille.fjeldstad@warren.no)  
*Fondsfinans*, Geir Kristiansen: +47 23 11 30 11, [gk@fondsfinans.no](mailto:gk@fondsfinans.no)  
*Carnegie*, Asbjørn Nicholas Mørch: +45 32 88 03 35, [asbmoe@carnegie.dk](mailto:asbmoe@carnegie.dk)

### *Shareholder and dividend policy*

#### Shareholder policy

SpareBank 1 SR-Bank's objective is to manage the bank's resources in such a manner that shareholders receive a yield in the form of dividends and a value increase which is competitive in relation to comparable investments.

#### Dividend policy

The financial objective of SpareBank 1 SR-Bank's operations is to achieve earnings that yield adequate, stable returns on the bank's equity, thereby creating value for owners through competitive returns in the form of dividends and share appreciation.

In determining the size of the annual dividend, considerations will be made toward the group's capital,

including capital adequacy requirements and the group's goals and strategic plans. Unless capital requirements otherwise dictate, the goal of the board is that approximately half of the annual profit after tax is distributed.

### *Ownership structure*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Gjensidige Forsikring ASA		26.748.416	10,5%
State Street Bank and Trust Co, U.S.A.	Nominee	8.643.971	3,4%
Morgan Stanley & Co LLC, U.S.A.	Nominee	8.231.700	3,2%
Folketrygdfondet		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, Sverige	Nominee	3.907.817	1,5%
Vpf Nordea Norge Verdi		3.259.776	1,3%
State Street Bank and Trust Co, U.S.A.	Nominee	3.043.658	1,2%
State Street Bank and Trust Co, U.S.A.	Nominee	2.748.403	1,1%
Clipper AS		2.525.000	1,0%
MSCO Equity Firm Account, U.S.A.		2.287.448	0,9%
J.P. Morgan Chase Bank N.A., U.K.	Nominee	2.083.137	0,8%
Danske Invest Norske Instit. II		1.924.571	0,8%
The Bank of New York Mellon, U.S.A.	Nominee	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, U.S.A.		1.433.800	0,6%
Top 5		123.113.000	48,1%
Top 10		145.312.003	56,8%
Top 20		164.774.517	64,4%

Table 1.3.2: 20 largest shareholders as at 31 December 2014

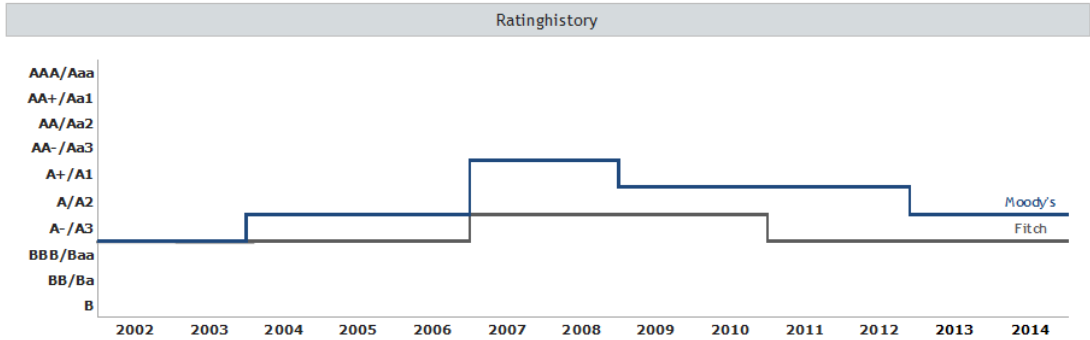


# 1.4 Credit ratings

Current credit rating status as at 31 December 2014 was as follows:

## Rating

Moody's		Fitch	
Long-term debt	A2	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	11 December 2014	Updated	19 November 2014



## 2. Financial results and balance sheet

### Income statement

<i>MNOK</i>	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Interest income	1.588	1.568	1.543	1.438	1.466	6.137	5.644
Interest expense	933	947	962	891	892	3.733	3.525
<b>Net interest income</b>	<b>655</b>	<b>621</b>	<b>581</b>	<b>547</b>	<b>574</b>	<b>2.404</b>	<b>2.119</b>
Commission income	322	317	333	398	392	1.370	1.452
Commission expenses	19	20	19	20	12	78	72
Other operating income	102	106	130	102	109	440	444
<b>Net commission and other income</b>	<b>405</b>	<b>403</b>	<b>444</b>	<b>480</b>	<b>489</b>	<b>1.732</b>	<b>1.824</b>
Dividend income	1	10	7	18	-2	36	33
Income from investment in associates	138	150	137	81	95	506	355
Net gains/losses on financial instruments	-23	-18	57	220	102	236	167
<b>Net return on investment securities</b>	<b>116</b>	<b>142</b>	<b>201</b>	<b>319</b>	<b>195</b>	<b>778</b>	<b>555</b>
<b>Total income</b>	<b>1.176</b>	<b>1.166</b>	<b>1.226</b>	<b>1.346</b>	<b>1.258</b>	<b>4.914</b>	<b>4.498</b>
Personnel expenses	308	307	293	294	323	1.202	1.196
Administrative expenses	128	114	120	106	109	468	432
Other operating expenses	94	99	88	105	102	386	391
<b>Total operating expenses</b>	<b>530</b>	<b>520</b>	<b>501</b>	<b>505</b>	<b>534</b>	<b>2.056</b>	<b>2.019</b>
<b>Operating profit before losses</b>	<b>646</b>	<b>646</b>	<b>725</b>	<b>841</b>	<b>724</b>	<b>2.858</b>	<b>2.479</b>
Losses on loans and guarantees	93	69	41	54	50	257	132
<b>Operating profit before tax</b>	<b>553</b>	<b>577</b>	<b>684</b>	<b>787</b>	<b>674</b>	<b>2.601</b>	<b>2.347</b>
Tax expense	105	123	150	128	107	506	487
<b>Profit after tax from continuing operations</b>	<b>448</b>	<b>454</b>	<b>534</b>	<b>659</b>	<b>567</b>	<b>2.095</b>	<b>1.860</b>

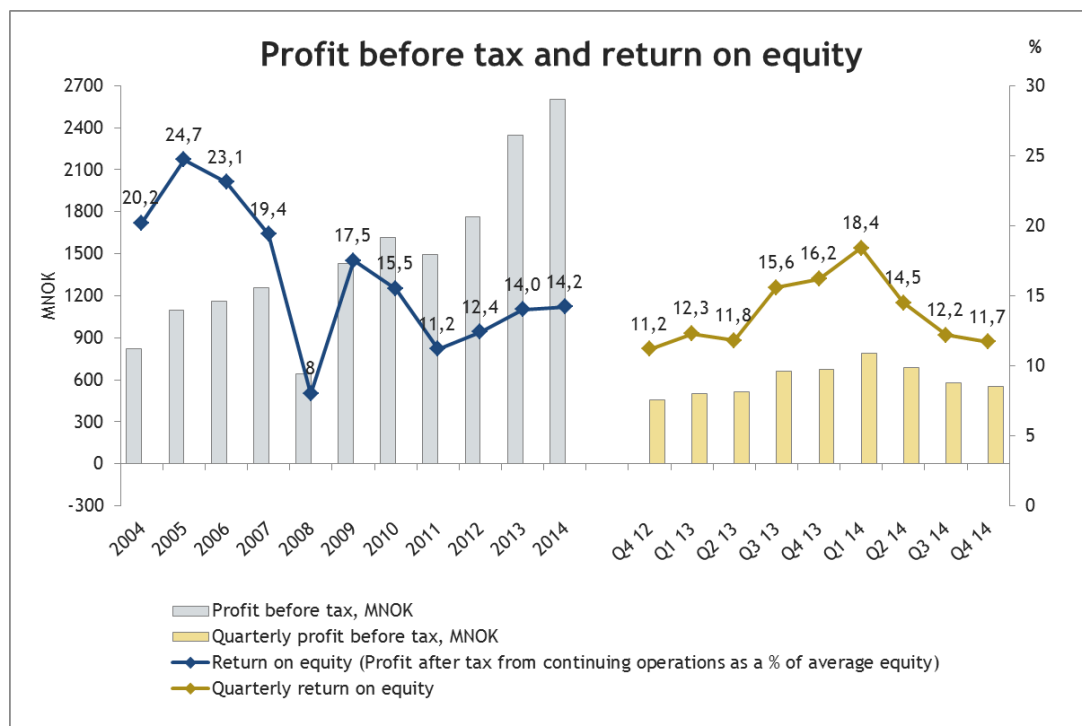
## Key figures

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Return on equity <sup>1)</sup>	11,7 %	12,2 %	14,5 %	18,4 %	16,2 %	14,2 %	14,0 %
Cost ratio <sup>2)</sup>	45,1 %	44,6 %	40,9 %	37,5 %	42,4 %	41,8 %	44,9 %
Net interest margin	1,51 %	1,48 %	1,41 %	1,40 %	1,46 %	1,45 %	1,42 %
Gross loans to customers	141.620	137.343	135.335	121.723	120.273	141.620	120.273
Gross loans to customers incl. covered bond companies	174.492	170.270	168.624	166.593	166.662	174.492	166.662
Deposits from customers	81.489	81.228	81.728	74.440	71.667	81.489	71.667
Deposit-to-loan ratio	57,5 %	59,1 %	60,4 %	61,2 %	59,6 %	57,5 %	59,6 %
Growth in loans	17,7 %	17,7 %	17,5 %	8,4 %	9,8 %	17,7 %	9,8 %
Growth in loans incl. covered bond companies	4,7 %	3,5 %	3,6 %	3,8 %	5,3 %	4,7 %	5,3 %
Growth in deposits	13,7 %	14,9 %	11,5 %	8,5 %	6,0 %	13,7 %	6,0 %
Average total assets	172.179	166.894	164.949	158.867	155.489	166.017	149.554
Total assets	174.926	168.330	167.273	157.752	156.985	174.926	156.985
Impairment losses ratio <sup>3)</sup>	0,27	0,20	0,13	0,18	0,17	0,20	0,11
Non-performing commitments as a percentage of gross loans	0,30	0,38	0,40	0,52	0,69	0,30	0,69
Other doubtful commitments as a percentage of gross loans	0,36	0,39	0,41	0,38	0,37	0,36	0,37
Capital ratio	14,5	15,4	14,6	14,5	14,1	14,5	14,1
Tier 1 capital ratio	12,3	13,1	13,2	13,0	12,8	12,3	12,8
Common Equity Tier 1 capital ratio	11,5	11,3	11,4	11,2	11,1	11,5	11,1
Tier 1 capital	14.828	15.304	14.978	14.691	14.511	14.828	14.511
Net primary capital	17.465	18.037	16.584	16.407	15.915	17.465	15.915
RWA	120.189	117.278	113.725	113.413	113.075	120.189	113.075
Number of branches	48	48	48	52	52	48	52
Man-years (permanent)	1.106	1.117	1.126	1.148	1.165	1.106	1.165
Share price	52,50	61,00	59,75	60,75	60,25	52,50	60,25
Market capitalisation	13.427	15.601	15.281	15.537	15.409	13.427	15.409
Book equity per share (including dividends) (group)	60,28	59,21	57,63	57,45	55,00	60,28	55,00
Earnings per share (group)	1,75	1,78	2,09	2,58	2,22	8,20	7,28
Dividends per share	2,00	n.a.	n.a.	n.a.	n.a.	2,00	1,60
Price / Earnings per share	7,50	8,57	7,15	5,89	6,78	6,40	8,28
Price / Book equity (group)	0,87	1,03	1,04	1,06	1,10	0,87	1,10

<sup>1)</sup> Net profit as a percentage of average equity.

<sup>2)</sup> Total operating expenses as a percentage of total operating income

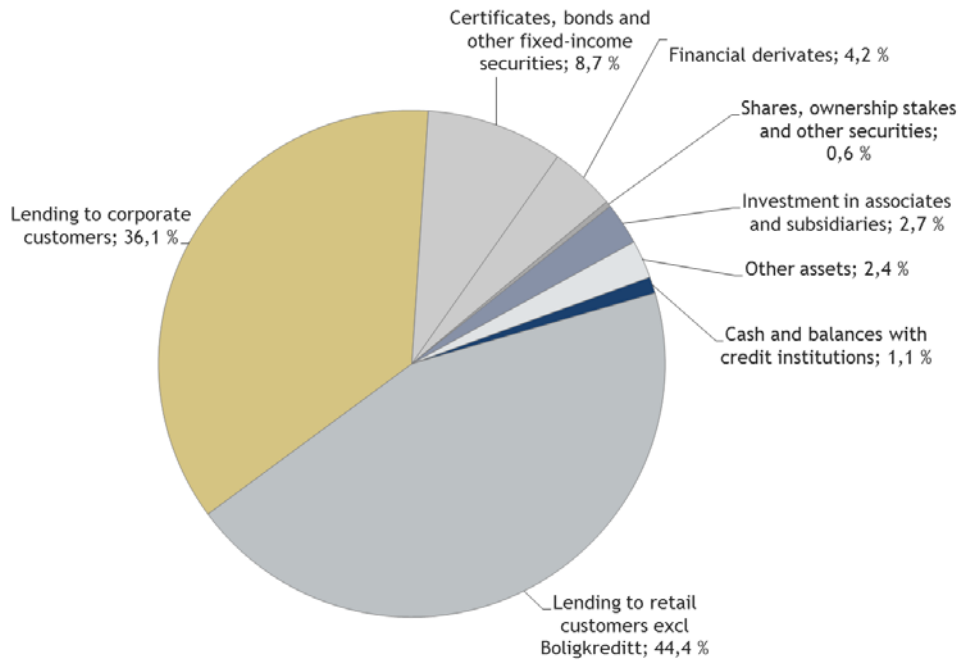
<sup>3)</sup> Net losses expressed as a percentage of average gross lending year to date, annualized



