

From the fjord
to the world.

SECOND QUARTER 2016

SpareBank 
SR-BANK

Chief Executive, CEO

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Information on the Internet

SpareBank 1 SR-Bank's homepage www.sr-bank.no

Financial Calendar

Second quarter 2016	10 August
Third quarter 2016	26 October

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1. SpareBank 1 SR-Bank ASA

1.1 Financial highlights

Q2 2016

- Pre-tax profit: NOK 486 million (NOK 552 million)
- Profit after tax: NOK 406 million (NOK 431 million)
- Return on equity after tax: 9.4% (10.8%)
- Earnings per share: NOK 1.59 (NOK 1.69)
- Net interest income: NOK 711 million (NOK 639 million)
- Net commission and other income: NOK 389 million (NOK 399 million)
- Net income on investment securities: NOK 205 million (NOK 94 million)
- Operating expenses: NOK 514 million (NOK 536 million)
- Impairment losses on loans and guarantees: NOK 305 million (NOK 44 million)
(Q2 2015 in parentheses)

1st half 2016

- Pre-tax profit: NOK 973 million (NOK 1,180 million)
- Profit after tax: NOK 792 million (NOK 927 million)
- Return on equity after tax: 9.3 % (11.7 %)
- Earnings per share: NOK 3.10 (NOK 3.63)
- Net interest income: NOK 1,409 million (NOK 1,266 million)
- Net commission and other income: NOK 741 million (NOK 807 million)
- Net income from financial investments: NOK 284 million (NOK 305 million)
- Operating expenses: NOK 1,006 million (NOK 1,066 million)
- Impairment losses on loans and guarantees: NOK 455 million (NOK 132 million)
- Total lending growth over past 12 months: 1.1% (7.6%)
- Growth in deposits over past 12 months: -1.3% (11.1%)
- Tier 1 capital ratio: 14.4% (13.1%)
- CET 1 capital ratio: 13.5% (12.3%)
(1st half 2015 in parentheses)

Income statement

Financial results

MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Net interest income	711	698	678	649	639	1.409	1.266
Net commission and other income	389	352	372	353	399	741	807
Net return on investment securities	205	79	-13	12	94	284	305
Total income	1.305	1.129	1.037	1.014	1.132	2.434	2.378
Total operating expenses	514	492	368	429	536	1.006	1.066
Operating profit before losses	791	637	669	585	596	1.428	1.312
Losses on loans and guarantees	305	150	192	96	44	455	132
Operating profit before tax	486	487	477	489	552	973	1.180
Tax expense	80	101	35	112	121	181	253
Profit after tax	406	386	442	377	431	792	927

Key figures

Key figures

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Return on equity ¹⁾	9,4 %	9,0 %	10,6 %	9,3 %	10,8 %	9,3 %	11,7 %
Cost ratio ²⁾	39,4 %	43,6 %	35,5 %	42,3 %	47,3 %	41,3 %	44,8 %
Deposit-to-loan ratio	57,2 %	56,1 %	57,6 %	58,6 %	60,4 %	57,2 %	60,4 %
Growth in loans	4,3 %	7,2 %	9,6 %	10,6 %	11,0 %	4,3 %	11,0 %
Growth in loans incl. covered bond companies	1,1 %	2,9 %	5,4 %	7,4 %	7,6 %	1,1 %	7,6 %
Growth in deposits	-1,3 %	1,2 %	9,8 %	9,5 %	11,1 %	-1,3 %	11,1 %
Average total assets, MNOK	192.792	194.300	192.315	185.459	177.861	193.372	176.898
Total assets, MNOK	196.763	194.763	192.049	191.500	181.889	196.763	181.889
Impairment losses ratio ³⁾	0,78	0,39	0,50	0,25	0,12	0,58	0,18
Capital ratio	16,8	16,8	16,7	15,2	15,3	16,8	15,3
Common Equity Tier 1 capital ratio	13,5	13,4	13,3	12,2	12,3	13,5	12,3
Share price	41,20	40,60	39,30	42,40	52,25	41,20	52,25
EPS (group)	1,59	1,51	1,73	1,47	1,69	3,10	3,63




¹⁾ Net profit as a percentage of average equity.

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

³⁾ 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

The leading financial group in the southwest of Norway

1	Rogaland	
Population	470.000	
Market share	36%	
Year of establishment	1839	
Market strategy	Market leader	
Unemployment rate	4.6%*	
2	Hordaland	
Population	516.000	
Market share	6%	
Year of establishment	2006	
Market strategy	Entry/growth	
Unemployment rate	3.6%*	
3	Agder	
Population	298.000	
Market share	8%	
Year of establishment	2002	
Market strategy	Growth	
Unemployment rate	4.0%*	

Source: Nav, SSB and SpareBank 1 SR-Bank
 * Figures as at 31.07.2016



Figure 1.2.1: Operating areas

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 183.4 billion and market cap of NOK 10.5 billion as at 30 June 2016. Head office is in Stavanger. The market areas are the counties of Rogaland, Agder and Hordaland. SpareBank 1 SR-Bank ASA has 1 148 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 275,000 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 14,000 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.

SRBANK's activities

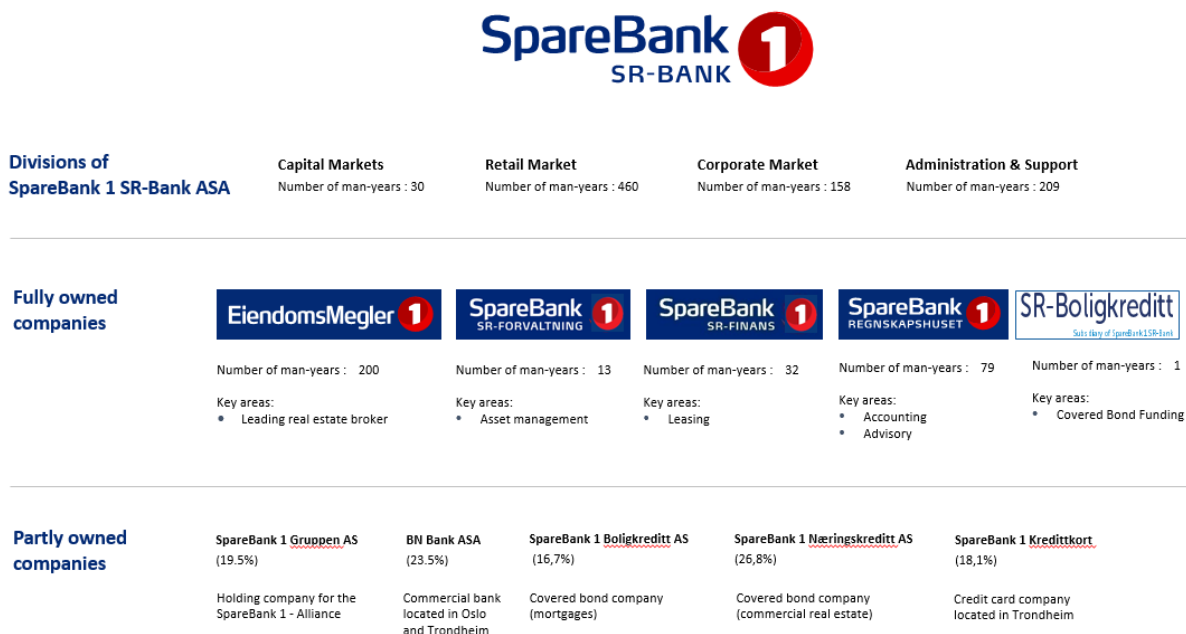


Figure 1.2.2: SpareBank 1 SR-Bank's activities

Segment operating profit*

MNOK	Retail market		Corporate market		Capital market	
	2016	2015	2016	2015	2016	2015
Operating profit before tax 2nd quarter only	348	311	105	258	9	13
Operating profit before tax as at 30 June	629	630	311	439	5	29
Gross loans to customers excl. SB1 Boligkreditt and SB1 Næringskreditt as at 30 June	90.824	84.280	55.708	55.961	616	628
Deposits from customers as at 30 June	49.611	47.883	38.072	37.977	2.205	3.082

* not including subsidiaries

Vision and strategy

Our vision: the customer's first choice in Southern and Western Norway

Objectives	Financial goals
<ul style="list-style-type: none">• SpareBank 1 SR-Bank's objectives are to stimulate growth and development in the region• To provide a sustainable contribution to the wealth creation process in the region through:<ul style="list-style-type: none">• A sustainable and profitable business model• An owner-friendly, stable dividend policy	<ul style="list-style-type: none">• Return on equity of 11% after tax in 2016. The longer term target is a minimum of 11%.• Top 50% return on equity and cost/income in a Nordic benchmark
Strategic goals	Strategic focus
<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• Portfolio quality• Managed and selective growth, greater product mix• Risk pricing• Portfolio management• Innovation, digitalisation and continuous streamlining - cost effectiveness• Strengthening capital• Diversified funding platform

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:

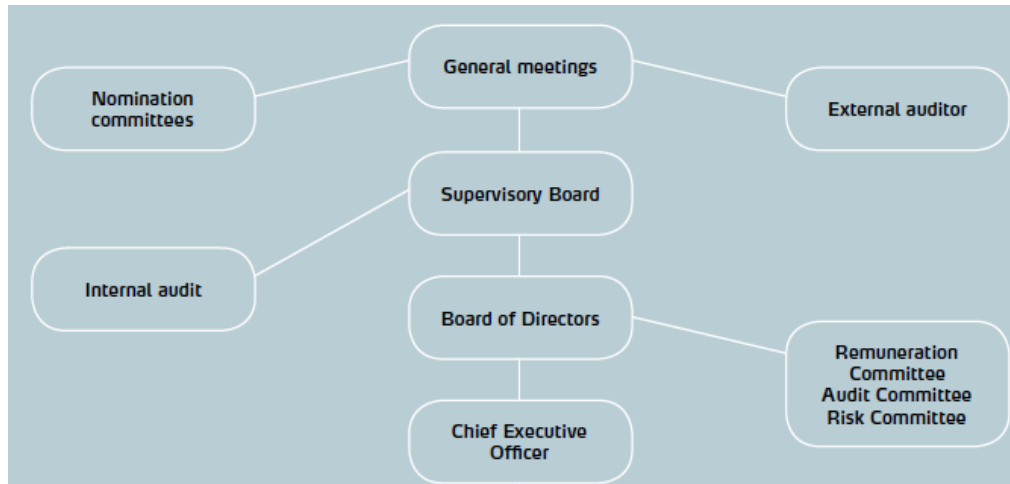


Figure 1.2.4: Overview of management and control bodies

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.

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 Remuneration Committee, an Audit Committee and a Risk Committee. 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. 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.

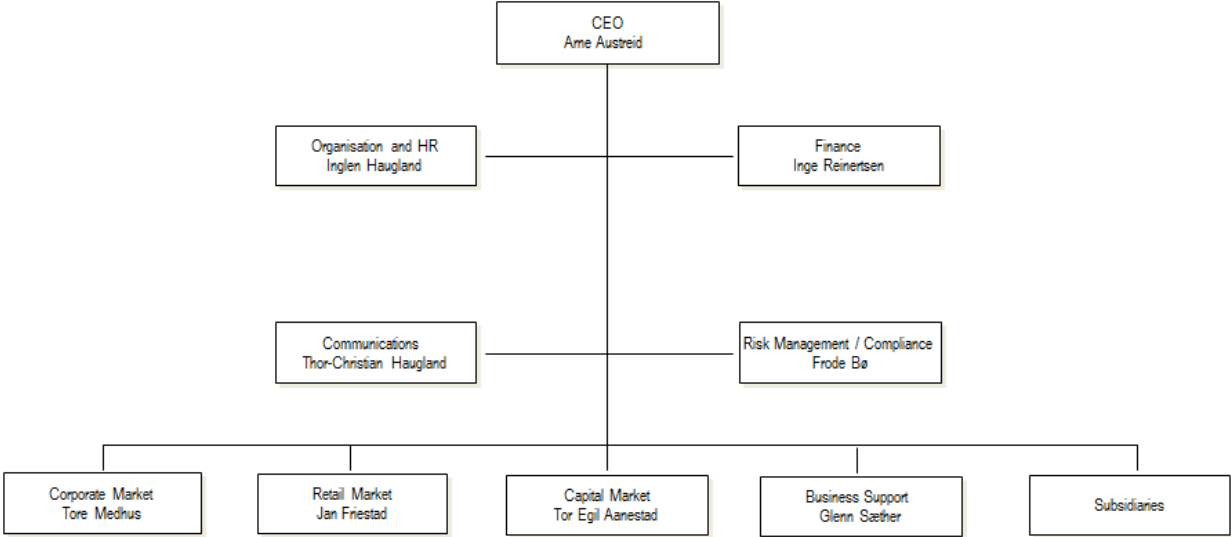


Figure 1.2.5: Organizational structure of SpareBank 1 SR-Bank

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 - 2nd largest mortgage lender in Norway