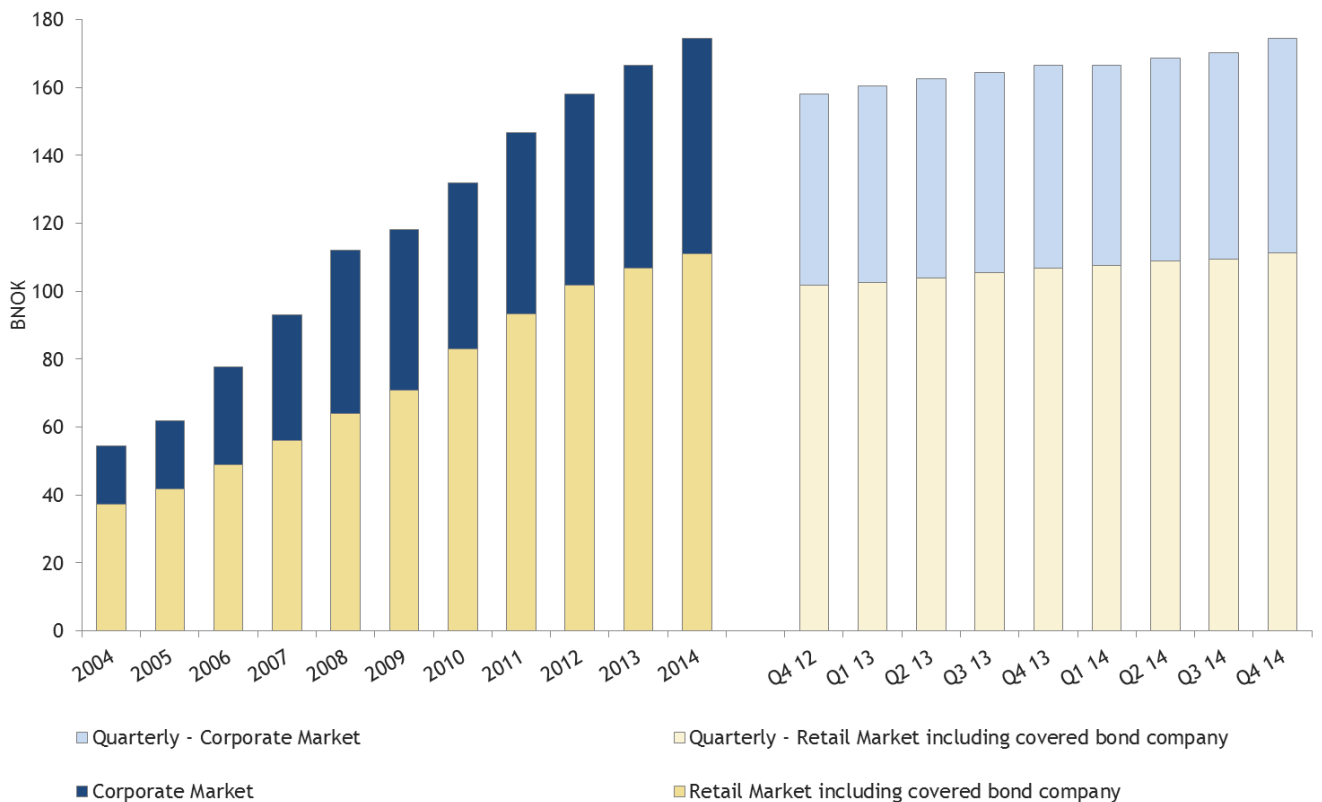
## Balance sheet

	31.12 2014	30.09 2014	30.06 2014	31.03 2014	31.12 2013
<b>MNOK</b>					
Cash and balances with central banks	1.847	336	1.985	770	1.265
Balances with credit institutions	2.222	2.216	2.333	1.092	1.253
Net loans to customers	140.920	136.685	134.680	121.037	119.525
Certificates, bonds and other fixed-income sec.	15.261	16.802	16.610	20.868	21.065
Financial derivatives	7.340	4.023	4.653	4.339	4.923
Shares, ownership stakes and other securities	626	623	1.176	1.154	938
Business available for sale	22	65	84	84	85
Investment in associates	4.727	4.601	4.422	4.910	4.710
Other assets	1.961	2.959	1.330	3.498	3.221
<b>Total assets</b>	<b>174.926</b>	<b>168.310</b>	<b>167.273</b>	<b>157.752</b>	<b>156.985</b>
Balances with credit institutions	6.139	5.493	4.207	4.801	3.742
Public deposits related to covered bond swap scheme		0	0	2.431	6.429
Deposits from customers	81.489	81.228	81.728	74.440	71.667
Listed debt securities	63.253	56.009	58.105	52.508	52.328
Financial derivatives	3.317	3.146	2.191	2.179	2.013
Other liabilities	2.361	3.195	2.222	2.659	2.746
Additional Tier 1 and Tier 2 capital instruments	2.964	4.109	4.094	4.065	4.004
<b>Total liabilities</b>	<b>159.523</b>	<b>153.180</b>	<b>152.547</b>	<b>143.083</b>	<b>142.929</b>
Share capital	6.394	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587	1.587
Proposed dividend	512	0	0	409	409
Fund for unrealised gains	59	162	162	162	162
Other equity	6.851	5.340	5.390	5.458	5.504
Profit/loss at period end	0	1.647	1.193	659	0
<b>Total equity</b>	<b>15.403</b>	<b>15.130</b>	<b>14.726</b>	<b>14.669</b>	<b>14.056</b>
<b>Total liabilities and equity</b>	<b>174.926</b>	<b>168.310</b>	<b>167.273</b>	<b>157.752</b>	<b>156.985</b>

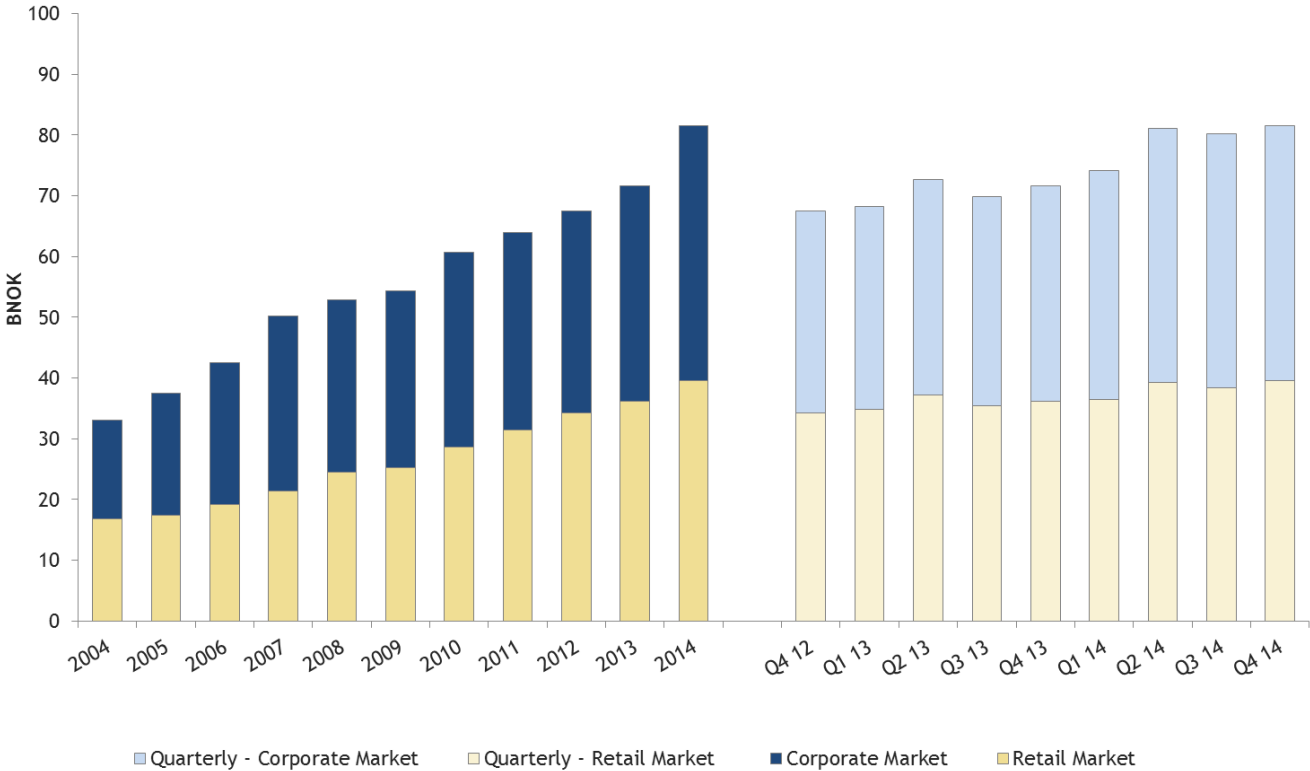
Total assets as at 31 December 2014:



Development in lending volume

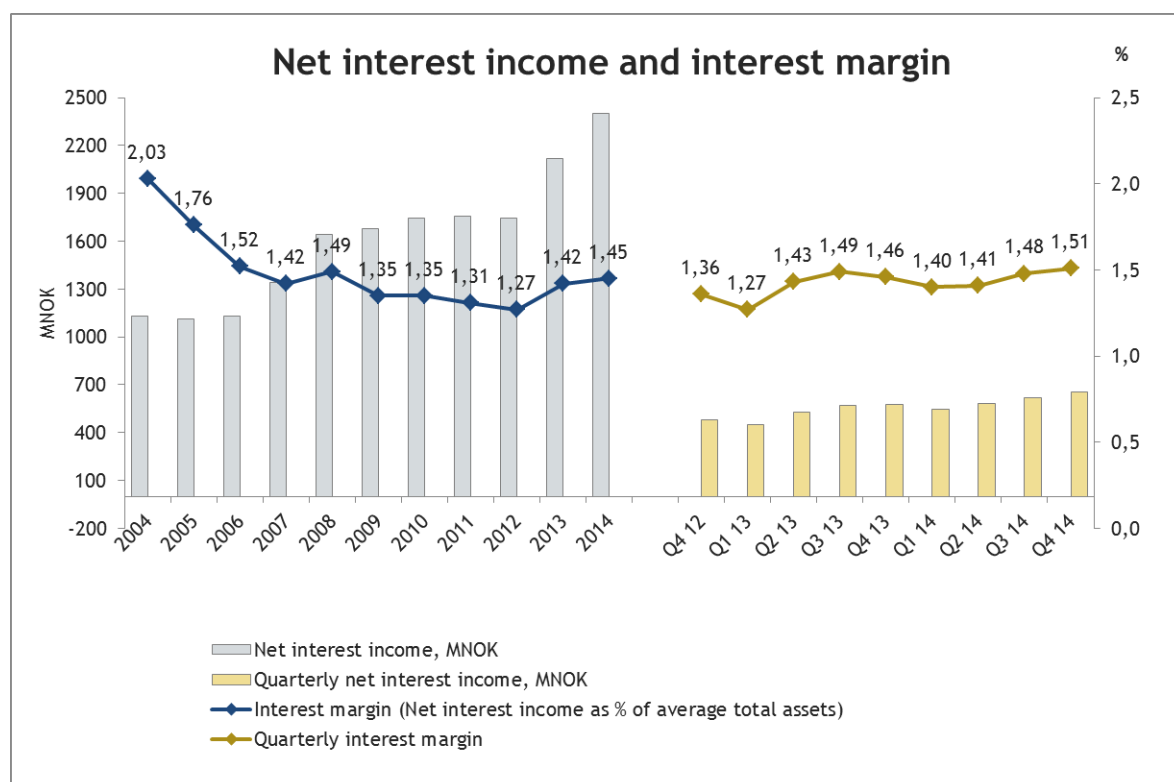


### Development in deposit volume

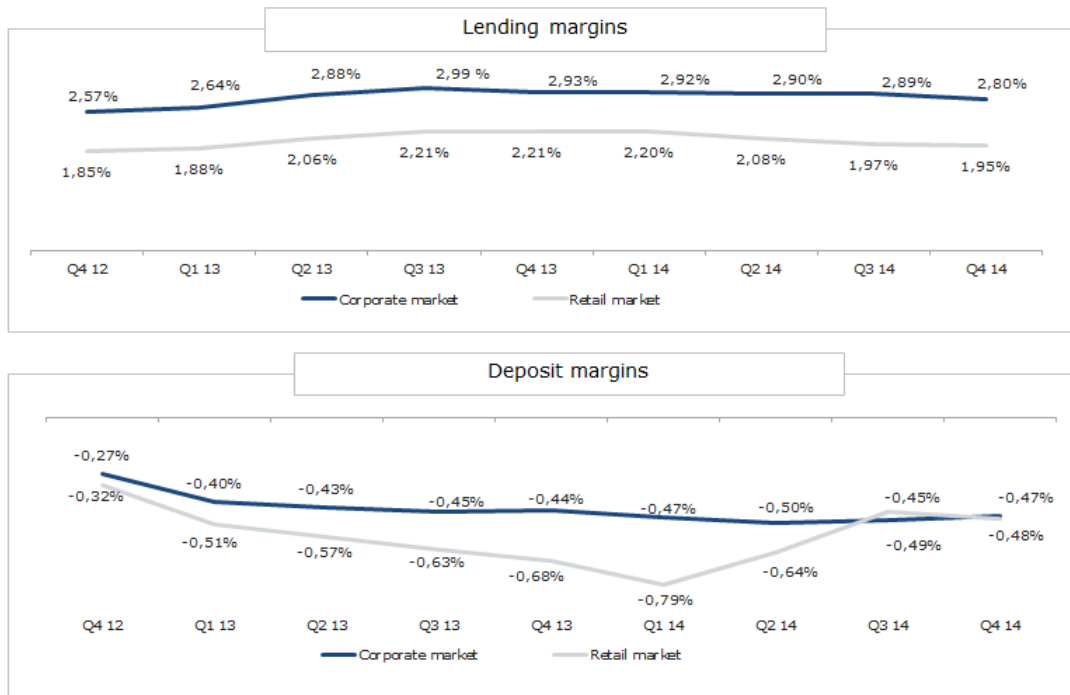


## 2.1 Net interest income

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
<i>MNOK</i>							
Interest income	1.588	1.568	1.543	1.438	1.466	6.137	5.644
Interest expense	933	947	962	891	892	3.733	3.525
<b>Net interest income</b>	<b>655</b>	<b>621</b>	<b>581</b>	<b>547</b>	<b>574</b>	<b>2.404</b>	<b>2.119</b>
As % of average total assets	1,51 %	1,48 %	1,41 %	1,40 %	1,46 %	1,45 %	1,42 %



## Lending and deposit margins<sup>1</sup>



<sup>1</sup> Definition margin: Average customer interest rate measured against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in covered bond companies.