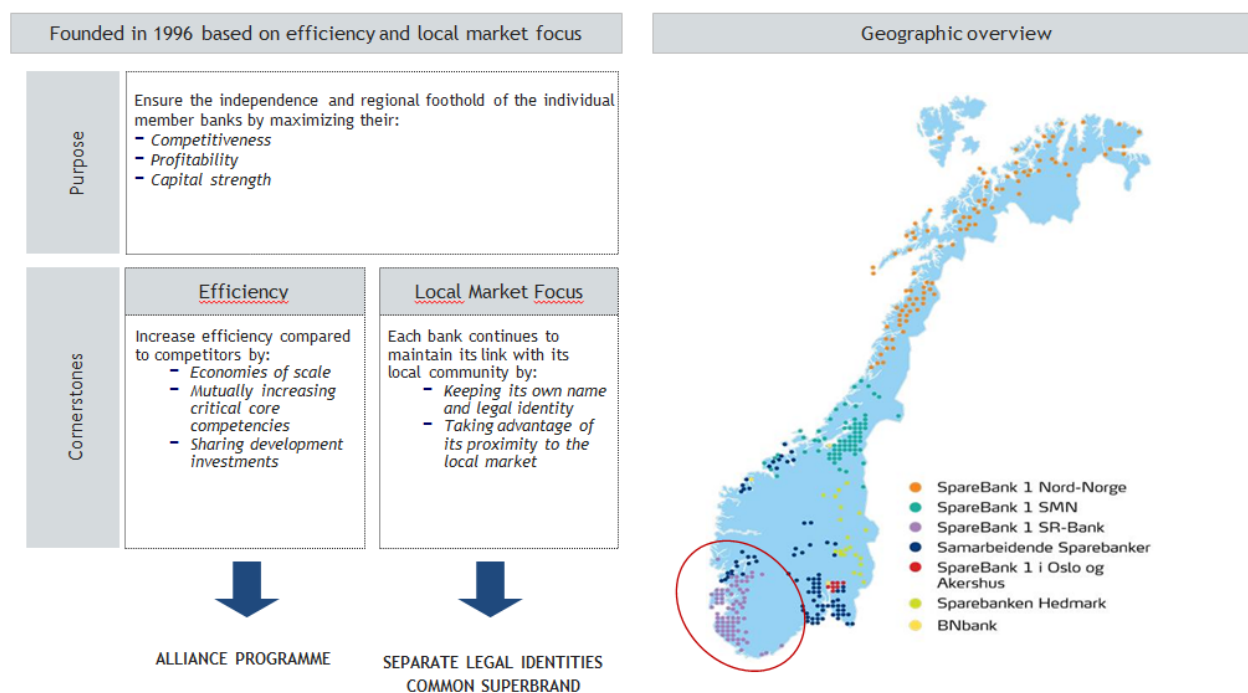


Figure 1.2.6: Geographic overview of the SpareBank 1 Alliance

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, SpareBank 1 Kredittkort 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

Owners of the alliance

- All credit decisions are made at the local banks
- Economies of scale related to expenses, IT solutions, marketing and branding

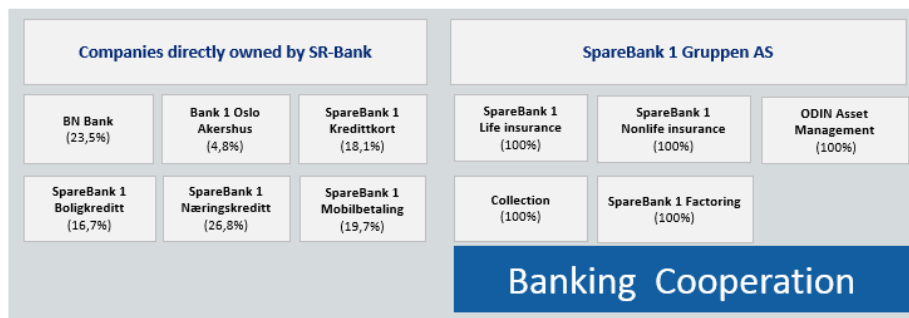
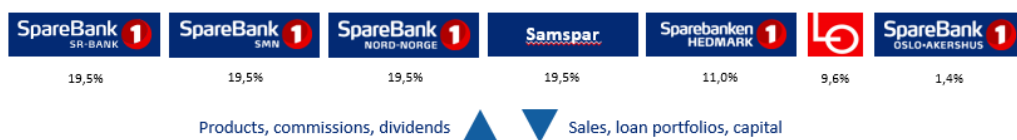


Figure 1.2.7: Structure of SpareBank 1 Alliance as at 30 June 2016

More information on the SpareBank 1 Alliance can be found on 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.

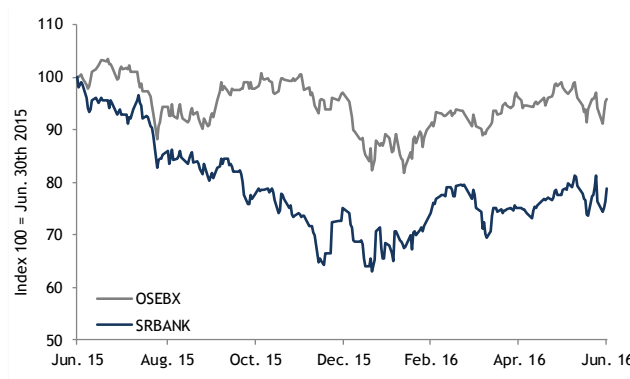


Figure 1.3.1: Relative performance; SRBANK vs OSEBX June 2015 – June 2016

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 December 2010 to 30 June 2016. A general observation is that liquidity has increased after the conversion and issue of new shares.

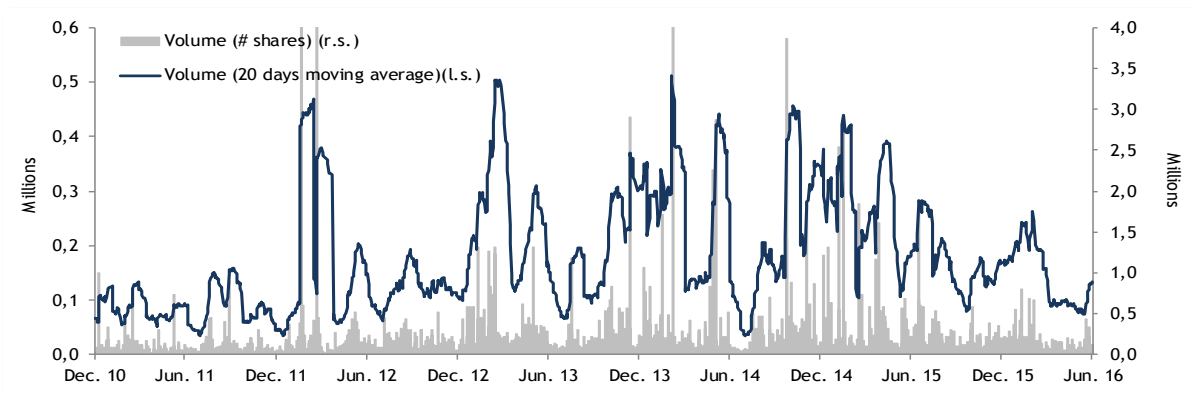


Figure 1.3.2 Development in liquidity; SRBANK December 2010 – June 2016

Figure 1.3.3 shows the share price movements and Price/Book development from June 2015 to June 2016.

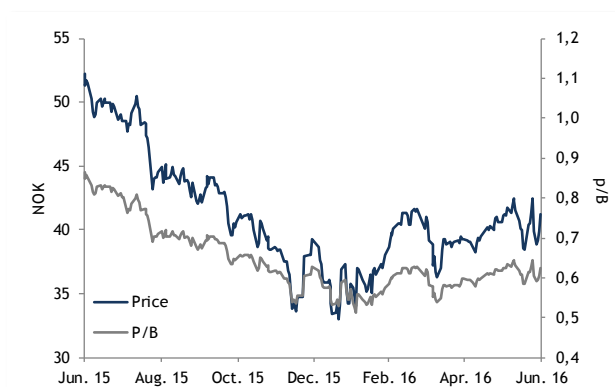


Figure 1.3.3: Share price and development in P/B; June 2015 – June 2016

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
SpareBank 1 Markets, Nils Kristian Øyen: + 47 24 14 74 00 nils.oyen@sb1.markets.no
First Securities, Bengt Kirkøyen +47 23 23 82 65 bk@first.no
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Carnegie, Asbjørn Nicholas Mørch: +45 32 88 03 35, 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		26.808.416	10,5%
Vpf Nordea Norge Verdi		7.982.657	3,1%
State Street Bank and Trust Co, U.S.A.	Nominee	7.494.726	2,9%
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		3.536.161	1,4%
Danske Invest Norske Instit. II		3.448.585	1,3%
Clipper AS		2.565.000	1,0%
State Street Bank and Trust Co, U.S.A.	Nominee	2.436.539	1,0%
State Street Bank and Trust Co, U.S.A.	Nominee	2.067.767	0,8%
Danske Invest Norske Aksjer Inst.		1.820.694	0,7%
The Bank of New York Mellon, U.S.A.	Nominee	1.792.683	0,7%
KAS Bank NV, Nederland	Nominee	1.762.160	0,7%
Westco		1.658.537	0,6%
Pareto AS		1.640.867	0,6%
Vpf Nordea Avkastning		1.630.410	0,6%
State Street Bank and Trust Co, U.S.A.	Nominee	1.587.649	0,6%
Vpf Nordea Kapital		1.528.050	0,6%
<hr/>			
Top 5		120.931.687	47,3%
Top 10		141.624.395	55,4%
Top 20		159.549.751	62,4%

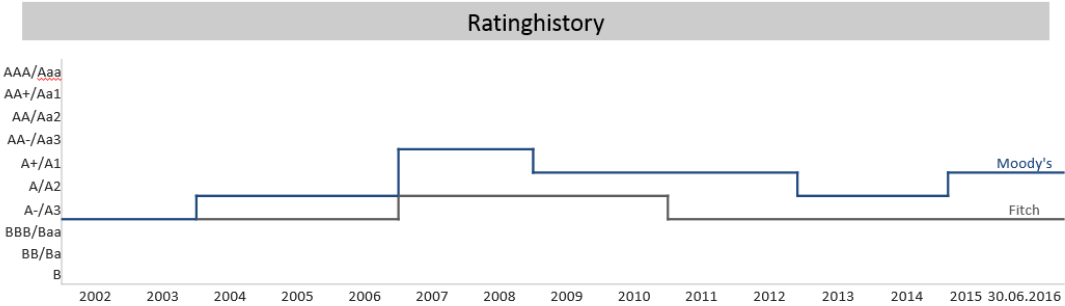
Table 1.3.2: 20 largest shareholders as at 30 June 2016

1.4 Credit ratings

Current credit rating status as at 30 June 2016 was as follows:

Rating

Moody's		Fitch	
Long-term debt	A1	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	7 April 2016	Updated	4 November 2015



2. Financial results and balance sheet

Income statement

Financial results

<i>MNOK</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Interest income	1.379	1.400	1.408	1.431	1.436	2.779	2.913
Interest expense	668	702	730	782	797	1.370	1.647
Net interest income	711	698	678	649	639	1.409	1.266
Commission income	405	369	388	372	418	774	845
Commission expenses	17	19	17	21	20	36	40
Other operating income	1	2	1	2	1	3	2
Net commission and other income	389	352	372	353	399	741	807
Dividend income	97	8	1	1	8	105	15
Income from investment in associates	112	104	110	78	101	216	234
Net gains/losses on financial instruments	-4	-33	-124	-67	-15	-37	56
Net return on investment securities	205	79	-13	12	94	284	305
Total income	1.305	1.129	1.037	1.014	1.132	2.434	2.378
Personnel expenses	296	295	114	221	300	591	610
Administrative expenses	114	102	125	114	122	216	241
Other operating expenses	104	95	129	94	114	199	215
Total operating expenses	514	492	368	429	536	1.006	1.066
Operating profit before losses	791	637	669	585	596	1.428	1.312
Losses on loans and guarantees	305	150	192	96	44	455	132
Operating profit before tax	486	487	477	489	552	973	1.180
Tax expense	80	101	35	112	121	181	253
Profit after tax from continuing operations	406	386	442	377	431	792	927

Key figures

Key figures

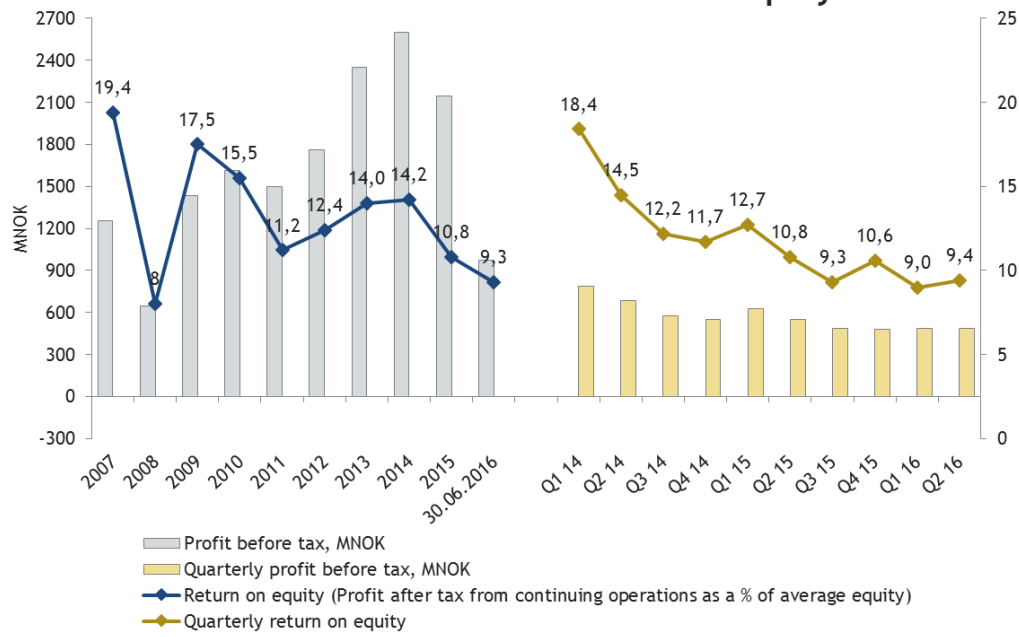
	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Return on equity ¹⁾	9,4 %	9,0 %	10,6 %	9,3 %	10,8 %	9,3 %	11,7 %
Cost ratio ²⁾	39,4 %	43,6 %	35,5 %	42,3 %	47,3 %	41,3 %	44,8 %
Net interest margin	1,48 %	1,44 %	1,40 %	1,39 %	1,44 %	1,47 %	1,44 %
Gross loans to customers	156.738	155.172	155.190	151.911	150.245	156.738	150.245
Gross loans to customers incl. covered bond companies	183.438	183.939	183.896	182.940	181.440	183.438	181.440
Deposits from customers	89.633	87.023	89.444	88.980	90.788	89.633	90.788
Deposit-to-loan ratio	57,2 %	56,1 %	57,6 %	58,6 %	60,4 %	57,2 %	60,4 %
Growth in loans	4,3 %	7,2 %	9,6 %	10,6 %	11,0 %	4,3 %	11,0 %
Growth in loans incl. covered bond companies	1,1 %	2,9 %	5,4 %	7,4 %	7,6 %	1,1 %	7,6 %
Growth in deposits	-1,3 %	1,2 %	9,8 %	9,5 %	11,1 %	-1,3 %	11,1 %
Average total assets	192.792	194.300	192.315	185.459	177.861	193.372	176.898
Total assets	196.763	194.763	192.049	191.500	181.889	196.763	181.889
Impairment losses ratio ³⁾	0,78	0,39	0,50	0,25	0,12	0,58	0,18
Non-performing commitments as a percentage of gross loans	0,56	0,49	0,55	0,23	0,27	0,56	0,27
Other doubtful commitments as a percentage of gross loans	0,78	0,61	0,35	0,45	0,48	0,78	0,48
Capital ratio	16,8	16,8	16,7	15,2	15,3	16,8	15,3
Tier 1 capital ratio	14,4	14,3	14,2	13,1	13,1	14,4	13,1
Common Equity Tier 1 capital ratio	13,5	13,4	13,3	12,2	12,3	13,5	12,3
Tier 1 capital	17.266	16.955	16.882	16.063	15.771	17.266	15.771
Net primary capital	20.139	19.853	19.933	18.635	18.403	20.139	18.403
RWA	119.705	118.527	119.124	122.380	120.363	119.705	120.363
Number of branches	49	49	49	50	50	49	50
Man-years (permanent)	1.148	1.169	1.161	1.150	1.133	1.148	1.133
Share price	41,20	40,60	39,30	42,40	52,25	41,20	52,25
Market capitalisation	10.537	10.383	10.051	10.844	13.363	10.537	13.363
Book equity per share (including dividends) (group)	67,16	67,68	66,14	64,02	62,56	67,16	62,56
Earnings per share (group)	1,59	1,51	1,73	1,47	1,69	3,10	3,63
Dividends per share	n.a	n.a.	1,50	n.a.	n.a.	n.a	n.a.
Price / Earnings per share	6,48	6,72	5,68	7,21	7,73	6,65	7,20
Price / Book equity (group)	0,61	0,60	0,59	0,66	0,84	0,61	0,84

¹⁾ Net profit as a percentage of average equity.