## 2.2 Net other operating income

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
<i>MNOK</i>							
Net commission and other income	405	403	444	480	489	1.732	1.824
Net return on investment securities	116	142	201	319	195	778	555
Net other operating income	521	545	645	799	684	2.510	2.379
As % of total income	44 %	47 %	53 %	59 %	54 %	51 %	53 %

### Net commission and other income

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
<i>MNOK</i>							
Payment facilities	57	66	56	57	59	236	233
Savings/placements	42	45	40	45	39	172	151
Insurance products	46	45	44	42	41	177	164
Commission income from real estate broking	101	105	128	100	108	434	433
Guarantee commission	26	24	26	27	23	103	104
Arrangement fees	40	20	24	31	45	115	91
Other	3	5	6	13	7	27	37
Net commission and other income excl. covered bond companies	315	310	324	315	322	1.264	1.213
Commission income SB1 Boligkreditt and SB1 Næringskreditt	90	93	120	165	167	468	611
Net commission and other income incl. covered bond companies	405	403	444	480	489	1.732	1.824
As % of total income	34 %	35 %	36 %	36 %	39 %	35 %	41 %

### Change in net commission and other income

	Q4 2014	Change	Q4 2013
<i>MNOK</i>			
Net commission and other income	405	-84	489
Payment facilities		-2	
Savings/placements		3	
Insurance products		5	
Commission income from real estate broking		-7	
Guarantee commission		3	
Arrangement fees		-5	
Other		-4	
Commission income SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt		-77	

## Net return on investment securities

<i>MNOK</i>	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Dividend	1	10	7	18	-2	36	33
Investment income, associates	138	150	137	81	95	506	355
Securities gains/losses	-37	-52	24	205	13	140	-81
- of which capital change in shares and certificates*	24	-22	10	220	42	232	46
- of which capital change in certificates and bonds	-61	-30	14	-15	-29	-92	-127
Currency/interest gains/losses	14	34	33	15	89	96	248
- of which currency customer- and own-account trading	6	40	37	24	46	107	135
- of which IFRS-effects	8	-6	-4	-9	43	-11	113
<b>Net return on investment securities</b>	<b>116</b>	<b>142</b>	<b>201</b>	<b>319</b>	<b>195</b>	<b>778</b>	<b>555</b>
As % of total income	10 %	12 %	16 %	24 %	16 %	16 %	12 %

\*Gains on the realization of shares in Nets Holding AS improves the result by NOK 202 million in Q1 2014.

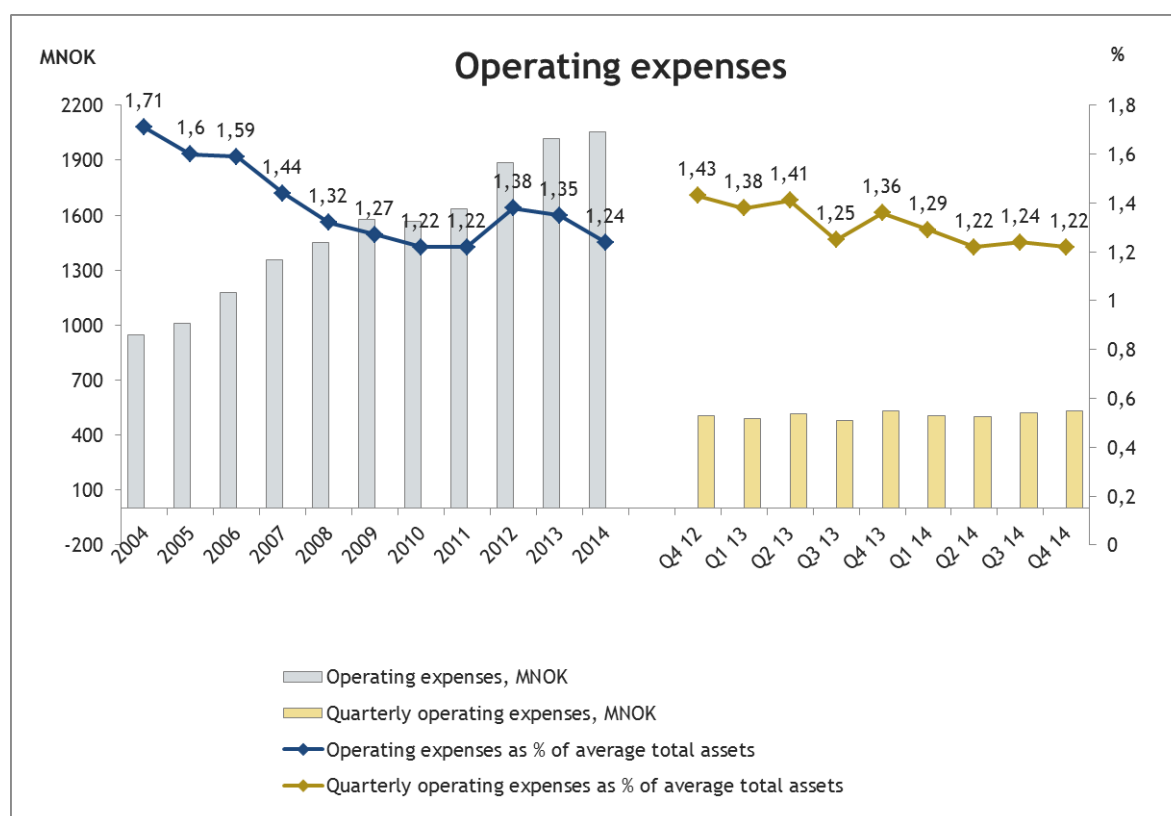
## Change in net return on investment securities

<i>MNOK</i>	Q4 2014	Change	Q4 2013
<b>Net return on investment securities</b>	<b>116</b>	<b>-79</b>	<b>195</b>
Dividend		3	
Investment income, associates		43	
Securities gains/losses		-50	
- of which capital change in shares and certificates		-18	
- of which capital change in certificates and bonds		-32	
Currency/interest gains/losses		-75	
- of which currency customer- and own-account trading		-40	
- of which IFRS-effects		-35	

## 2.3 Operating expenses

	Q4	Q3	Q2	Q1	Q4	31.12	31.12
MNOK	2014	2014	2014	2014	2013	2014	2013
Wages	230	224	221	213	253	888	899
Of which restructuring costs	10	3	0	0	26	13	37
Pension expenses	28	31	29	36	20	124	101
Other personnel expenses	50	52	43	45	50	190	186
<b>Total personnel expenses</b>	<b>308</b>	<b>307</b>	<b>293</b>	<b>294</b>	<b>323</b>	<b>1.202</b>	<b>1.196</b>
IT expenses	75	69	67	66	65	277	250
Marketing expenses	29	21	29	17	21	96	86
Other administrative expenses	24	24	24	23	23	95	96
Write-down	22	32	17	17	21	88	74
Of which write-down of goodwill*	0	15	0	0	0	15	
Expenses real property	10	7	7	13	5	37	40
Other operating expenses	62	60	64	75	76	261	277
<b>Other expenses</b>	<b>222</b>	<b>213</b>	<b>208</b>	<b>211</b>	<b>211</b>	<b>854</b>	<b>823</b>
<b>Total operating expenses</b>	<b>530</b>	<b>520</b>	<b>501</b>	<b>505</b>	<b>534</b>	<b>2.056</b>	<b>2.019</b>

\*Write-down of goodwill is linked to EiendomsMegler 1 Forvaltning AS



## Change in operating expenses

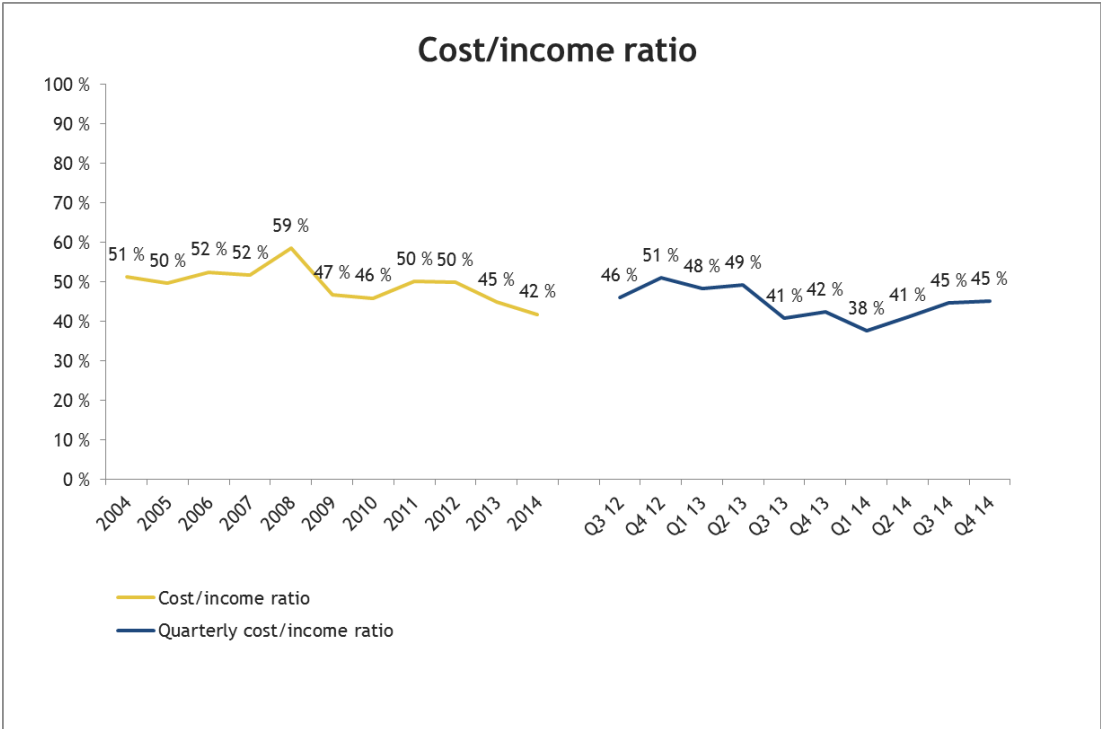
<i>MNOK</i>	Q4 2014	Change	Q4 2013
<b>Total</b>	<b>530</b>	<b>-4</b>	<b>534</b>
Personnel expenses		-15	
IT expenses		10	
Marketing expenses		8	
Other administrative expenses		1	
Write-down		1	
Expenses real property		5	
Other operating expenses		-14	

## Cost/income ratio

<i>MNOK</i>	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Operating expenses	530	520	501	505	534	2.056	2.019
Cost/income ratio	45,1 %	44,6 %	40,9 %	37,5 %	42,4 %	41,8 %	44,9 %
Growth in expenses last 12 months*	-0,7 %	8,8 %	-3,1 %	3,1 %	6,0 %	1,8 %	6,9 %

\*Not adjusted for non-recurring items

Development in cost/income ratio



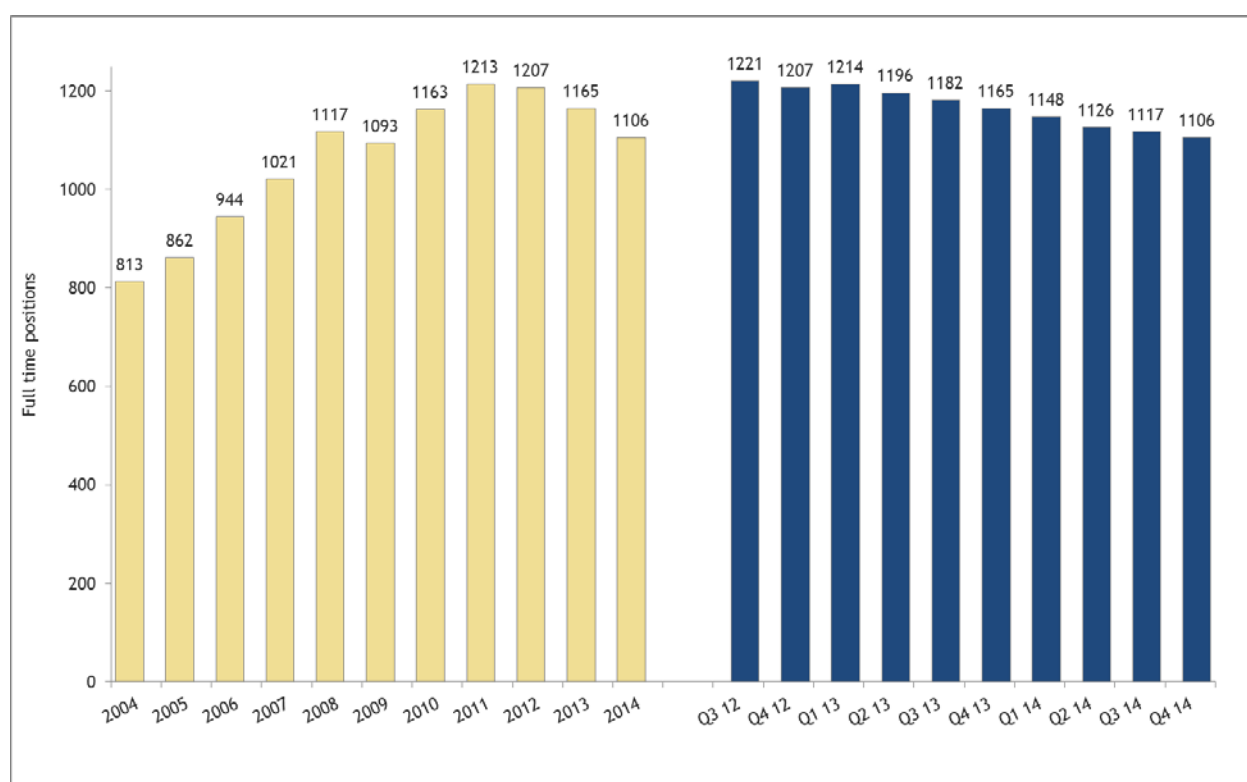
\* In accordance with the Generally Accepted Accounting Principles in Norway – IFRS from 2004

Number of full time positions (permanent employees, contracted staff not included)

	Q4	Q3	Q2	Q1	Q4
<i>Full time positions</i>	2014	2014	2014	2014	2013
SpareBank 1 SR-Bank	866	861	869	883	906
EiendomsMegler 1 SR-Eiendom AS*	194	212	213	221	219
SR-Forvaltning AS	13	13	13	13	11
SR-Finans AS	33	31	31	31	29
<b>Total</b>	<b>1.106</b>	<b>1.117</b>	<b>1.126</b>	<b>1.148</b>	<b>1.165</b>

\*EiendomsMegler 1 Forvaltning AS is not included per 31 December 2014.