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

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

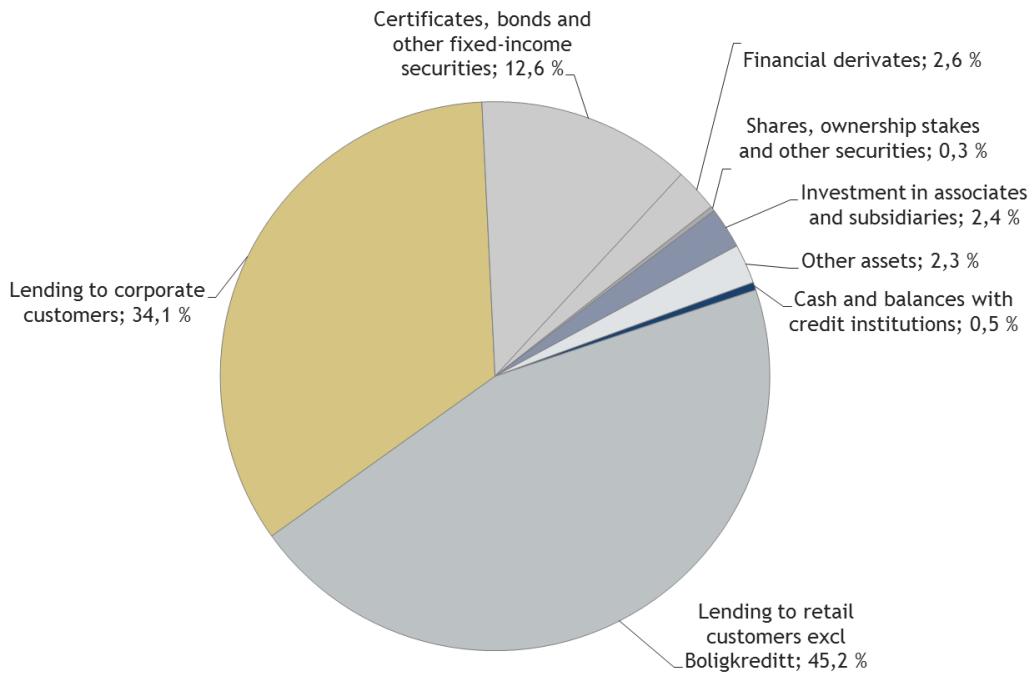
Profit before tax and return on equity



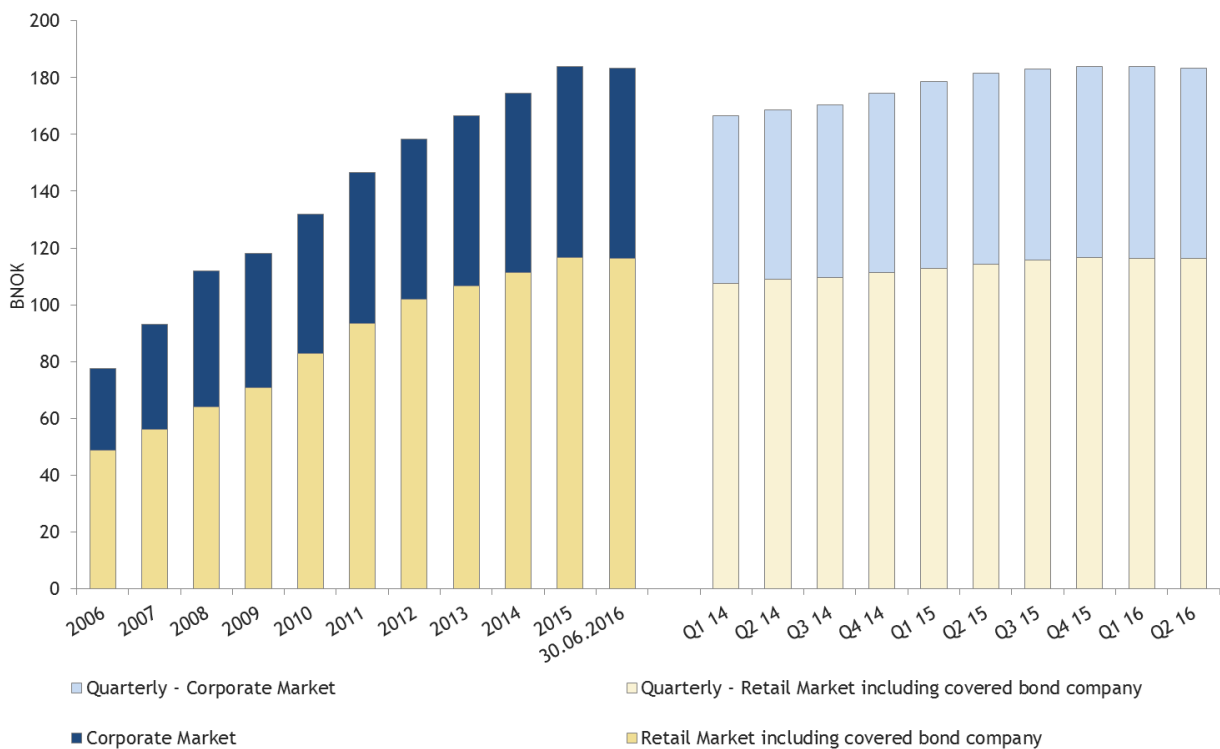
Balance sheet

<i>MNOK</i>	30.06 2016	31.03 2016	31.12 2015	30.09 2015	30.06 2015
Cash and balances with central banks	910	1.497	931	2.923	2.841
Balances with credit institutions	2.188	5.059	2.984	2.843	2.224
Net loans to customers	155.612	154.221	154.357	151.078	149.472
Certificates, bonds and other fixed-income sec.	24.814	20.963	19.533	20.484	16.116
Financial derivatives	5.056	5.403	6.135	7.099	4.878
Shares, ownership stakes and other securities	535	428	441	516	523
Business available for sale	22	162	168	136	129
Investment in associates	4.792	5.017	4.792	4.839	4.677
Other assets	2.834	2.013	2.708	1.582	1.029
Total assets	196.763	194.763	192.049	191.500	181.889
Balances with credit institutions	3.934	4.174	5.296	6.129	3.874
Public deposits related to covered bond swap scheme			0	0	0
Deposits from customers	89.633	87.023	89.444	88.980	90.788
Listed debt securities	76.830	75.737	71.979	70.444	62.992
Financial derivatives	3.047	3.064	2.786	3.224	2.766
Other liabilities	2.867	4.160	2.171	3.346	2.491
Additional Tier 1 and Tier 2 capital instruments	3.284	3.310	3.459	3.006	2.980
Total liabilities	179.595	177.468	175.135	175.129	165.891
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	0	384	384	0	0
Fund for unrealised gains	163	163	163	59	59
Other equity	8.232	8.381	8.386	7.027	7.031
Profit/loss at period end	792	386	0	1.304	927
Total equity	17.168	17.295	16.914	16.371	15.998
Total liabilities and equity	196.763	194.763	192.049	191.500	181.889

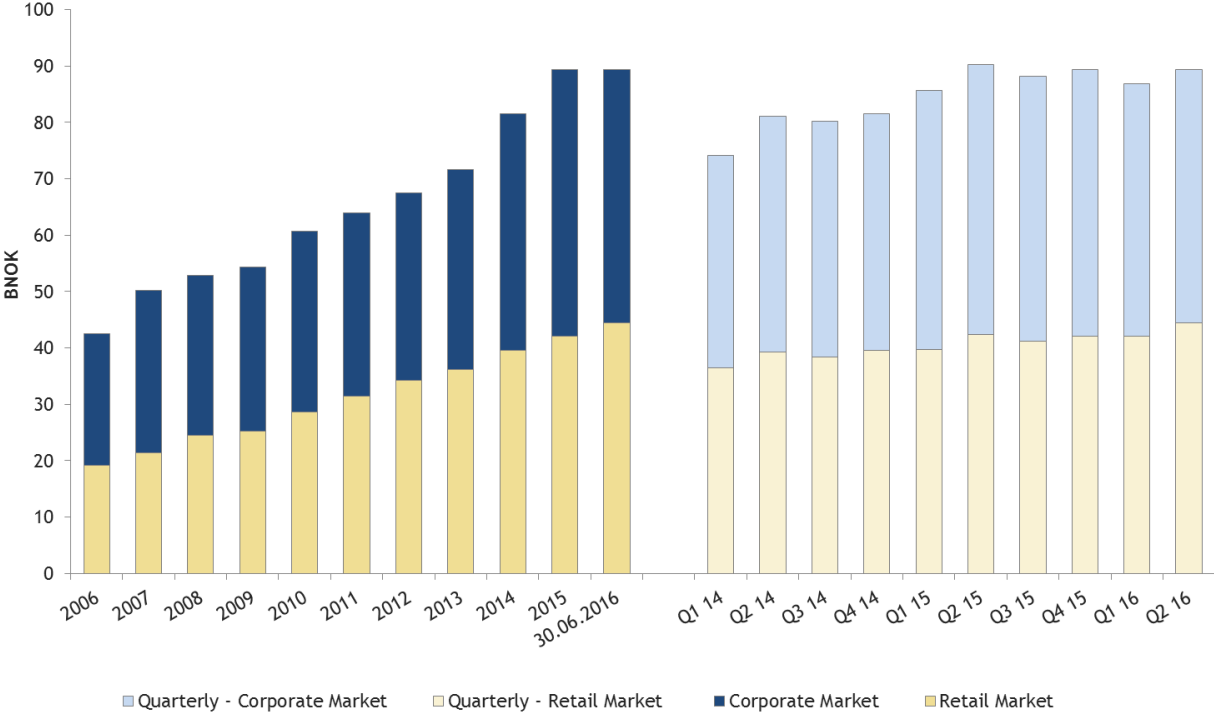
Total assets as at 30 June 2016:



Development in lending volume

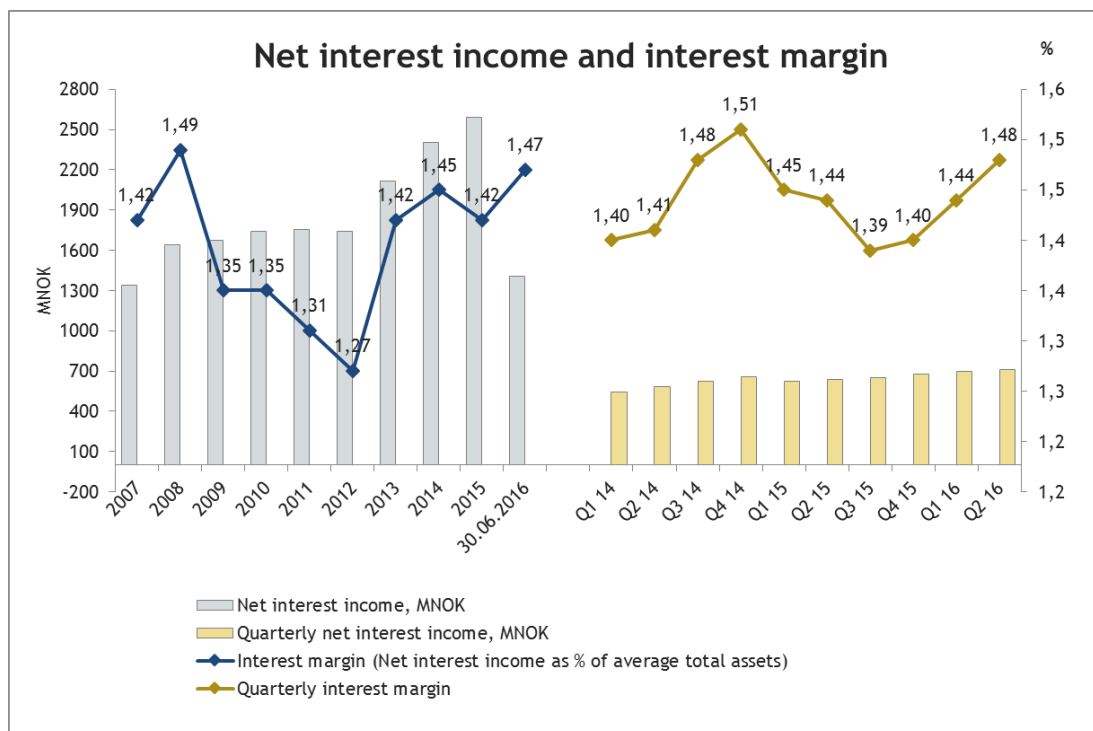


Development in deposit volume

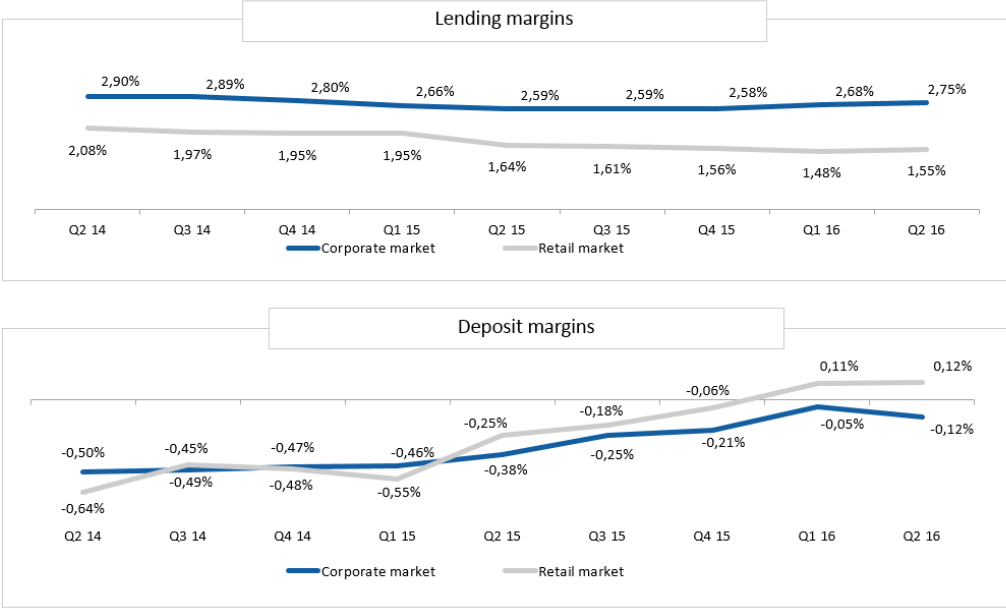


2.1 Net interest income

	Q2	Q1	Q4	Q3	Q2	30.06	30.06
MNOK	2016	2016	2015	2015	2015	2016	2015
Interest income	1.379	1.400	1.408	1.431	1.436	2.779	2.913
Interest expense	668	702	730	782	797	1.370	1.647
Net interest income	711	698	678	649	639	1.409	1.266
As % of average total assets	1,48 %	1,44 %	1,40 %	1,39 %	1,44 %	1,47 %	1,44 %



Lending and deposit margins¹



¹ 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

	Q2	Q1	Q4	Q3	Q2	30.06	30.06
MNOK	2016	2016	2015	2015	2015	2016	2015
Net commission and other income	389	352	372	353	399	741	807
Net return on investment securities	205	79	-13	12	94	284	305
Net other operating income	594	431	359	365	493	1.025	1.112
As % of total income	46 %	38 %	35 %	36 %	44 %	42 %	47 %

Net commission and other income

	Q2	Q1	Q4	Q3	Q2	30.06	30.06
MNOK	2016	2016	2015	2015	2015	2016	2015
Payment facilities	63	54	56	66	56	117	114
Savings/placements	44	51	48	45	48	95	97
Insurance products	50	50	48	48	47	100	94
Commission income from real estate broking	107	69	82	84	113	176	217
Guarantee commission	31	28	34	28	33	59	67
Arrangement fees	24	30	27	16	26	54	42
Accounting Services SpareBank 1 Regnskapshuset SR*	24	23	10	7	8	47	18
Other	3	6	14	4	2	9	8
Net commission and other income excl. covered bond companies	346	311	319	298	333	657	657
Commission income SB1 Boligkreditt and SB1 Næringskreditt	43	41	53	55	66	84	150
Net commission and other income incl. covered bond companies	389	352	372	353	399	741	807
As % of total income	30 %	31 %	36 %	35 %	35 %	30 %	34 %

*SpareBank 1 SR-Bank acquired the Rogaland branch of SpareBank 1 Regnskapshuset Østlandet in the first quarter of 2015.

Change in net commission and other income

	Q2	Q2	
MNOK	2016	Change	2015
Net commission and other income	389	-10	399
Payment facilities		7	
Savings/placements		-4	
Insurance products		3	
Commission income from real estate broking		-6	
Guarantee commission		-2	
Arrangement fees		-2	
Accounting Services SpareBank 1 Regnskapshuset SR*		16	
Other		1	
Commission income SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt		-23	

*SpareBank 1 SR-Bank acquired the Rogaland branch of SpareBank 1 Regnskapshuset Østlandet in the first quarter of 2015.

Net return on investment securities

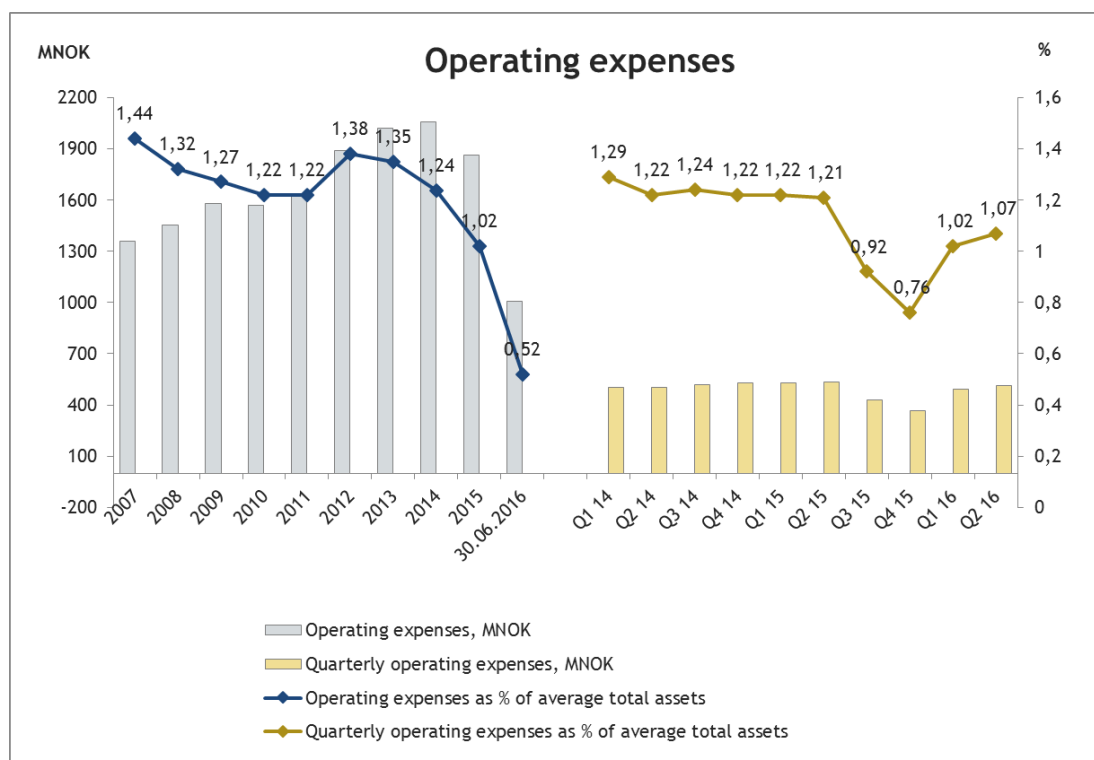
MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Dividend	97	8	1	1	8	105	15
Investment income, associates	112	104	110	78	101	216	234
Securities gains/losses	-36	-66	-87	-100	-14	-102	-38
- of which capital change in shares and certificates	-33	-21	-34	-6	-4	-54	-1
- of which capital change in certificates and bonds	-38	-53	-80	-100	-46	-91	-94
- of which derivatives; bonds and certificates	35	8	27	6	36	43	57
Currency/interest gains/losses	32	33	-37	33	-1	65	94
- of which currency customer- and own-account trading	32	26	25	31	17	58	48
- of which value change basis swap spread	-1	13	6	13	2	12	70
- of which counterparty risk derivatives including CVA	-1	1	-66	0	0	0	-
- of which other IFRS-effects	2	-7	-2	-11	-20	-5	-24
Net return on investment securities	205	79	-13	12	94	284	305
As % of total income	16 %	7 %	-1 %	1 %	8 %	12 %	13 %

Change in net return on investment securities

MNOK	Q2 2016	Change	Q2 2015
Net return on investment securities	205	111	94
Dividend		89	
Investment income, associates		11	
Securities gains/losses		-22	
- of which capital change in shares and certificates		-29	
- of which capital change in certificates and bonds		8	
- of which derivatives; bonds and certificates		-1	
Currency/interest gains/losses		33	
- of which currency customer- and own-account trading		15	
- of which value change basis swap spread		-3	
- of which counterparty risk derivatives including CVA		-1	
- of which other IFRS-effects		22	
Net return on investment securities		111	

2.3 Operating expenses

MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Wages	221	220	200	208	217	441	443
Of which restructuring costs	0	-1	22	0	0	-1	7
Pension expenses	30	28	-133	-31	36	58	70
Other personnel expenses	45	48	47	44	47	93	97
Total personnel expenses	296	295	114	221	300	591	610
IT expenses	78	73	86	70	73	151	145
Marketing expenses	20	14	19	24	26	34	47
Other administrative expenses	16	15	20	20	23	31	49
Write-down	19	18	23	20	22	37	42
Expenses real property	8	9	12	9	10	17	20
Other operating expenses	77	68	94	65	82	145	153
Other expenses	218	197	254	208	236	415	456
Total operating expenses	514	492	368	429	536	1.006	1.066



Change in operating expenses

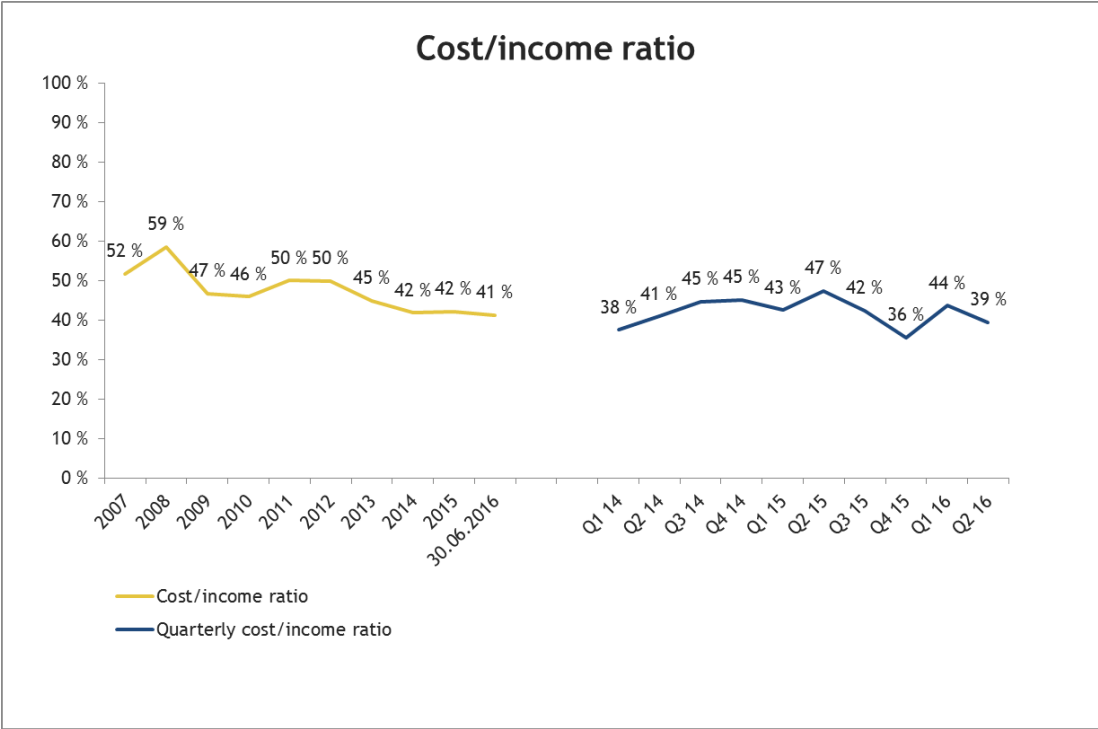
<i>MNOK</i>	Q2 2016	Change	Q2 2015
Total	514	-22	536
Personnel expenses		-4	
IT expenses		5	
Marketing expenses		-7	
Other administrative expenses		-11	
Write-down		-2	
Expenses real property		-1	
Other operating expenses		-3	

Cost/income ratio

<i>MNOK</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Operating expenses	514	492	368	429	536	1.006	1.066
Cost/income ratio	39,4 %	43,6 %	35,5 %	42,3 %	47,3 %	41,3 %	44,8 %
Growth in expenses last 12 months*	-4,1 %	-7,2 %	-30,6 %	-17,5 %	7,0 %	-5,6 %	6,0 %