Full time positions 2004 – Q4 2014 (*permanent employees, contracted staff not included*)



## 2.4 Losses on loans and loss provisions

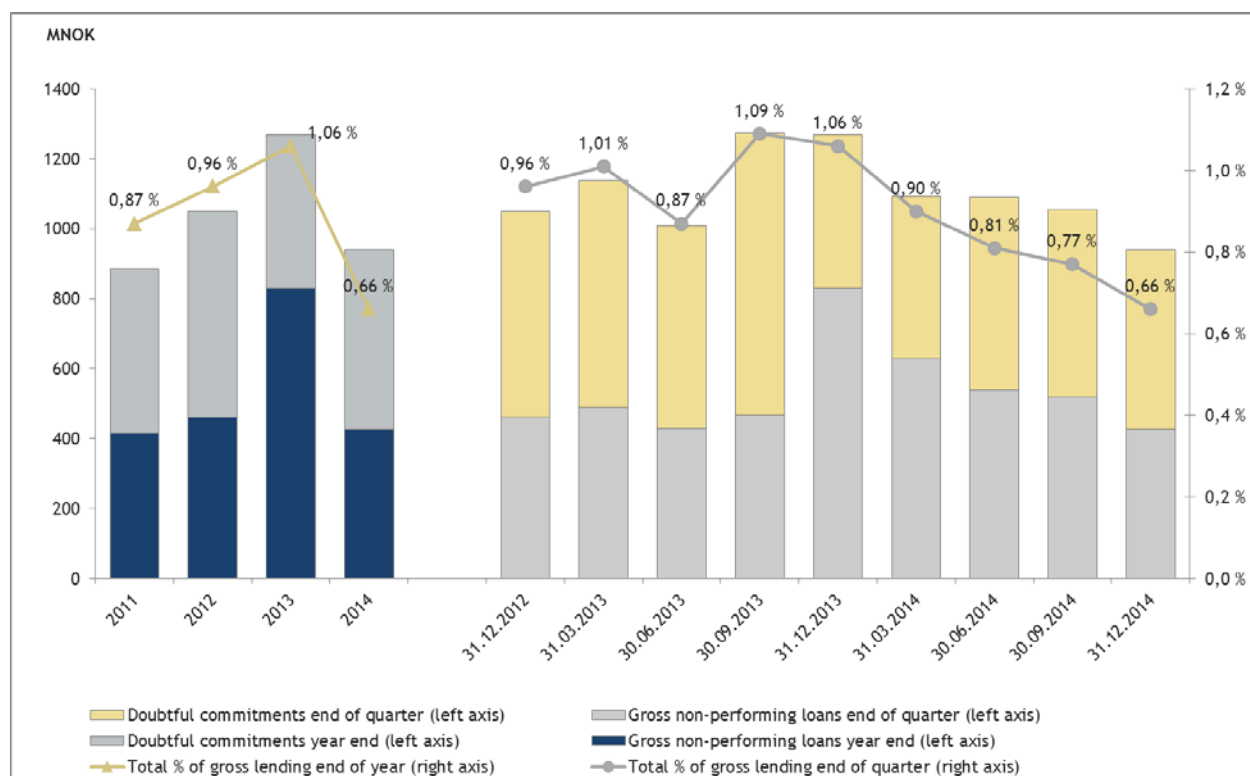
### Losses on loans and guarantees

MNOK	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
Change in individual individual impairment losses provisions for the period	-124	-100	-85	-64	23
Change in collective impairment loss provisions for the period	75	13	-8	2	-30
Amortised cost	11	6	5	1	11
Actual loan losses on commitments for which provisions have been made	228	188	135	108	111
Actual loan losses on commitments for which no provision has been made	74	61	52	9	108
Change in assets take-over for the period	0	0	0	0	-30
Recoveries on commitments previously written-off	-7	-4	-4	-2	-61
<b>The period's net losses/(reversals) on loans and advances</b>	<b>257</b>	<b>164</b>	<b>95</b>	<b>54</b>	<b>132</b>

### Provisions for impairment losses on loans and guarantees

MNOK	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
Provisions for individual impairment losses at start of period	446	446	446	446	423
Increases in previous provisions for individual impairment losses	42	29	31	27	131
Reversal of provisions from previous periods	-54	-47	-40	-32	-183
New provisions for individual impairment losses	118	105	63	50	186
Amortised cost	-2	1	-4	-2	0
Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-228	-188	-135	-107	-111
<b>Provisions for individual impairment losses at the end of period</b>	<b>322</b>	<b>346</b>	<b>361</b>	<b>382</b>	<b>446</b>
<b>Net losses</b>	<b>302</b>	<b>249</b>	<b>187</b>	<b>117</b>	<b>219</b>

### Non-performing loans and doubtful commitments

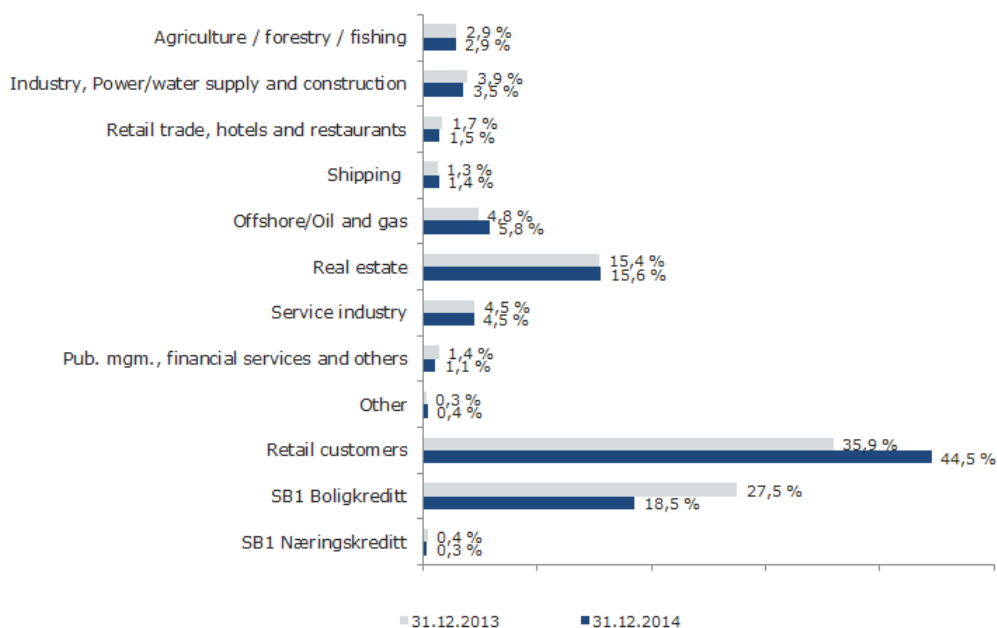


\* Loans defaulted in the range of 30-90 days are not including as problem loans as at Q2 2014. Historical figures have been restated.

## 2.5 Loans

MNOK	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
Agriculture/forestry	4.458	4.404	4.366	4.288	4.326
Fishing/Fish farming	596	558	542	510	541
Mining/extraction	4.341	3.550	3.301	3.072	2.829
Industry	2.650	2.563	2.728	3.000	3.403
Power and water supply/building and construction	3.520	3.439	3.408	3.151	3.100
Retail trade, hotel and restaurant business	2.529	2.638	2.812	2.777	2.877
Foreign trade shipping, pipeline transport and other transport activities	8.239	7.348	6.984	6.917	7.297
Real estate business	27.163	27.013	26.562	25.808	25.740
Service industry	7.860	7.155	6.917	7.174	7.545
Public sector and financial services	1.877	2.105	2.113	2.295	2.277
Retail customers	77.651	75.975	75.001	62.217	59.848
Unallocated (excess value fixed interest loans and amort. lending fees)	411	276	272	212	209
Accrued interests corporate sector and retail customers	325	319	329	302	281
Gross loans	141.620	137.343	135.335	121.723	120.273
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	32.872	32.927	33.289	44.870	46.389
Gross loans incl SpareBank 1 Boligkreditt and Næringskreditt	174.492	170.270	168.624	166.593	166.662

### Loan portfolio as at 31.12.2014



Loans before individual write-downs, nominal amounts.

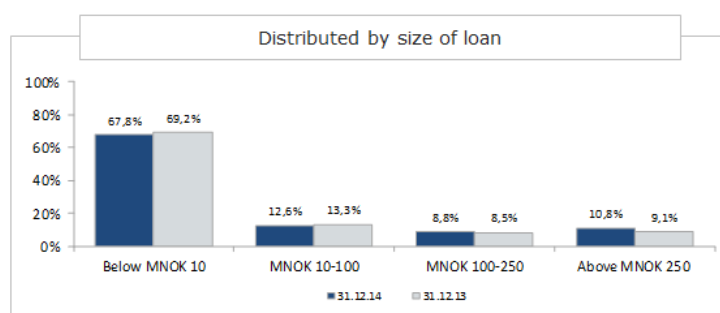
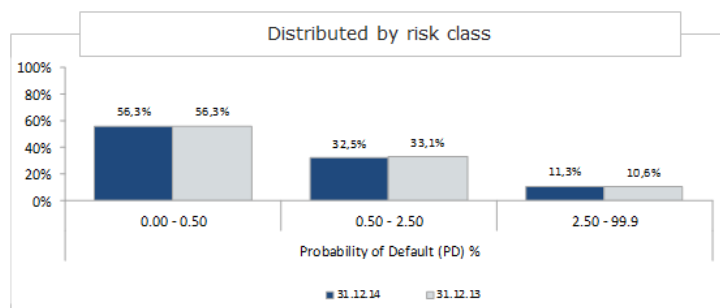
Sector allocation in accordance with the standard categories from Statistics Norway.



## 2.6 Risk profile

### Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a stable and low risk portfolio.
- More than half of the bank's loan exposure has a PD\* below 0.5%.
- 68% is loans constituting gross exposures less than NOK 10 million.



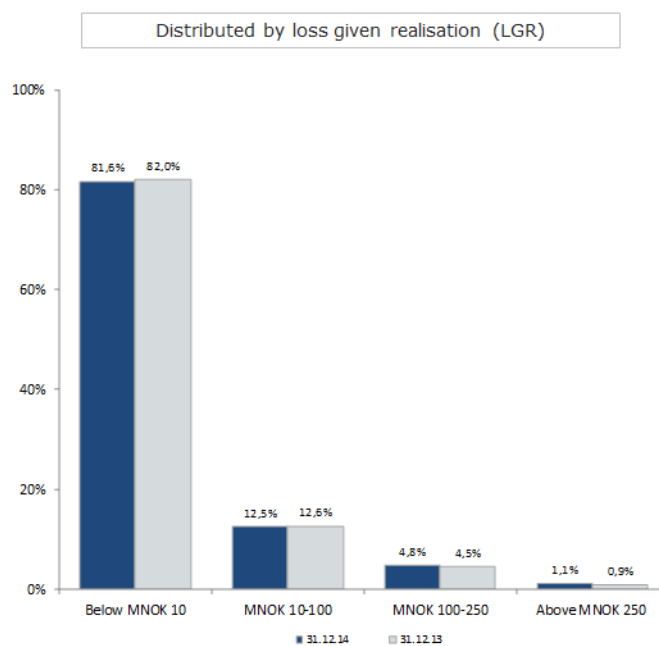
\* Probability of default (PD) through a full cycle of loss.

### Low concentration of individual LGRs in the lending portfolio

- At the end of Q4 2014, SpareBank 1 SR-Bank had a total of 25 commitments with a loss potential exceeding NOK 100 million.
- These commitments represent 5.9% of the loan exposure.
- This is a small increase from Q4 2013 when 23 such commitments made up 5.4% of the portfolio. However, the proportion has been significantly reduced in recent years.
- There is a clearly defined strategy behind this portfolio composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.

LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic downturn.

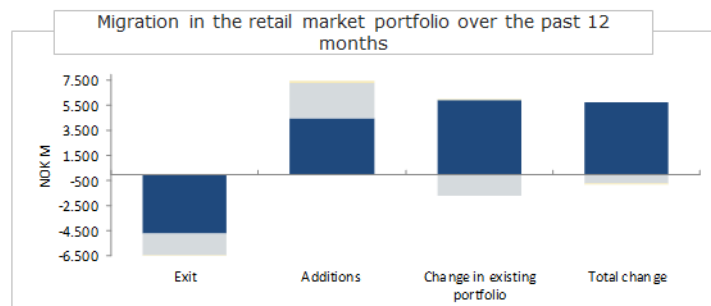
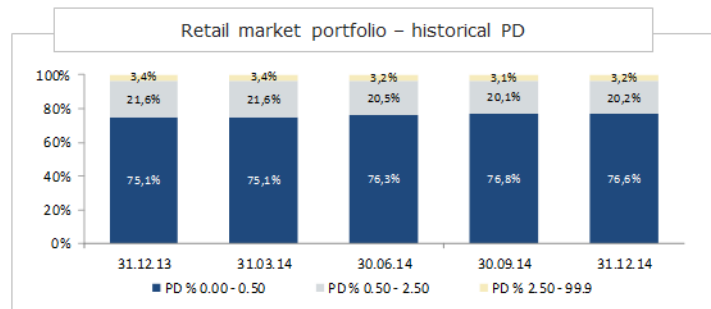
The figures include lending portfolios from covered bond companies.



## Lending to the retail market - risk profile

- The quality of the retail market portfolio is considered very good and has low potential losses.
- The proportion of loans with a PD\* below 0.5% is stable and now at 76.6% of the total retail portfolio.
- The low risk profile of the portfolio is achieved through prudent customer selection and requirements for moderate LTV.
- Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.

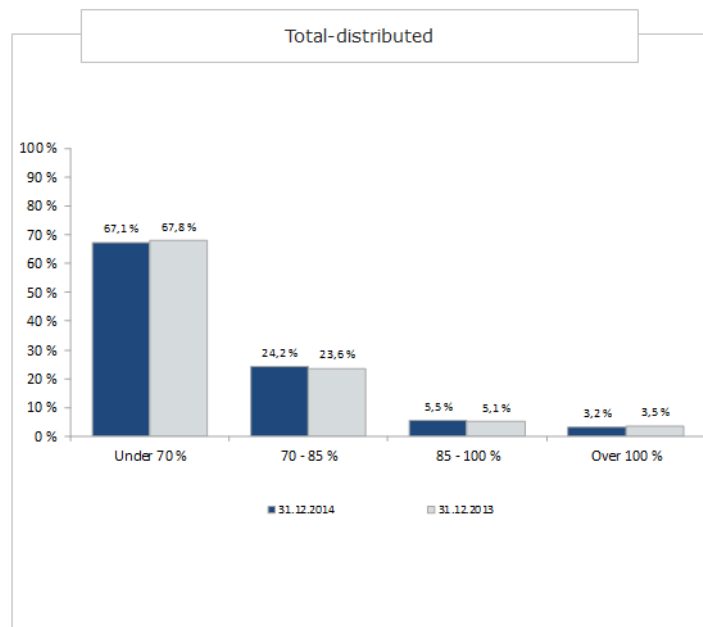
\* Probability of default (PD) through a full cycle of loss.  
 Figures include the portfolio sold to the covered bond company.



## Loan to value ratio on home mortgage loans

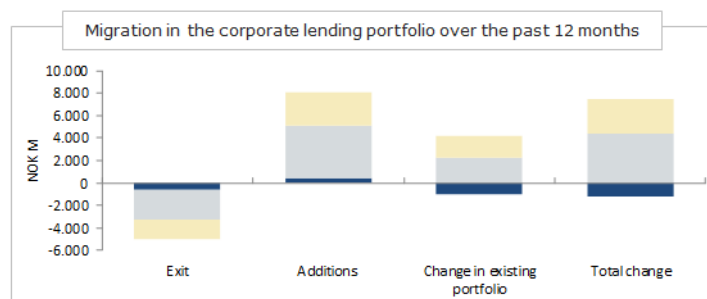
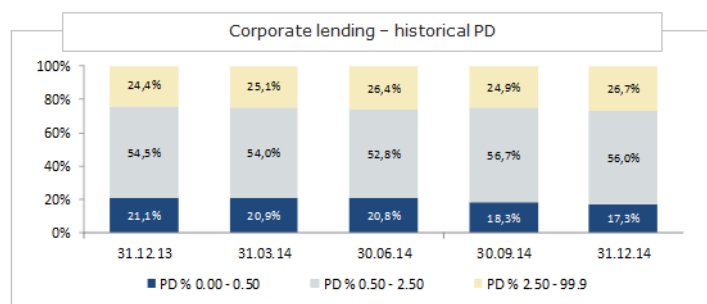
- The proportion of loans with a loan-to-value ratio of less than 85% is high and stable.
- 91.3% of the exposure is within 85% of the assessed value of collateral. This means that only 8.7% of exposure exceeds 85% of the assessed value of collateral.
- LTV is expected to decrease as a result of tightening credit policies related to home equity loans. The maximum LTV for such loans has been reduced from 70% to 60%, and a reduction of the credit limit after 10 years is now required.

In a total-distributed loan to value ratio the entire loan is allocated to one and the same interval.  
 The figures include the loan portfolio in the covered bond company.



## Lending to the corporate market – risk profile

- The quality of the corporate market portfolio is good.
- The share of customers with PD\* above 2.5 % increased slightly during the second half of 2014, mainly due to new customer acquisition. In the longer term average PD\* is decreasing as a result of improvements in existing portfolio.
- There is a clearly defined framework that sets limits on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.
- SpareBank 1 SR-Bank has performed a special review of the portfolio to identify potential effects of the decrease in oil price the last six months. The review has not yet identified engagements with increased loss potential due to the decrease in oil price.



\* Probability of default (PD) through a full cycle of loss.

## A strengthened framework to meet increased economic uncertainty

Uncertainty regarding the outlook for the Norwegian economy has increased due to lower oil prices.

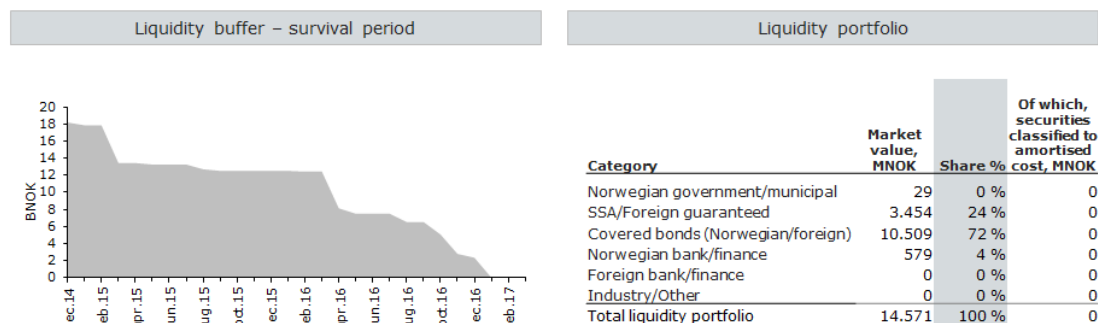
SpareBank 1 SR-Bank faces this uncertainty with a solid portfolio, a solid framework for lending and continuous focus on managing and controlling risk:

- Concentration risk in the corporate portfolio has been significantly reduced in recent years as a result of strict underwriting guidelines and active portfolio management.
- Guidelines for home equity loans have been further tightened in 2014.
- Enhanced risk models for estimating EAD and LGD were developed as part of applying for corporate AIRB.
- In 2014, the bank has also developed and adopted a new model for stress testing credit risk that enables instant simulation of the vulnerability of the credit portfolio.
- More accurate PD models for commercial real estate for lease and development projects were adopted in 2013. The models provide detailed information on the commercial real estate portfolio and thereby increases the understanding of its related risks.

Further information regarding risk capital management can be found in Pillar III reports, see [www.sr-bank.no](http://www.sr-bank.no) under "Investor Relations".

## 2.7 Risk profile in bond and equity portfolios

### Liquidity portfolio



- Liquidity buffer at the end of the quarter: NOK 18.2 billion
- Other liquid assets:
  - Home mortgages prepared for transfer to mortgage company: NOK 27.4 billion
  - Commercial paper and bonds in the trading portfolio: NOK 0.6 billion

Liquidity buffer: cash, short-term investments, highly liquid bonds (including drawing rights in Norges Bank).

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

### Investments in bonds and certificates

- Most of the bond portfolio is managed as part of the liquidity management activities. Bonds held for liquidity purposes are generally very low risk.
- No direct exposure to debt in EU peripheral countries.

Risk category	Rating	Market value	Share
Very low risk	AAA, AA+, AA og AA-	13.992	92,4 %
Low risk	A+, A og A-	113	0,7 %
Moderate risk	BBB+, BBB og BBB-	571	3,8 %
High risk	BB+, BB og BB-	145	1,0 %
Very high risk	B+ and lower	324	2,1 %
<b>Total portfolio</b>		<b>15.145</b>	<b>100,0 %</b>
<i>Of which liquidity purposes:</i>			
Risk category	Rating		
Very low risk	AAA, AA+, AA og AA-	13.992	96,0 %
Low risk	A+, A og A-	111	0,8 %
Moderate risk	BBB+, BBB og BBB-	468	3,2 %
High risk	BB+, BB og BB-	0	0,0 %
Very high risk	B+ and lower	0	0,0 %
<b>Total liquidity purposes</b>		<b>14.571</b>	<b>100,0 %</b>
<i>Of which trading purposes:</i>			
Risk category	Rating		
Very low risk	AAA, AA+, AA og AA-	0	0,0 %
Low risk	A+, A og A-	2	0,3 %
Moderate risk	BBB+, BBB og BBB-	103	18,0 %
High risk	BB+, BB og BB-	145	25,2 %
Very high risk	B+ and lower	324	56,5 %
<b>Total trading portfolio</b>		<b>574</b>	<b>100,0 %</b>

All amounts in MNOK.

## 2.8 Funding

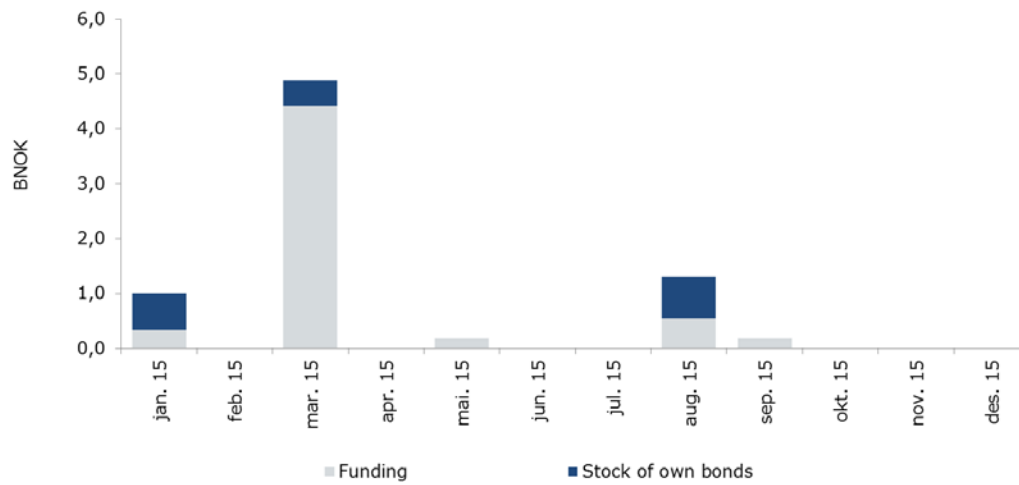


Figure 2.8.1: *Funding - quarterly*

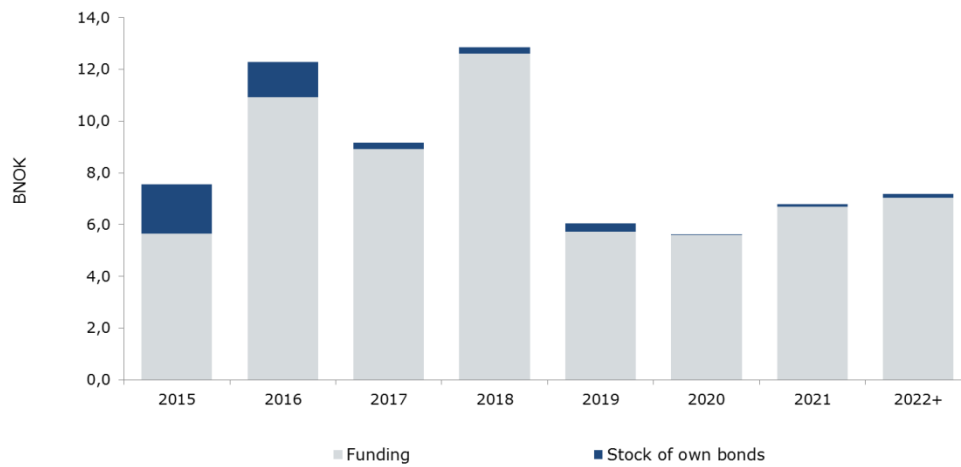
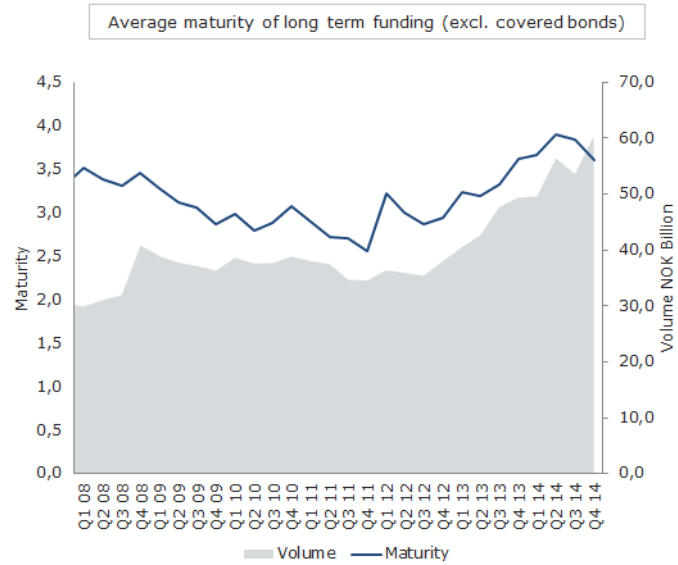


Figure 2.8.1: *Funding - annual*

## Significantly improved funding structure since 2008

- *Funding indicator 1 (ratio of illiquid assets financed by issued securities with a duration of more than 1 year) is 109,0% for the parent bank and 110,7% on consolidated basis.*
- *LCR according to EC's delegated act of 94 %.*



NOK 13.3 billion (net) of new funding has been issued during the year. Average remaining maturity of the outstanding senior bonds is 3.6 years.