**Low cost per Q4 2015 is affected by changes in the pension plan and lower bonus provisions*

Development in cost/income ratio

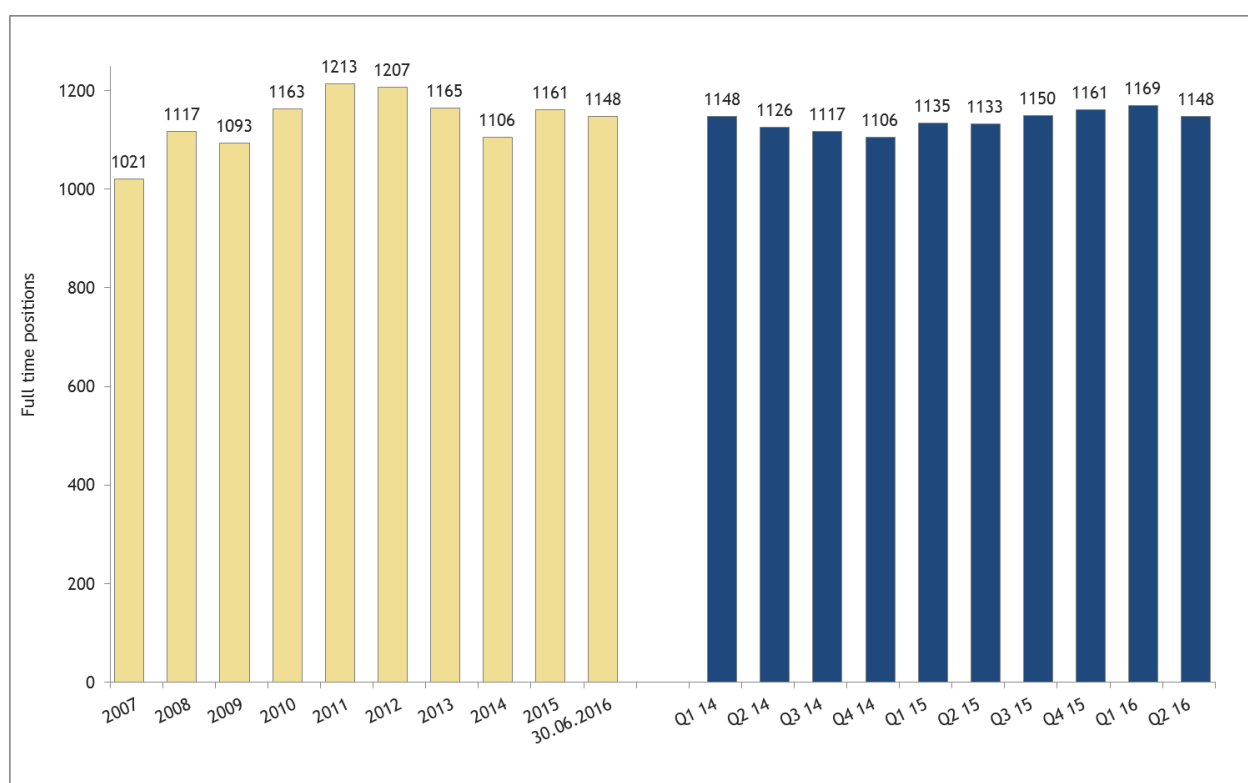


* In accordance with the Generally Accepted Accounting Principles in Norway – IFRS from 2004

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

<i>Full time positions</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
SpareBank 1 SR-Bank	824	849	870	871	859
EiendomsMegler 1 SR-Eiendom AS	200	196	200	204	200
SR-Forvaltning AS	13	14	14	14	13
SR-Finans AS	32	31	33	33	33
SpareBank 1 Regnskapshuset SR AS	79	79	44	28	28
Total	1.148	1.169	1.161	1.150	1.133

Full time positions 2006 – Q2 2016 (*permanent employees, contracted staff not included*)



2.4 Losses on loans and loss provisions

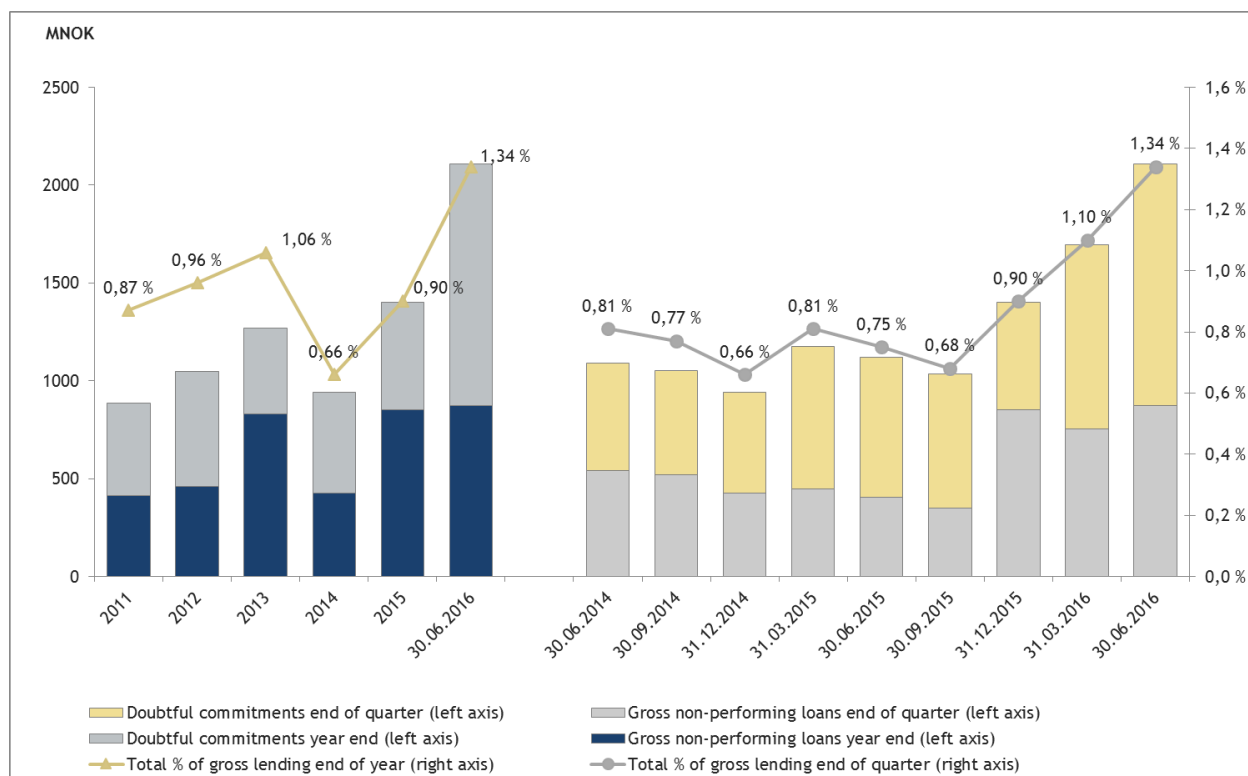
Losses on loans and guarantees

MNOK	30 June 2016	31 March 2016	31 Dec. 2015	30 Sept. 2015	30 June 2015
Change in individual impairment losses provisions for the period	273	59	-4	46	36
Change in collective impairment loss provisions for the period	93	60	140	89	39
Amortised cost	4	1	7	8	5
Actual loan losses on commitments for which provisions have been made	66	24	78	66	38
Actual loan losses on commitments for which no provision has been made	16	9	223	26	19
Change in assets take-over for the period	10	0	1	0	0
Recoveries on commitments previously written-off	-7	-3	-25	-7	-5
The period's net losses/(reversals) on loans and advances	455	150	420	228	132

Provisions for impairment losses on loans and guarantees

MNOK	30 June 2016	31 March 2016	31 Dec. 2015	30 Sept. 2015	30 June 2015
Provisions for individual impairment losses at start of period	318	318	322	322	322
Increases in previous provisions for individual impairment losses	26	19	65	26	22
Reversal of provisions from previous periods	-53	-30	-107	-61	-37
New provisions for individual impairment losses	367	95	118	152	93
Amortised cost	-2	-1	-2	-5	-4
Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-66	-24	-78	-66	-38
Provisions for individual impairment losses at the end of period	591	377	318	368	358
Net losses	82	33	301	92	57

Non-performing loans and doubtful commitments

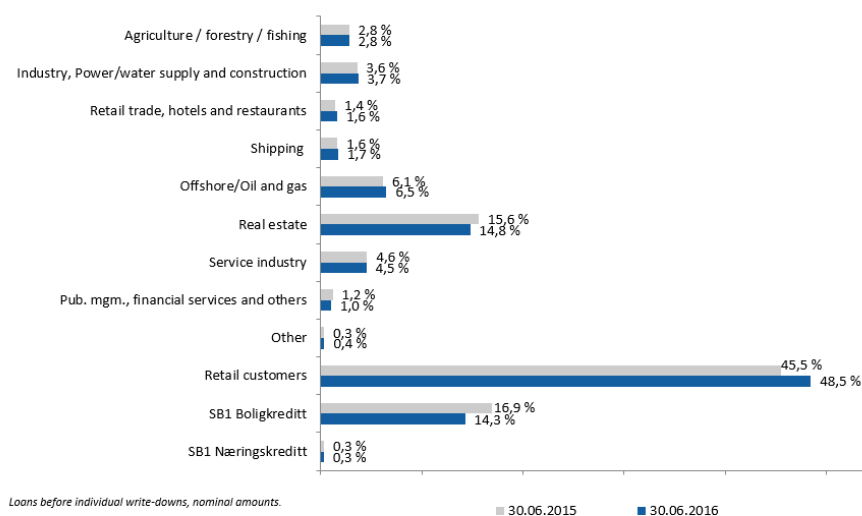


* Loans defaulted in the range of 30-90 days are not including as problem loans as at Q2 2014. Historical figures have been restated.

2.5 Loans

MNOK	30 June 2016	31 March 2016	31 Dec. 2015	30 Sept. 2015	30 June 2015
Agriculture/forestry	4.409	4.431	4.443	4.327	4.326
Fishing/Fish farming	705	772	903	848	744
Mining/extraction	5.739	5.646	5.330	5.061	4.565
Industry	3.240	3.272	3.093	3.117	2.825
Power and water supply/building and construction	3.527	3.300	3.437	3.540	3.686
Retail trade, hotel and restaurant business	2.992	2.810	2.578	2.587	2.606
Foreign trade shipping, pipeline transport and other transport activities	9.326	9.427	9.666	9.806	9.557
Real estate business	27.102	27.761	27.568	27.673	28.342
Service industry	8.254	7.958	8.113	8.256	8.318
Public sector and financial services	1.854	2.276	2.209	2.105	2.134
Retail customers	88.945	86.838	87.229	83.937	82.576
Unallocated (excess value fixed interest loans and amort. lending fees)	345	375	323	346	238
Accrued interests corporate sector and retail customers	300	306	296	309	328
Gross loans	156.738	155.172	155.190	151.911	150.245
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	26.700	28.767	28.706	31.029	31.195
Gross loans incl SpareBank 1 Boligkreditt and Næringskreditt	183.438	183.939	183.896	182.940	181.440

Loan portfolio as at 30.06.2016



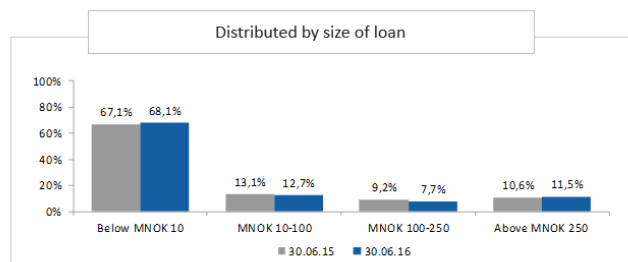
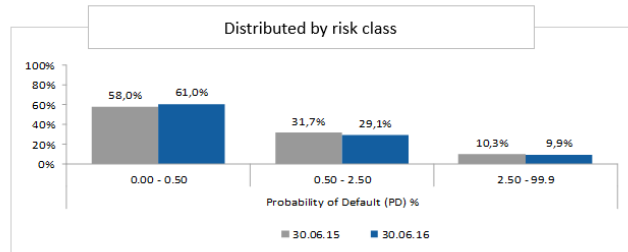
2.6 Risk profile

Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio with positive development in risk profile.
- 61.0% of the bank's loan exposure has a PD* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 68.1% of total loan portfolio.
- Single loan exposures above NOK 250 million is slightly increasing and aggregates 11.5% of total loan portfolio.

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

The figure includes lending portfolios from covered bond companies.

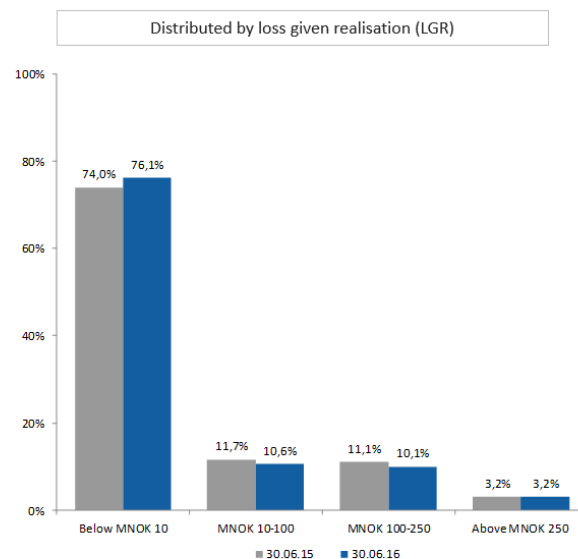


Low concentration of individual LGRs in the lending portfolio

- At the end of Q2 2016, SpareBank 1 SR-Bank had a total of 52 commitments with a loss potential exceeding NOK 100 million.
- These commitments represent 13.3% of the loan exposure, which is a reduction from 14.3% in Q2 2015.
- The proportion of loans with loss potential below NOK 10 million has increased since Q2 2015 and is now 76.1%.
- 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 figure includes lending portfolios from covered bond companies.

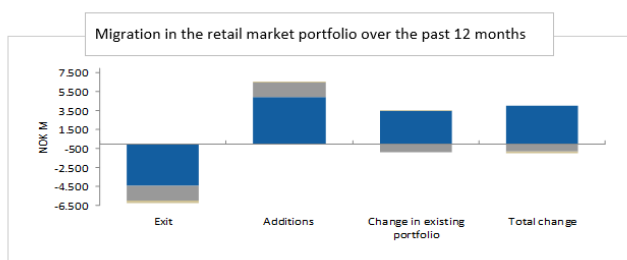
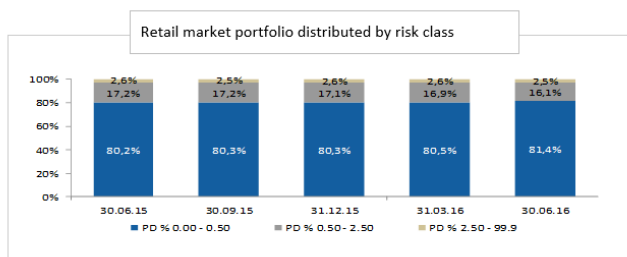


Risk profile – Lending to the retail market

- The quality of the retail market portfolio is considered to be good and has low potential losses.
- The proportion of loans with a PD* below 0.5% has increased to 81.4% of the total retail portfolio.
- The low risk profile 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 portfolio in covered bond companies (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).

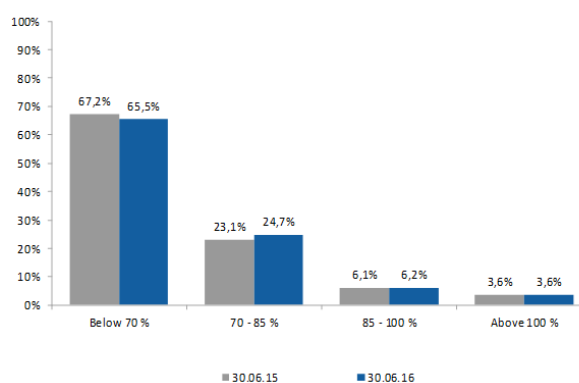


Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-value ratio of less than 85% is high.
- 90.2% of the exposure is within 85% of the assessed value of collateral.
- Market value on real estate is slightly declining in SpareBank 1 SR-Bank's market area. This has led to a small decrease in the proportion of loans within 70% LTV.

In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.

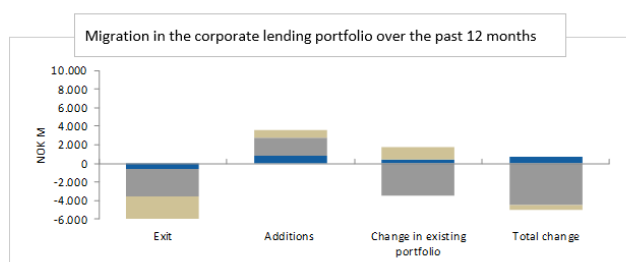
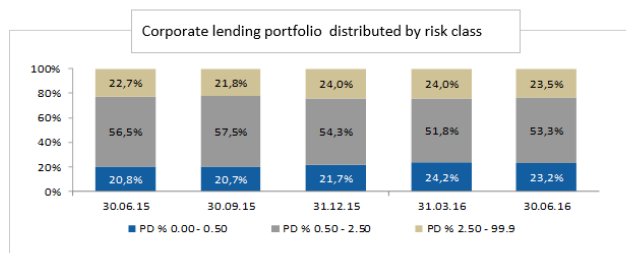
The figures include the loan portfolio in the covered bond company (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).



Lending to the corporate market – risk profile

- The quality of the corporate market portfolio is good.
- The share of customers with PD* below 0.5% is increasing and is now at 23.2%.
- SpareBank 1 SR-Bank monitors PD above 2.5% continuously, and the development in this segment has been stable in 2016.
- There is a clearly defined framework that sets limits on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.

*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:

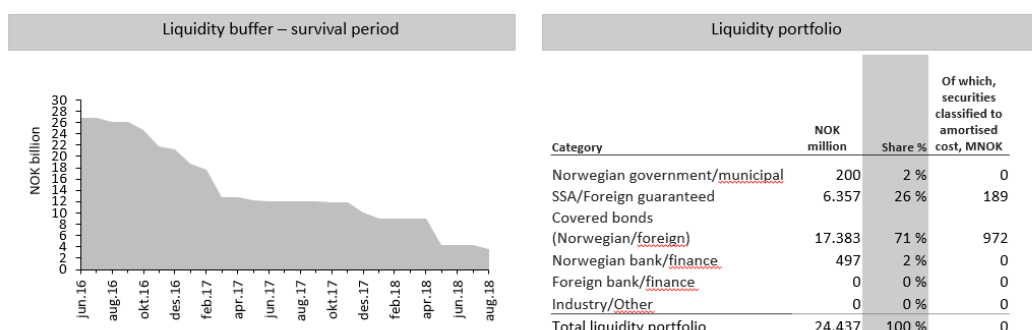
- Concentration risk in the corporate portfolio has been significantly reduced in recent years as a result of strict underwriting guidelines and active portfolio management.
- Guidelines for home equity loans have been further tightened.
- Enhanced risk models for estimating EAD and LGD were developed as part of utilizing for corporate AIRB.
- 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.

In total, the effect in terms of good management and control of both new customers and existing portfolio.

Further information regarding risk capital management can be found in Pillar III reports, see 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 26.9 billion
- Other liquid assets:
 - Home mortgages prepared for transfer to mortgage company: NOK 15.7 billion
 - Commercial paper and bonds in the trading portfolio: NOK 0.4 billion

Liquidity buffer: cash, highly liquid bonds.

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

Investments in bonds and certificates

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA og AA-	23.939	96,5 %
Low risk	A+, A og A-	9	0,0 %
Moderate risk	BBB+, BBB og BBB-	599	2,4 %
High risk	BB+, BB og BB-	113	0,5 %
Very high risk	B+ and lower	139	0,6 %
Total portfolio		24.799	100,0 %

Of which liquidity purposes:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA og AA-	23.697	98,0 %
Low risk	A+, A og A-	0	0,0 %
Moderate risk	BBB+, BBB og BBB-	497	2,0 %
High risk	BB+, BB og BB-	0	0,0 %
Very high risk	B+ and lower	0	0,0 %
Total liquidity purposes		24.437	100,0 %

Of which SR-Bank Markets:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA og AA-	0	0,0 %
Low risk	A+, A og A-	0	0,0 %
Moderate risk	BBB+, BBB og BBB-	101	27,9 %
High risk	BB+, BB og BB-	113	23,1 %
Very high risk	B+ and lower	139	50,1 %
Total trading portfolio		362	100,0 %

All amounts in MNOK.

2.8 Funding

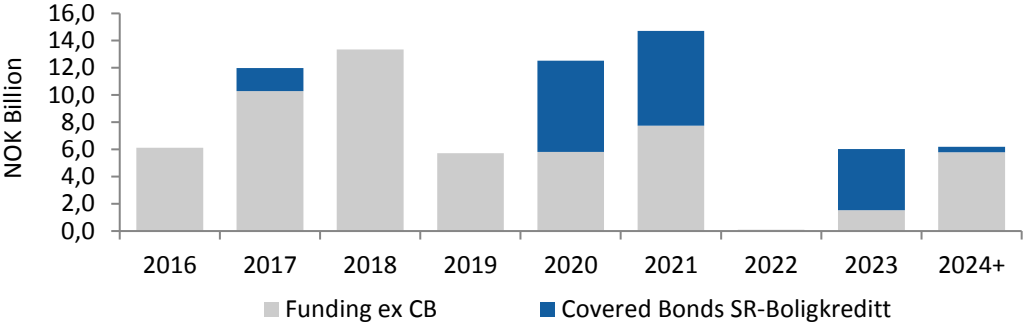
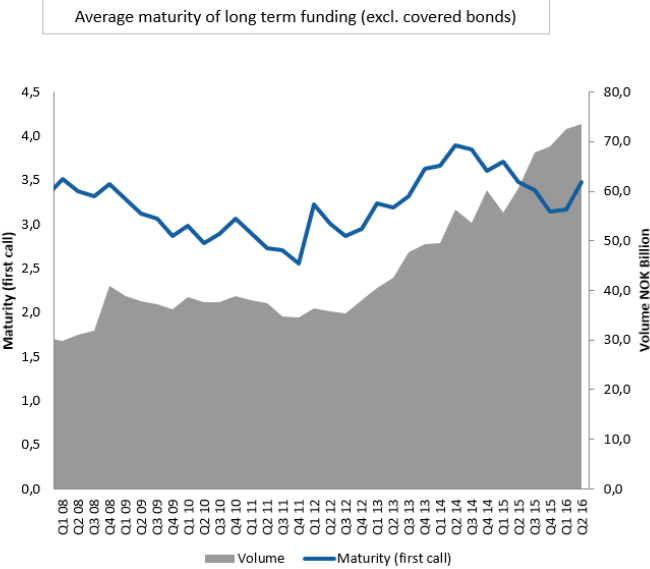


Figure 2.8.1: Funding - annual

Funding structure

- LCR of 173% at the end of June 2016. Average LCR during Q2 2016 was 143%.



Average remaining maturity of the outstanding senior bonds and OMF is 3.5 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.

Type of risk	Portfolio	Regulatory method
Credit risk	States – parent bank	Standard method
	Institutions – parent bank	Standard method
	Housing cooperatives, clubs and associations – parent bank	Standard method
	Enterprises – parent bank	Advanced IRB Approach
	Mass market – parent bank	IRB – mass market (advanced)
	SpareBank 1 SR-Finans AS – subsidiary	Standard method
	SpareBank 1 SR-Investering AS – subsidiary	Standard method
	SpareBank 1 SR-Forvaltning AS – subsidiary	Standard method
	Mass market – SpareBank 1 Boligkreditt AS	IRB – mass market (advanced)
	Enterprises – SpareBank 1 Næringskreditt AS	Standard method
	Enterprises – BN Bank AS	Advanced IRB Approach
	Mass market – BN Bank AS	Standard method
	Market risk	Equity risk – parent bank
Debt risk – parent bank		Standard method
Currency risk – parent bank		Standard method
Subsidiaries and part-owned companies		Standard method
Operational risk	SpareBank 1 SR-Bank including subsidiaries	Standardised approach
	Other part-owned companies	Standard method

Figure 2.9.1: SpareBank 1 SR-Bank's methods for calculating the minimum regulatory capital requirements

SpareBank 1 SR-Bank has received in first quarter 2015 from the FSAN approval to use IRB Advanced method also for its exposures to the corporate market ("Enterprise").

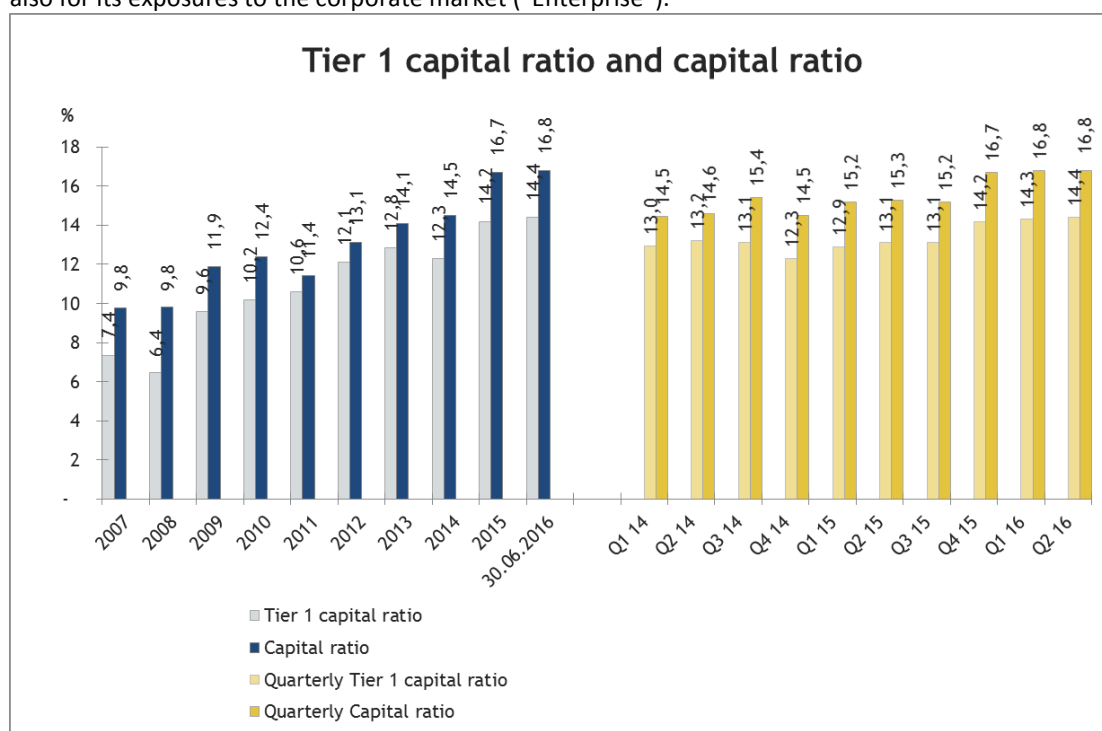


Figure 2.9.2: Development in capital ratios

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

	30 Jun.	31 Mar.	31 Dec.	30 Jun.
<i>MNOK</i>	2016	2016	2015	2015
Share capital	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587
Allocated to dividend	0	384	384	0
Reserve for unrealised gains	163	163	163	59
Other equity	8.232	8.381	8.386	7.031
Profit for the year	792	386		927
Total book equity	17.168	17.295	16.914	15.998
<i>Tier 1 capital</i>				
Deferred taxes, goodwill and other intangible assets	-97	-96	-67	-55
Deduction for allocated dividends	0	-384	-384	0
Deduction for expected losses on IRB, net of write-downs	-273	-315	-421	-446
Year-to-date profit not included in common equity Tier 1 capital	-396	-193		-464
Deduction for common equity Tier 1 capital in significant investments in financial institutions	-209	-383	-191	-226
The institution's own credit risk related to derivative liabilities	-58	-57	-57	-47
Tier 1 capital instruments	1.131	1.088	1.088	1.011
Total Tier 1 capital	17.266	16.955	16.882	15.771
<i>Tier 2 capital</i>				
Tier 2 capital - Tier 1 capital instruments in excess of 15%	0	0	0	0
Term subordinated loan capital	2.933	2.958	3.111	2.693
Deduction for significant investments in financial institutions	-60	-60	-60	-61
Total Tier 2 capital	2.873	2.898	3.051	2.632
Net primary capital	20.139	19.853	19.933	18.403

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.