## 2.9 Capital adequacy

Basel II was introduced in Norway from 1 January 2007. Figure 2.8 shows the methods currently used by SpareBank 1 SR-Bank for calculating capital requirements for different types of risks. Using Internal Rating Based (IRB) methods for calculating capital requirements requires a formal approval from the FSAN (Finanstilsynet) on standards regarding organisation, competence, risk-modelling and risk-management systems.

In the autumn of 2009, the authorities resolved to postpone the final transition to the IRB rules from 1 January 2010 to 1 January 2012. It has later been decided to continue the transitional rule stating that the capital requirement using IRB cannot be less than 80% of the capital requirement under Basel I ("Basel I floor") until year-end 2017.

Risk	Portfolio	Regulatory method
Credit risk	Government	Standard method
	Institutions	Standard method
	Enterprise	IRB-Basic
	Mass market	IRB-Mass market
	SpareBank 1 Boligkreditt AS (mass market)	IRB-Mass market
	Other subsidiaries and associates	Standard method
Market risk	Equity risk	Standard method
	Debt risk	Standard method
	Currency risk	Standard method
Operational risk	SpareBank 1 SR-Bank incl. subsidiaries	Standardised approach
	Associates	Standard method

Figure 2.9.1: Methods currently used for calculating capital adequacy

SpareBank 1 SR-Bank has applied to the FSAN to use IRB Advanced method also for its exposures to the corporate market ("Enterprise"). A decision on approval is expected early 2015.

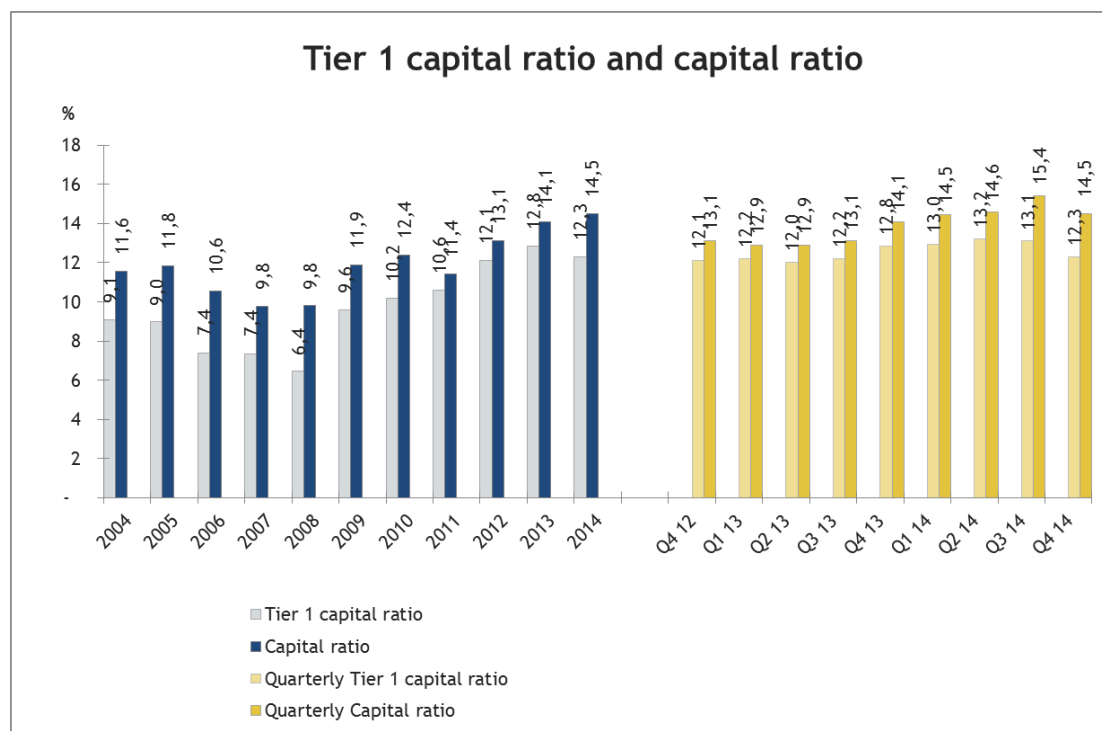


Figure 2.9.2: Development in capital ratios

Up until 30 June 2014, SpareBank 1 SR-Bank followed the Basel II regulations for capital adequacy calculations. On 22 August 2014, the Norwegian Ministry of Finance approved changes in a number of capital adequacy regulations. Parallel to this, Finanstilsynet changed the Consolidation Regulations to adapt to the EU's new capital adequacy regulations for banks and investment firms (CRD IV/CRR). As of 30 September 2014, capital adequacy is reported in accordance with the new reporting requirements. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations.

Capital Adequacy					
MWOK	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
Share capital	6.394	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587	1.587
Allocated to dividend	512	0		409	409
Reserve for unrealised gains	59	162	162	162	162
Other equity	6.851	5.340	5.390	5.458	5.504
<b>Total book equity</b>	<b>15.403</b>	<b>13.483</b>	<b>13.533</b>	<b>14.010</b>	<b>14.056</b>
<b>Tier 1 capital</b>					
Deferred taxes, goodwill and other intangible assets	-24	-28	-42	-42	-43
Fund for unrealized gains, available for sale	0	0	0	0	0
Deduction for allocated dividends	-512	0	0	-409	-409
50% deduction for subordinated capital in other financial institutions		0	-149	-131	-104
50% deduction for expected losses on IRB, net of write-downs <sup>1)</sup>	-676	-719	-376	-432	-356
50% capital adequacy reserve			-619	-611	-587
Deduction for common equity Tier 1 capital in significant investments in financial institutions	-326	-252	0	0	0
The institution's own credit risk related to derivative liabilities	-48	-42	0	0	0
Year-to-date profit included in core capital (50%)		823	596	330	0
Deduction for Tier 1 capital instruments in significant investments in financial institutions		-1	0	0	0
Tier 1 capital instruments	1.011	2.040	2.035	1.976	1.954
<b>Total Tier 1 capital</b>	<b>14.828</b>	<b>15.304</b>	<b>14.978</b>	<b>14.691</b>	<b>14.511</b>
<b>Tier 2 capital</b>					
Tier 2 capital - Tier 1 capital instruments in excess of 15%	0	0	0	0	0
Term subordinated loan capital	2.697	2.776	2.750	2.890	2.451
50% deduction for investment in capital instruments in other financial institutions	0	0	-149	-131	-104
50% deduction for expected losses on IRB, net of write-downs	0	0	-376	-432	-356
Deduction for significant investments in financial institutions	-60	-43	0	0	0
50 % capital adequacy reserve	0	0	-619	-611	-587
<b>Total Tier 2 capital</b>	<b>2.637</b>	<b>2.733</b>	<b>1.606</b>	<b>1.716</b>	<b>1.404</b>
<b>Net primary capital</b>	<b>17.465</b>	<b>18.037</b>	<b>16.584</b>	<b>16.407</b>	<b>15.915</b>

<sup>1)</sup> As a result of CRD IV / CRR, the entire amount will be deducted from common equity Tier 1 capital as of 30 September 2014. Up until 30 September 2014, 50% of the amount was deducted from common equity Tier 1 capital and 50% from Tier 2 capital

Table 2.9.1: *Specification of consolidated primary capital*

Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations. Until 06.30.2014 the transitional rule was binding for SpareBank 1 SR-Bank and will apply again when IRB A approval is granted for the corporate portfolio.



## Credit risk Basel II

	31 Dec. 2014	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013
<i>MNOK</i>					
Specialised lending exposure	21.789	33.689	33.000	29.013	28.175
Other corporations exposure	32.685	27.764	27.438	26.313	27.238
SME exposure	8.789	1.181	1.175	1.200	650
Retail mortgage exposure (properties)	1.144	20.261	19.913	20.575	10.713
Other retail exposure	20.661	849	900	1.038	762
Equity investments	845	0	0	0	0
<b>Total credit risk IRB</b>	<b>85.913</b>	<b>83.744</b>	<b>82.425</b>	<b>78.138</b>	<b>67.538</b>
Debt risk	1.978	2.099	2.000	2.388	2.088
Equity risk	598	670	675	688	675
Currency risk	0	0	0	0	0
Participations calculated after other market risk	6.869	6.598	3.550	3.863	3.675
Credit value adjustment risk (CVA)	1.127	1.709	0	0	0
Operational risk	6.220	6.222	6.238	6.238	5.713
Transitional arrangements	0	0	4.575	3.188	14.487
Participations calculated using standard method	17.484	16.909	15.850	20.475	20.362
Deductions	0	-673	-1.588	-1.563	-1.463
<b>Minimum capital requirement</b>	<b>120.189</b>	<b>117.278</b>	<b>113.725</b>	<b>113.414</b>	<b>113.075</b>
<b>Common Equity Tier 1 capital ratio <sup>1)</sup></b>	<b>11,50 %</b>	<b>11,31 %</b>	<b>11,38 %</b>	<b>11,21 %</b>	<b>11,11 %</b>
Tier 1 capital ratio	12,34 %	13,05 %	13,17 %	12,95 %	12,83 %
Tier 2 capital ratio	14,53 %	15,38 %	14,58 %	14,47 %	14,07 %
Common Equity Tier 1 capital ratio, IRB	11,50 %	11,31 %	11,86 %	11,54 %	12,74 %
Tier 1 capital ratio, IRB	12,34 %	13,05 %	13,72 %	13,33 %	14,72 %
Tier 2 capital ratio, IRB	14,53 %	15,38 %	15,19 %	14,89 %	16,14 %

<sup>1)</sup> Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations. Until 30.06.2014 the transitional rule was binding for SpareBank 1 SR-Bank and will apply again when IRB A approval is granted for the corporate portfolio.

Table 2.9.2: Specification of minimum capital requirement

## 3. Business areas

### 3.1 Business segments - Financial performance

MNOK	SpareBank 1 SR-Bank Group													
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*		Total	
	Q4 14	Q4 13	Q4 14	Q4 13	Q4 14	Q4 13	Q4 14	Q4 13	Q4 14	Q4 13	Q4 14	Q4 13	Q4 14	Q4 13
Net interest income	284	245	251	247	19	13	1	1	61	56	39	12	655	574
Net commission and other income	196	272	88	82	4	12	101	108	-4	-3	20	18	405	489
Net return on investment securities	2	3	8	4	-40	27	6	0	0	0	140	161	116	195
Operating expenses	169	190	71	71	19	17	99	105	14	12	158	139	530	534
Operating profit before losses	313	330	276	262	-36	35	9	4	43	41	41	52	646	724
Change in individual write-downs in the period	4	-7	24	86	0	-1	0	0	3	2	0	0	31	80
Change in group write-downs in the period	1	13	57	-53	0	0	0	0	4	10	0	0	62	-30
<b>Operating profit before tax</b>	<b>308</b>	<b>324</b>	<b>195</b>	<b>229</b>	<b>-36</b>	<b>36</b>	<b>9</b>	<b>4</b>	<b>36</b>	<b>29</b>	<b>41</b>	<b>52</b>	<b>553</b>	<b>674</b>
Gross loans to customers excl. covered bond companies	79.727	62.182	52.019	49.335	671	0	0	0	6.853	6.319	2.350	2.437	141.620	120.273
Deposits from customers	44.681	41.045	32.837	27.002	1.700	0	0	0	0	0	2.271	3.630	81.489	71.677

MNOK	SpareBank 1 SR-Bank Group pr 31.12															
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
Net interest income	1.045	904	965	910	54	53	4	5	227	216	109	31	2.404	2.119		
Net commission and other income	897	1.023	318	280	27	35	434	433	-18	-15	74	68	1.732	1.824		
Net return on investment securities	9	13	25	10	11	86	7	0	0	0	726	446	778	555		
Operating expenses	581	614	226	241	73	70	389	396	54	51	733	647	2.056	2.019		
Operating profit before losses	1.370	1.326	1.082	959	19	104	56	42	155	150	176	-102	2.858	2.479		
Change in individual write-downs in the period	15	17	164	130	0	10	0	0	3	-9	0	14	182	162		
Change in group write-downs in the period	6	13	63	-53	0	0	0	0	6	10	0	0	75	-30		
<b>Operating profit before tax</b>	<b>1.349</b>	<b>1.296</b>	<b>855</b>	<b>882</b>	<b>19</b>	<b>94</b>	<b>56</b>	<b>42</b>	<b>146</b>	<b>149</b>	<b>176</b>	<b>-116</b>	<b>2.601</b>	<b>2.347</b>		
Gross loans to customers excl. covered bond companies	79.727	62.182	52.019	49.335	671	0	0	0	6.853	6.319	2.350	2.437	141.620	120.273		
Deposits from customers	44.681	41.045	32.837	27.002	1.700	0	0	0	0	0	2.271	3.630	81.489	71.677		