Credit risk Basel II

	30 Jun.	31 Mar.	31 Dec.	30 Jun.
MNOK	2016	2016	2015	2015
SME	17.276	16.526	14.822	14.496
Specialised lending	20.153	21.426	22.148	23.941
Other corporations	6.262	6.566	6.830	6.432
SME retail	1.256	1.246	1.236	1.169
Retail mortgage (properties)	26.920	28.585	27.170	25.424
Other retail	871	897	950	1.030
Equity investments	0	0	0	0
Total credit and counterparty risk IRB	72.738	75.246	73.156	72.492
States and central banks	68	70	70	225
Local and regional authorities, state-owned enterprises	112	167	191	90
Institutions	5.175	5.815	5.985	6.328
Enterprises	6.510	6.770	6.886	6.994
Mass market	1.630	1.412	1.386	1.409
Mass market - mortgage on real estate	3.606	3.948	4.114	6.321
Covered bonds	2.204	1.719	1.205	969
Equity positions	4.566	4.624	4.661	4.104
Other assets	1.842	2.036	1.840	1.602
Total credit and counterparty risk standard method	25.713	26.561	26.338	28.042
Position risk for equity instruments	0	0	0	607
Credit value adjustment risk (CVA)	941	872	1.050	982
Operational risk	7.084	7.084	6.794	6.811
Transitional scheme	13.229	8.764	11.786	11429
Risk weighted balance	119.705	118.527	119.124	120.363
Minimum requirement for common equity Tier 1 capital ratio 4,5 %	5.387	5.334	5.361	5.416
Buffer requirement				
Capital conservation buffer 2,5 %	2.993	2.963	2.978	3.009
Systemic risk buffer 3 %	3.591	3.556	3.574	3.611
Countercyclical capital buffer 1 %	1.796	1.185	1.191	1.204
Total buffer requirement to common equity Tier 1 capital ratio	8.379	7.704	7.743	7.824
Available common equity Tier 1 capital ratio after buffer requirement	2.369	2.829	2.690	1.520
Common Equity Tier 1 capital ratio ¹⁾	13,48 %	13,39 %	13,26 %	12,26 %
Tier 1 capital ratio	14,42 %	14,30 %	14,17 %	13,10 %
Tier 2 capital ratio	16,82 %	16,75 %	16,73 %	15,29 %
Common Equity Tier 1 capital ratio, IRB	15,15 %	14,46 %	14,71 %	13,55 %
Tier 1 capital ratio, IRB	16,22 %	15,45 %	15,73 %	14,48 %
Tier 2 capital ratio, IRB	18,91 %	18,09 %	18,57 %	16,89 %

¹⁾ 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.

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	
	Q2 16	Q2 15	Q2 16	Q2 15	Q2 16	Q2 15	Q2 16	Q2 15	Q2 16	Q2 15	Q2 16	Q2 15	Q2 16	Q2 15
Net interest income	296	260	324	246	10	16	0	1	61	62	20	54	711	639
Net commission and other income	161	172	79	83	7	6	108	113	-3	-5	37	30	389	399
Net return on investment securities	4	4	7	6	9	15	0	0	0	0	185	69	205	94
Operating expenses	108	117	47	44	17	24	89	96	14	15	239	240	514	536
Operating profit before losses	353	319	363	291	9	13	19	18	44	42	3	-87	791	596
Change in individual write-downs in the period	5	6	227	16	0	0	0	0	40	3	0	0	272	25
Change in group write-downs in the period	0	2	31	17	0	0	0	0	1	0	1	0	33	19
Operating profit before tax	348	311	105	258	9	13	19	18	3	39	2	-87	486	552
Gross loans to customers excl. covered bond companies	90.824	84.280	55.708	55.961	616	628	0	0	6.872	6.956	2.718	2.420	156.738	150.245
Deposits from customers	49.611	47.883	38.072	37.997	2.205	3.082	0	0	0	0	-255	1.826	89.633	90.788

MNOK	SpareBank 1 SR-Bank Group pr 30.06													
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income	573	532	642	483	24	37	1	2	123	127	46	85	1.409	1.266
Net commission and other income	315	368	158	162	25	18	176	217	-8	-11	75	53	741	807
Net return on investment securities	5	5	11	18	-3	20	0	0	0	-1	271	263	284	305
Operating expenses	249	269	103	109	41	46	164	189	28	29	421	424	1.006	1.066
Operating profit before losses	644	637	708	554	5	29	13	30	87	86	-29	-24	1.428	1.312
Change in individual write-downs in the period	12	5	309	77	0	0	0	0	40	11	1	0	362	93
Change in group write-downs in the period	3	2	88	37	0	0	0	0	2	0	0	0	93	39
Operating profit before tax	629	630	311	439	5	29	13	30	45	75	-30	-23	973	1.180
Gross loans to customers excl. covered bond companies	90.824	84.280	55.708	55.961	616	628	0	0	6.872	6.956	2.718	2.420	156.738	150.245
Deposits from customers	49.611	47.883	38.072	37.997	2.205	3.082	0	0	0	0	-255	1.826	89.633	90.788

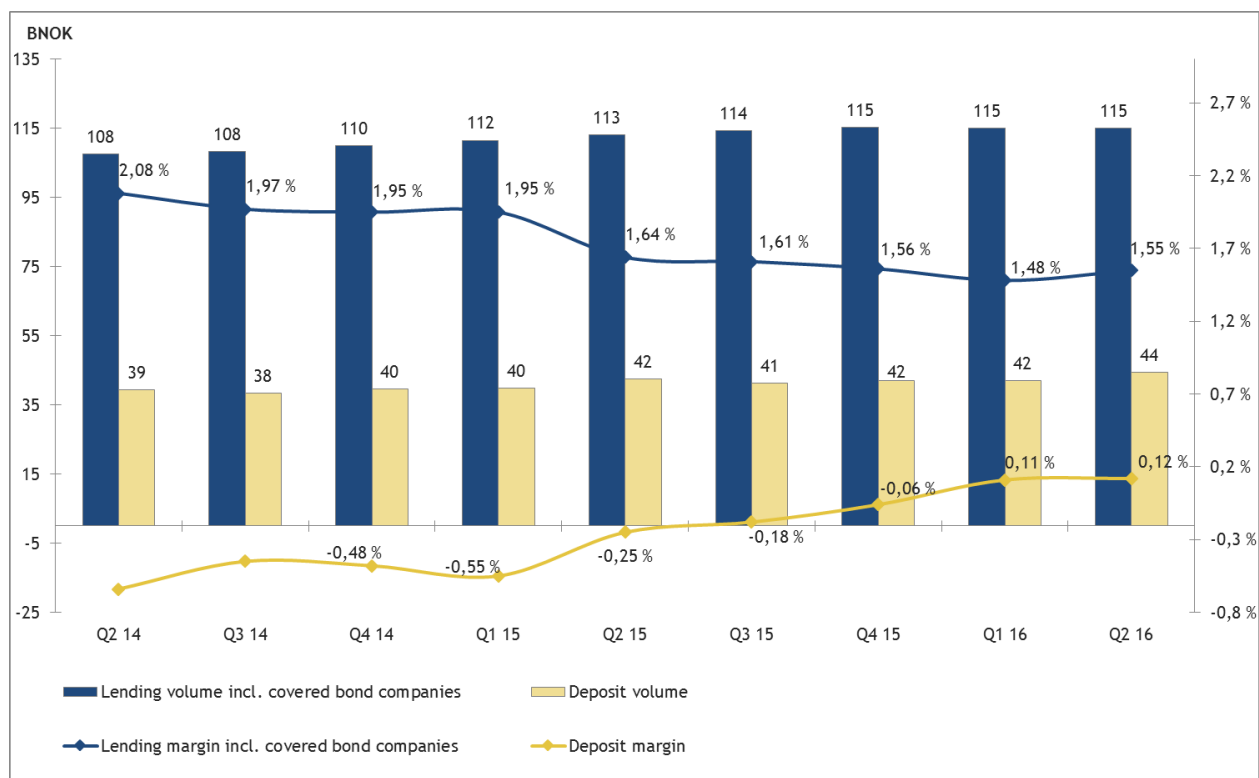
* Includes SR-Forvaltning, SR-Investering and SR-Regnskapshuset

3.2 Retail Market²

Financial performance in the retail market segment

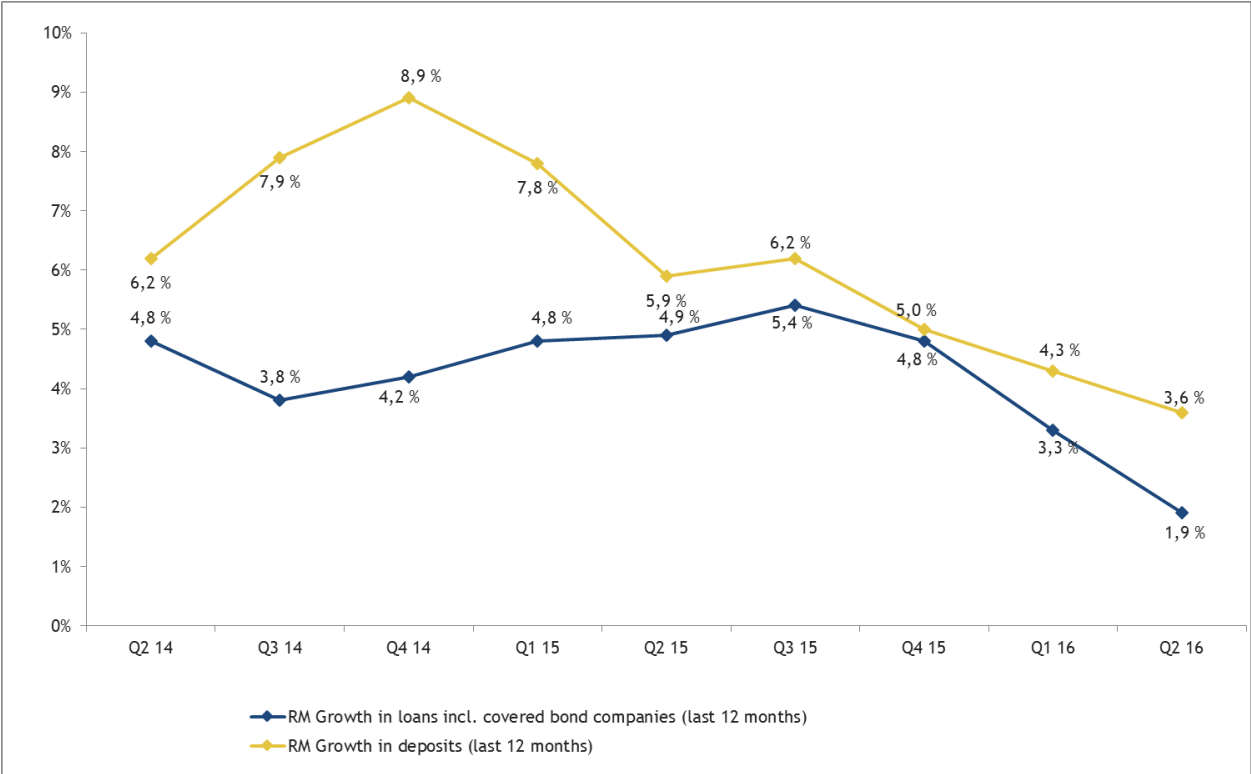
MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Net interest income	296	277	281	267	260	573	532
Net other income	165	155	167	180	176	320	373
Total income	461	432	448	447	436	893	905
Total operating expenses	108	141	167	151	117	249	269
Operating profit before losses	353	291	281	296	319	644	637
Change in individual write-downs in the period	5	7	-7	5	6	12	5
Change in group write-downs in the period	0	3	1	2	2	3	2
Operating profit before tax	348	281	287	289	311	629	630

Development in average volume and interest margin



² 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). Differences between the group's actual funding costs and the interest applied on intercompany receivables are eliminated at the group level.

Growth in loans and deposits

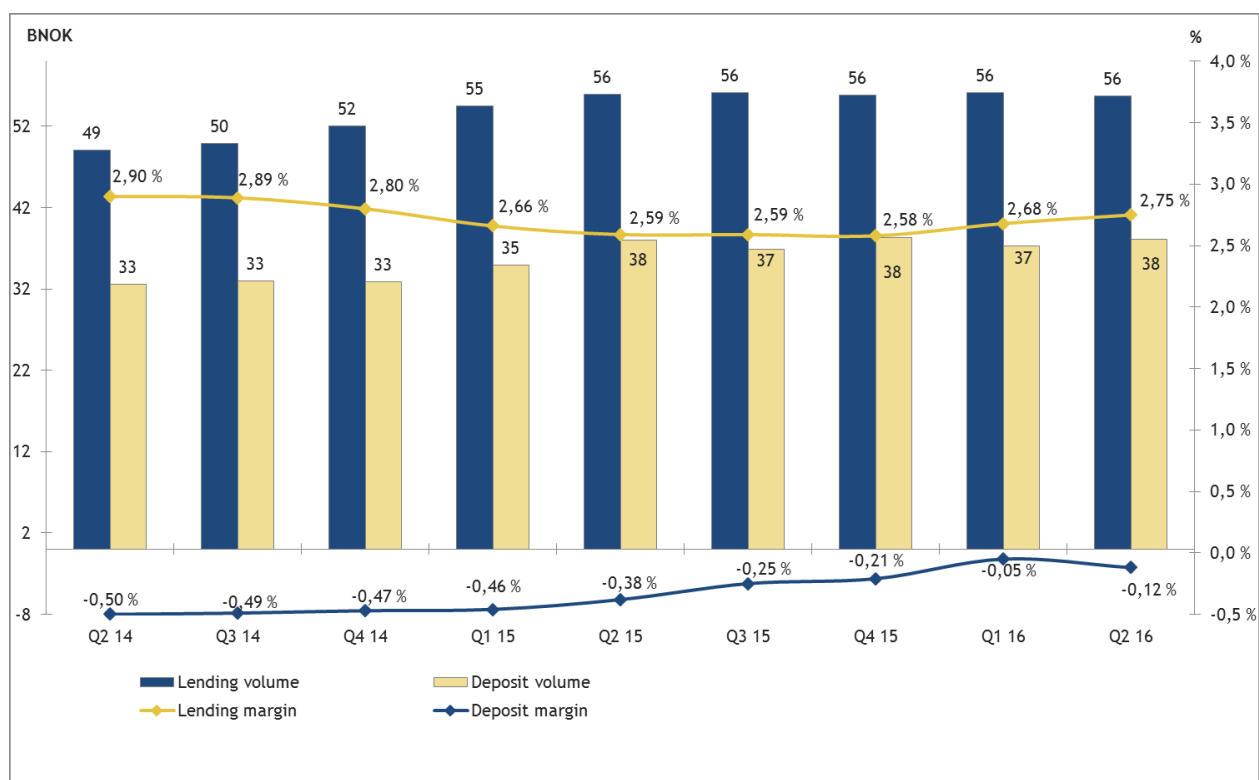


3.3 Corporate Market

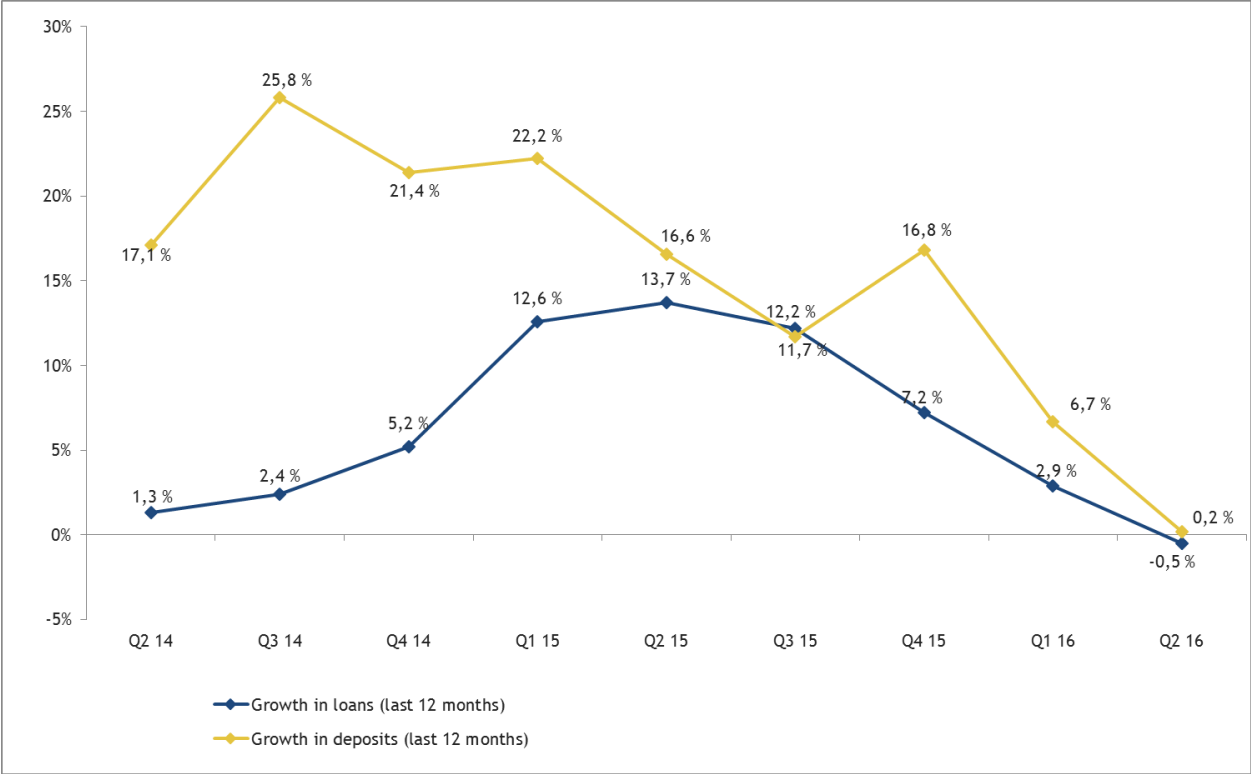
Financial performance in the corporate market segment

MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Net interest income	324	318	301	288	246	642	483
Net other income	86	83	12	65	89	169	180
Total income	410	401	313	353	335	811	663
Total operating expenses	47	56	74	60	44	103	109
Operating profit before losses	363	345	239	293	291	708	554
Change in individual write-downs in the period	227	82	128	37	16	309	77
Change in group write-downs in the period	31	57	45	48	17	88	37
Operating profit before tax	105	206	66	208	258	311	439

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

<i>MNOK</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Net interest income	10	14	20	15	16	24	37
Net other operating income	16	6	5	-33	21	22	38
Total income	26	20	25	-18	37	46	75
Total operating expenses	17	24	15	19	24	41	46
Operating profit before losses	9	-4	10	-37	13	5	29
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	-4	10	-37	13	5	29

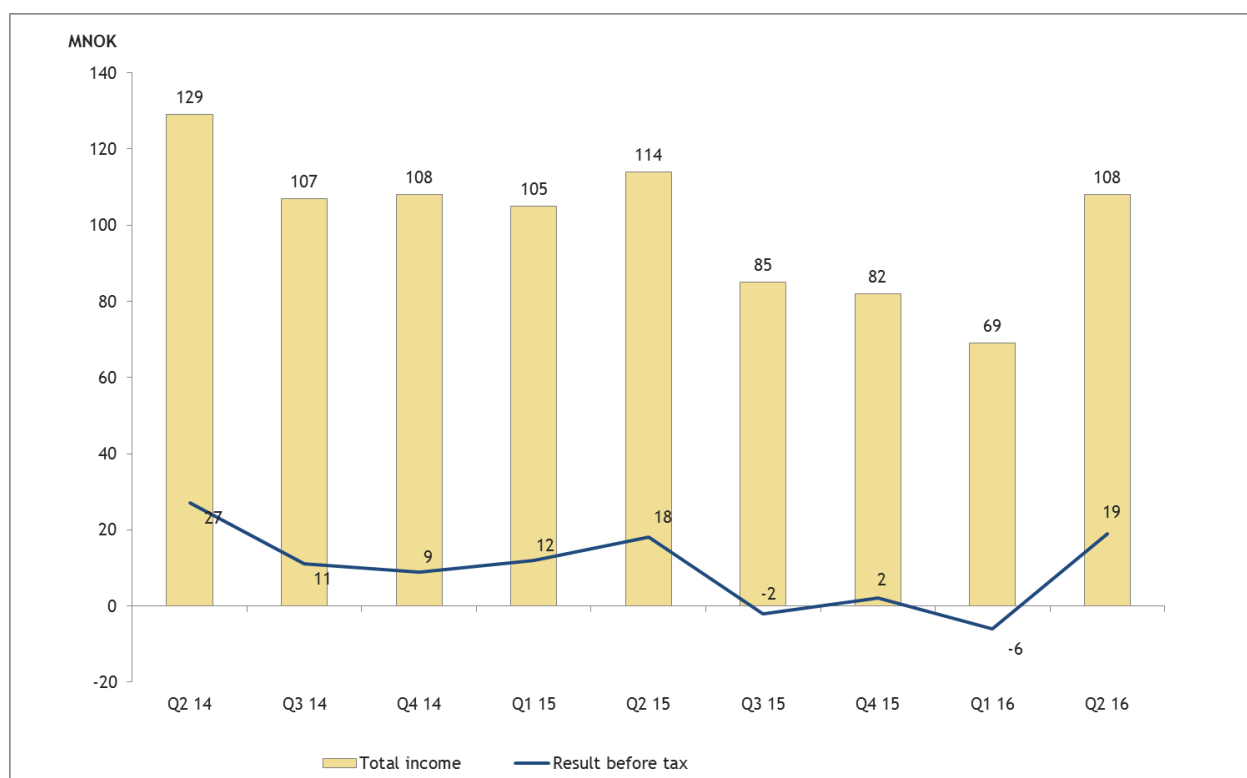
3.5 Subsidiaries

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 30 June 2016, the company sold 3060 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

MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Interest income	0	1	0	1	1	1	2
Other income	108	68	82	84	113	176	217
Total income	108	69	82	85	114	177	219
Total operating expenses	89	75	80	87	96	164	189
Operating profit before losses	19	-6	2	-2	18	13	30
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	19	-6	2	-2	18	13	30

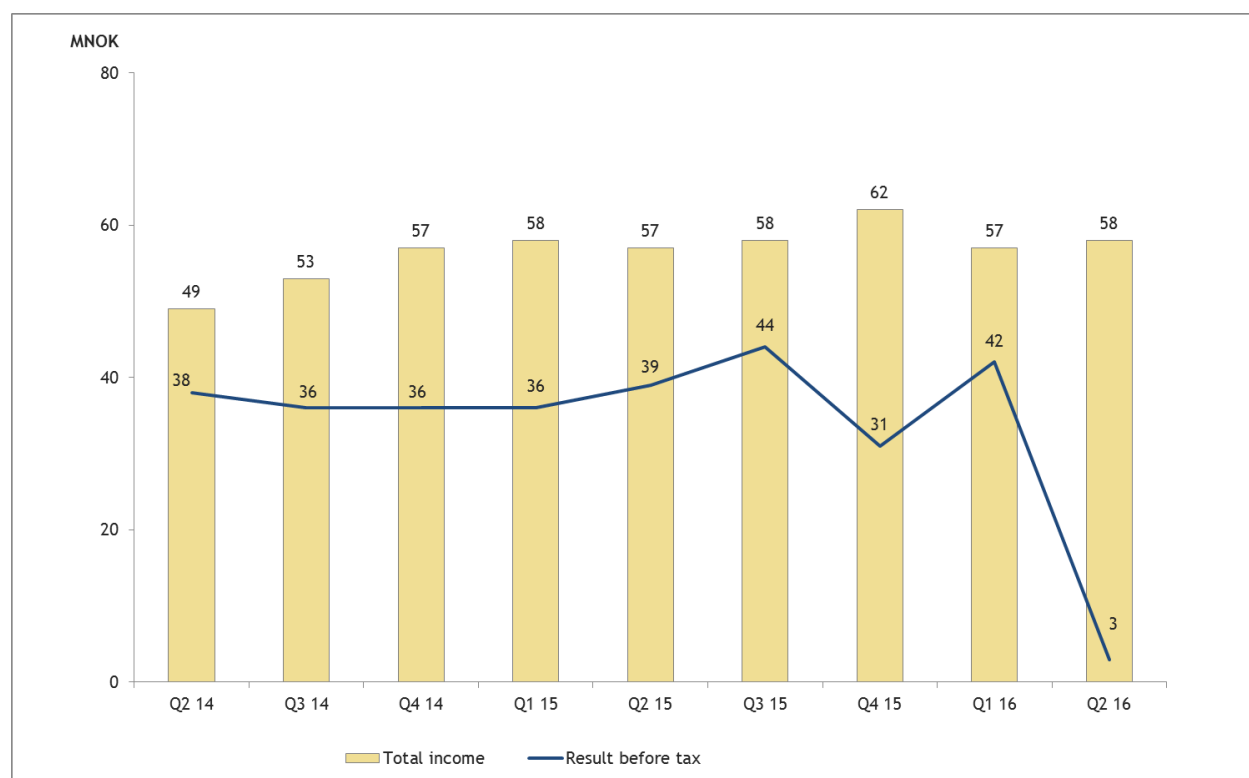


SpareBank 1 SR-Finans AS

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	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Interest income	61	62	65	63	62	123	127
Other income	-3	-5	-3	-5	-5	-8	-12
Total income	58	57	62	58	57	115	115
Total operating expenses	14	14	6	10	15	28	29
Operating profit before losses	44	43	56	48	42	87	86
Change in individual write-downs in the period	40	0	20	4	3	40	11
Change in group write-downs in the period	1	1	5	0	0	2	0
Operating profit before tax	3	42	31	44	39	45	75

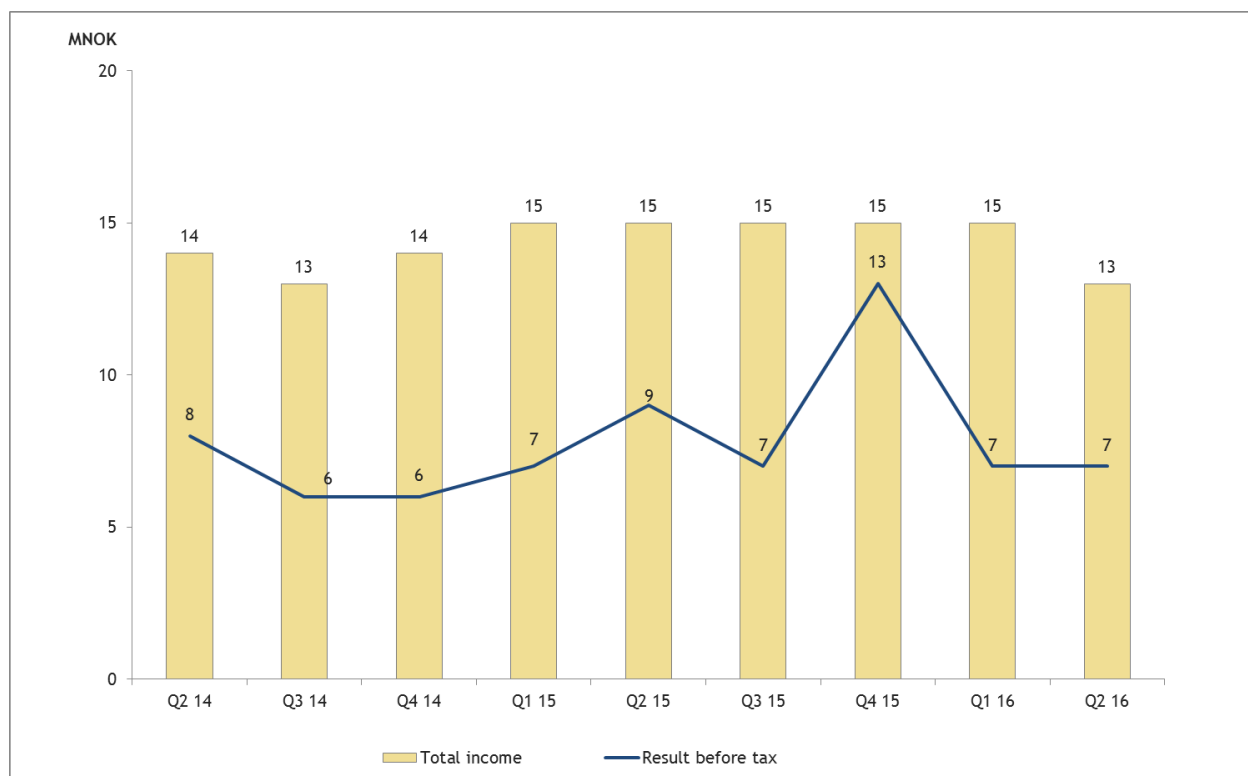


SR-Forvaltning AS

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 billion as at 30.06.2016. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Interest income	0	0	1	0	0	0	0
Other income	13	15	14	15	15	28	30
Total income	13	15	15	15	15	28	30
Total operating expenses	6	8	2	8	6	14	14
Operating profit before losses	7	7	13	7	9	14	16
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	7	7	13	7	9	14	16



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

MNOK	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	30.06 2016	30.06 2015
Interest income	1	0	1	0	0	1	0
Other income	-1	-1	-13	0	-11	-2	-11
Total income	0	-1	-12	0	-11	-1	-11
Total operating expenses	0	0	1	0	0	0	0
Operating profit before losses	0	-1	-13	0	-11	-1	-11
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	0	-1	-13	0	-11	-1	-11