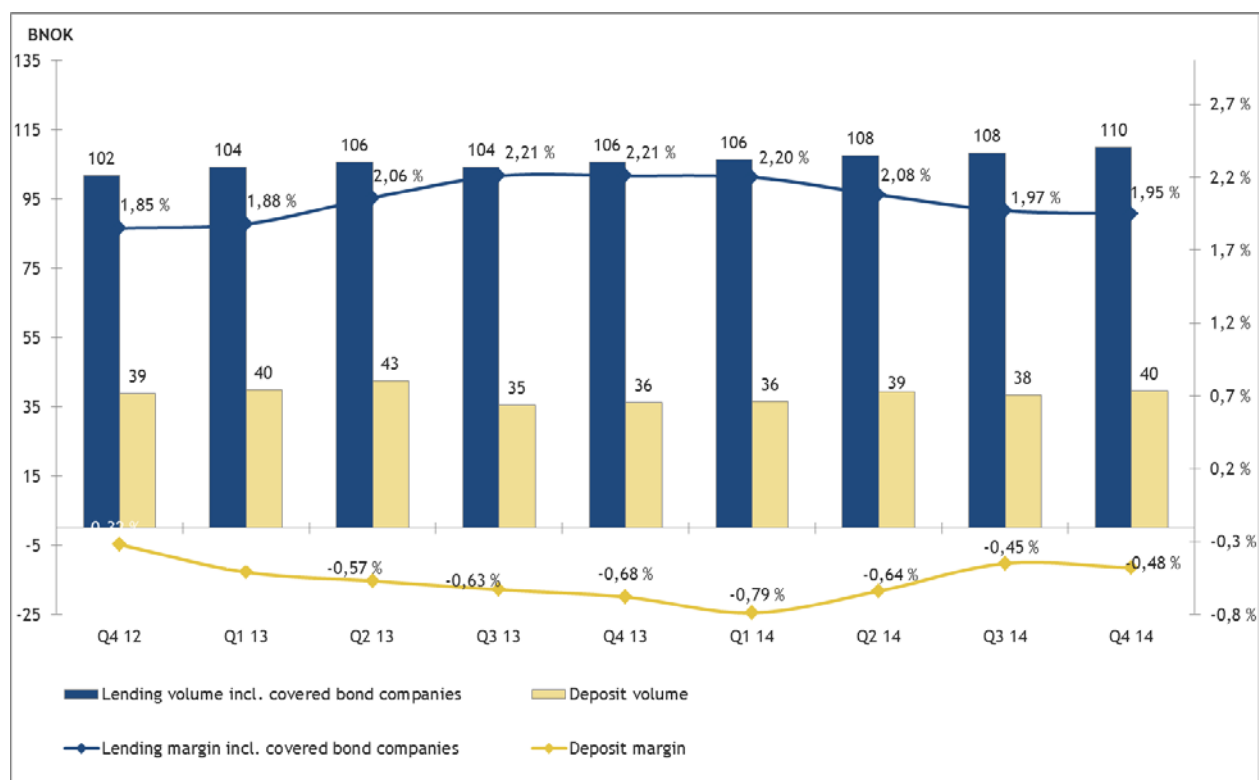
\* Includes SR-Forvaltning and SR-Investering

## 3.2 Retail Market<sup>2</sup>

### Financial performance in the retail market segment

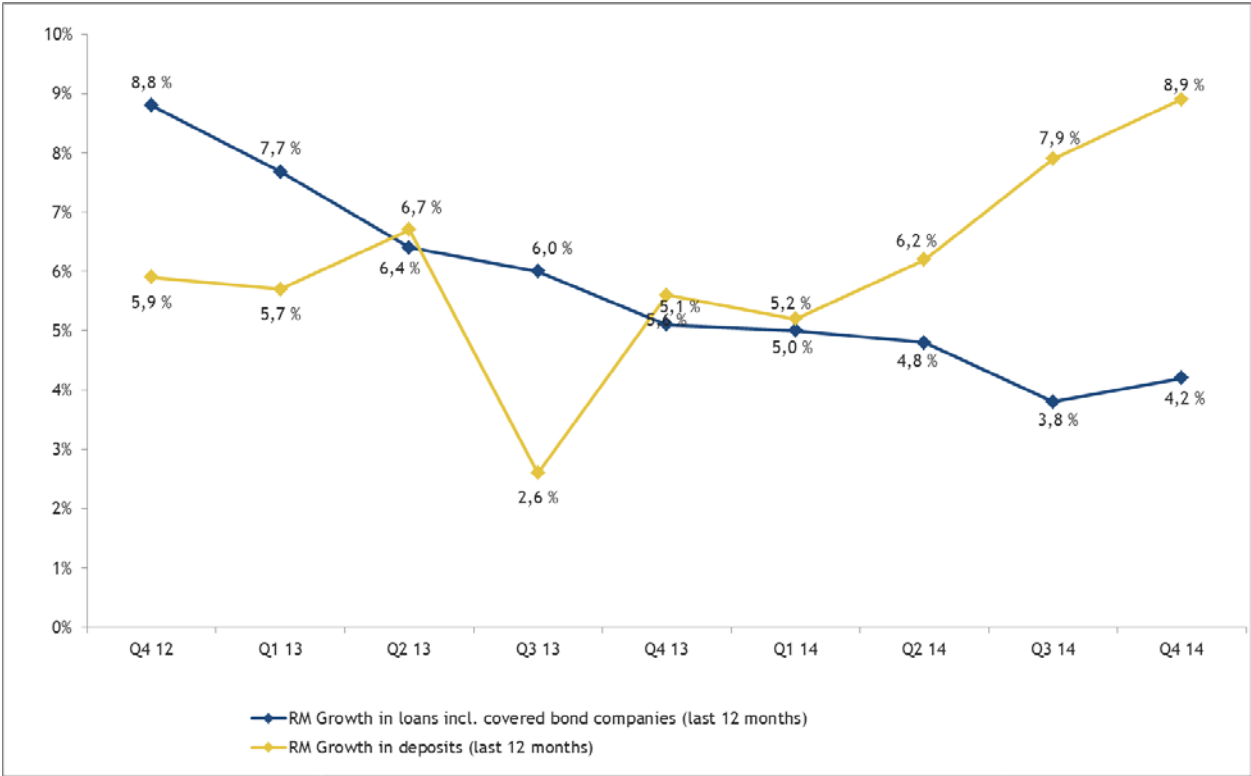
MNOK	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Net interest income	284	283	260	218	245	1.045	904
Net other income	198	215	225	268	275	906	1.037
Total income	482	498	485	486	520	1.951	1.941
Total operating expenses	169	149	116	147	190	581	615
Operating profit before losses	313	349	369	339	330	1.370	1.326
Change in individual write-downs in the period	4	9	3	-1	-7	15	17
Change in group write-downs in the period	1	0	5	0	13	6	13
Operating profit before tax	308	340	361	340	324	1.349	1.296

### Development in average volume and interest margin



<sup>2</sup> Interest on intercompany receivables for the retail market division and the corporate market division is determined based on expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long term financing (credit premium). Deviations between the group's actual financing costs and the applied interest on intercompany receivables are eliminated at the group level. In the year to date, the group's real financing cost has been higher than the interest on intercompany receivables, principally due to the falling NIBOR.

Growth in loans and deposits

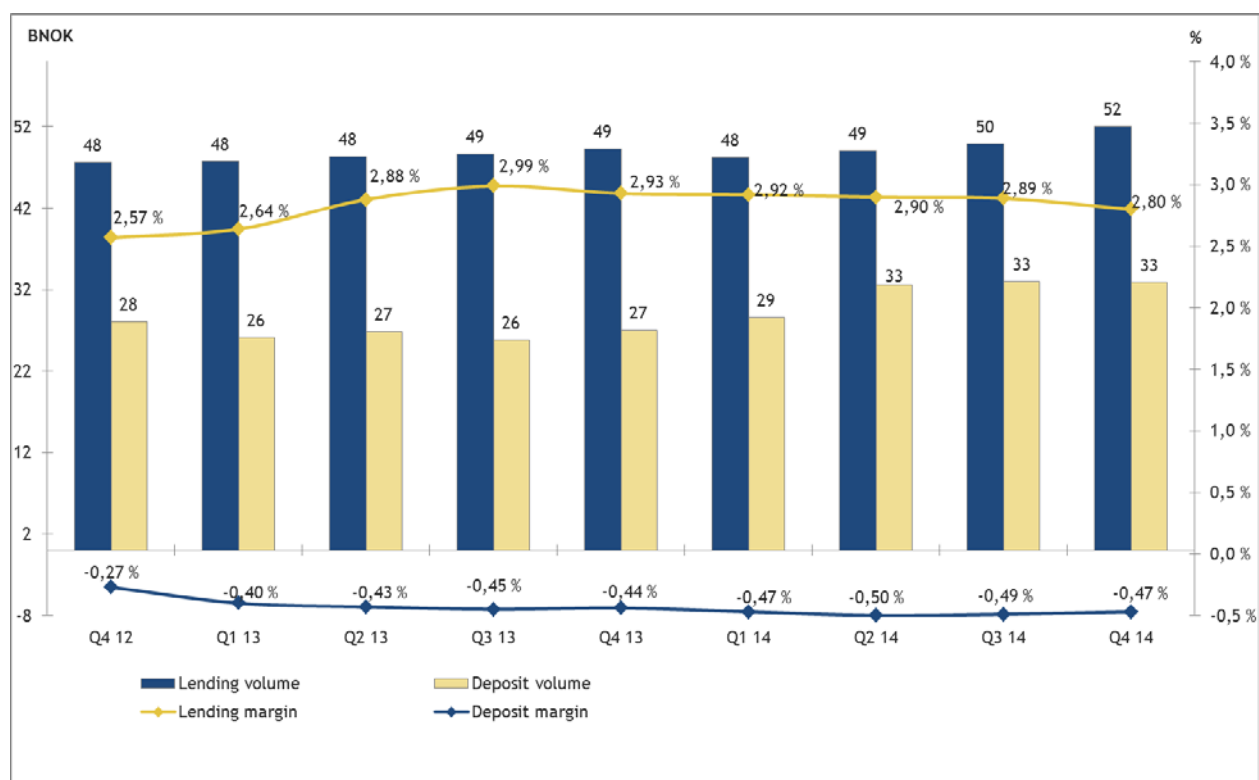


### 3.3 Corporate Market

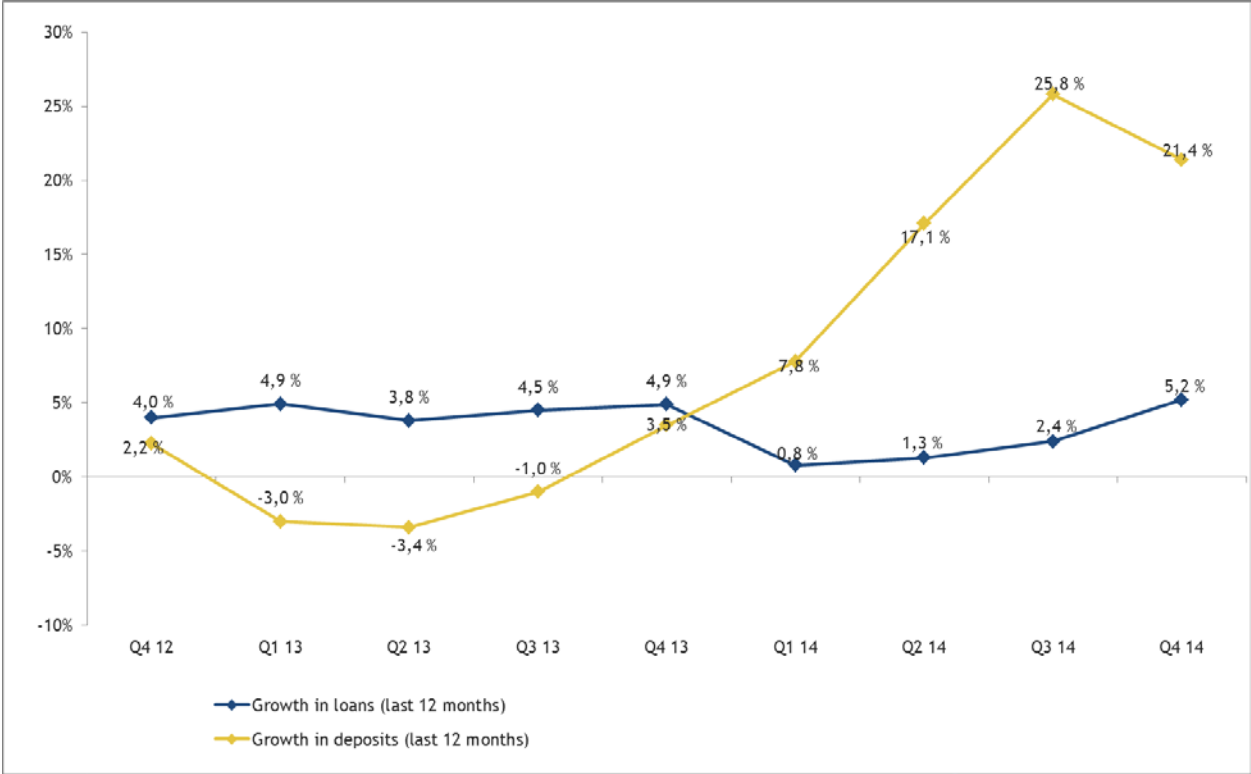
#### Financial performance in the corporate market segment

MNOK	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	31.12 2014	31.12 2013
Net interest income	251	246	236	231	247	965	910
Net other income	96	68	84	95	86	343	289
Total income	347	314	320	326	333	1.308	1.199
Total operating expenses	71	56	41	57	71	226	241
Operating profit before losses	276	258	279	269	262	1.082	958
Change in individual write-downs in the period	24	38	48	54	86	164	130
Change in group write-downs in the period	57	18	-12	0	-53	63	-53
Operating profit before tax	195	202	243	215	229	855	881

#### Development in average volume and interest margin



Growth in loans and deposits



### 3.4 Capital Market

The securities activities are organised under the SR-Markets brand and include own account and customer trading in interest rate instruments, foreign exchange and equities, and corporate finance services, as well as settlement and administrative securities services. Management is organised in a separate subsidiary, SR-Forvaltning AS.

#### Financial performance in the capital market segment

	Q4	Q3	Q2	Q1	Q4	31.12	31.12
<i>MNOK</i>	2014	2014	2014	2014	2013	2014	2013
Net interest income	19	14	10	11	13	54	53
Net other operating income	-36	12	33	29	39	38	121
Total income	-17	26	43	40	52	92	174
Total operating expenses	19	20	14	20	17	73	70
Operating profit before losses	-36	6	29	20	35	19	104
Change in individual write-downs in the period	0	0	0	0	-1	0	10
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	-36	6	29	20	36	19	94

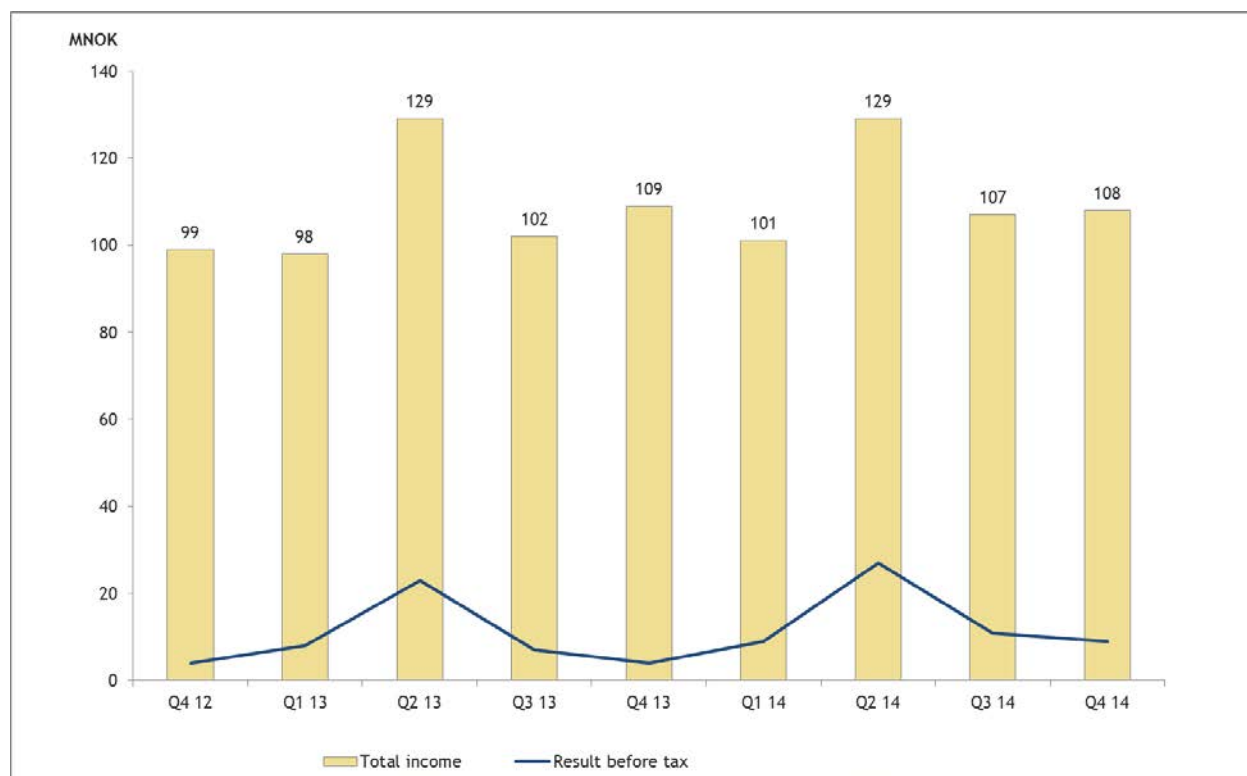
## 3.5 Subsidiaries

### *EiendomsMegler 1 SR-Eiendom AS*

EiendomsMegler 1 SR-Eiendom AS, which is fully owned by SpareBank 1 SR-Bank, is our region's market leader and the largest company in the nationwide EiendomsMegler 1 chain. This chain is the largest chain of real estate agents in Norway. As at 31 December 2014, the company sold 7540 properties from its 30 real estate offices in Rogaland, Agder and Hordaland. The activities cover commercial real estate, holiday homes, housing rental and new-builds and used homes.

### Financial performance

	Q4	Q3	Q2	Q1	Q4	31.12	31.12
<i>MNOK</i>	2014	2014	2014	2014	2013	2014	2013
Interest income	1	2	1	1	1	5	5
Other income	107	105	128	100	108	440	433
Total income	108	107	129	101	109	445	438
Total operating expenses	99	96	102	92	105	389	396
Operating profit before losses	9	11	27	9	4	56	42
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	9	11	27	9	4	56	42



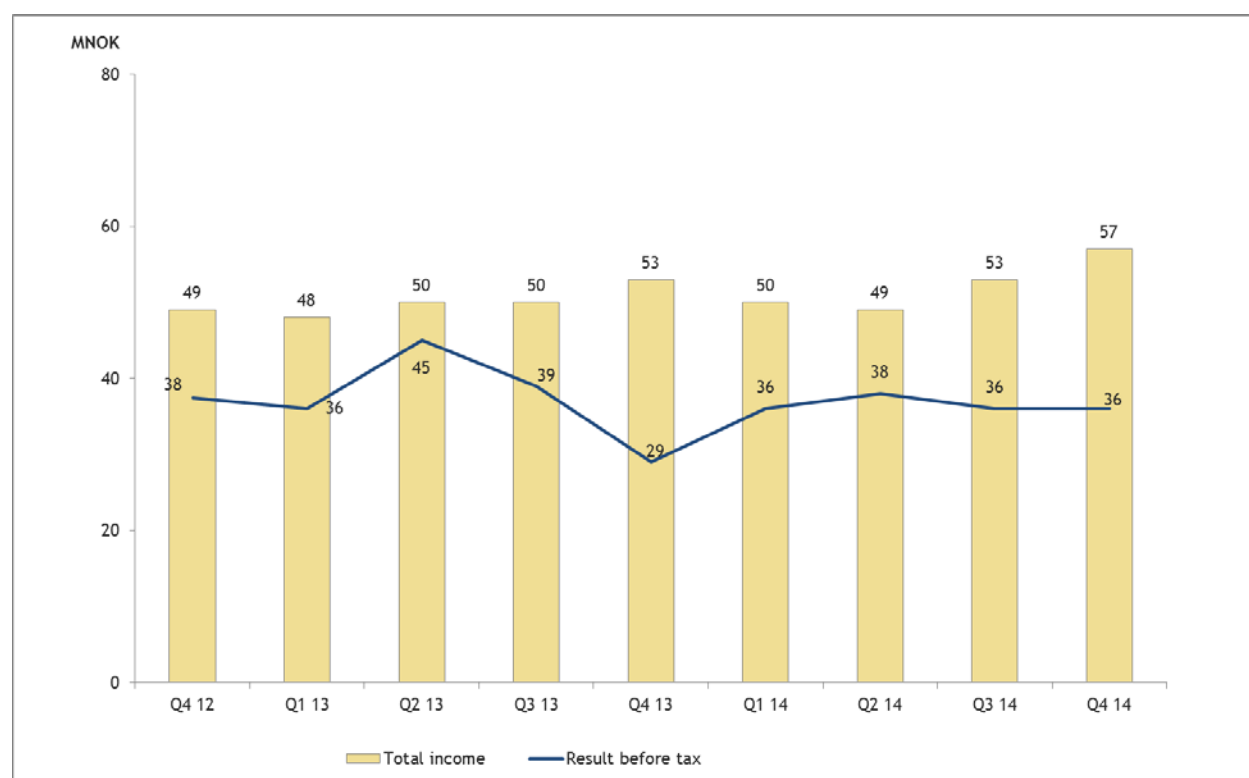


## SpareBank 1 SR-Finans AS

SpareBank 1 SR-Finans AS is the leading leasing company in Rogaland with approximately NOK 7.0 billion in total assets. The company's principal activities are lease financing for corporate customers and secured car loans for retail customers.

### Financial performance

MNOK	Q4	Q3	Q2	Q1	Q4	31.12	31.12
	2014	2014	2014	2014	2013	2014	2013
Interest income	61	57	54	54	56	226	216
Other income	-4	-4	-5	-4	-3	-17	-15
Total income	57	53	49	50	53	209	201
Total operating expenses	14	13	14	13	12	54	51
Operating profit before losses	43	40	35	37	41	155	150
Change in individual write-downs in the period	3	1	0	-1	2	3	-9
Change in group write-downs in the period	4	3	-3	2	10	6	10
Operating profit before tax	36	36	38	36	29	146	149

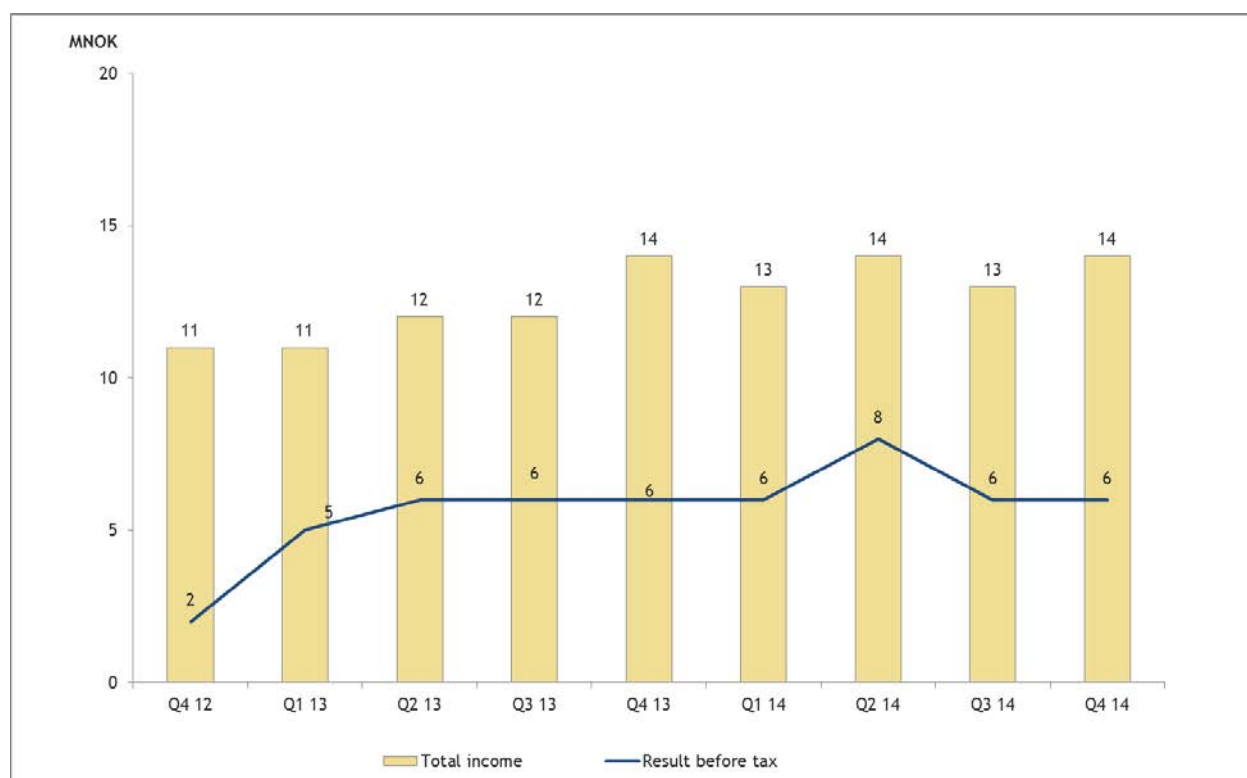


## SR-Forvaltning AS

SR-Forvaltning AS is a securities firm with a licence to provide asset management services. The company's objective is to be a local alternative with a high level of expertise in financial management. The company manages portfolios for SpareBank 1 SR-Bank and SpareBank 1 SR-Bank's pension fund, in addition to portfolios for about 2,500 external customers. The external customer base is made up of pension funds, public and private enterprises and affluent private individuals. Total assets amount to approximately NOK 9.3 billion as at 31.12.2014. The company is fully owned by SpareBank 1 SR-Bank.

### Financial performance

	Q4	Q3	Q2	Q1	Q4	31.12	31.12
MNOK	2014	2014	2014	2014	2013	2014	2013
Interest income	0	0	0	0	0	1	0
Other income	14	13	14	13	14	54	48
Total income	14	13	14	13	14	55	48
Total operating expenses	8	7	6	7	8	28	26
Operating profit before losses	6	6	8	6	6	27	22
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	6	6	8	6	6	27	22



## SR-Investering AS

The company's objective is to contribute to long-term value creation, through investment in business in the group's market segment. The company invests primarily in private equity funds and small and medium-sized companies that need capital to develop and grow further. The company is fully owned by SpareBank 1 SR-Bank.

### Financial performance

	Q4	Q3	Q2	Q1	Q4	31.12	31.12
MNOK	2014	2014	2014	2014	2013	2014	2013
Interest income	1	0	0	0	0	1	1
Other income	-11	0	-1	13	2	1	11
Total income	-10	0	-1	13	2	2	12
Total operating expenses	1	0	0	0	1	1	1
Operating profit before losses	-11	0	-1	13	2	1	12
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	-11	0	-1	13	2	1	12

