

QUARTER 1
2016
(UNAUDITED)



SPAREBANKEN SØR

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Income statement (NOK million)	31.03.2016	31.03.2015	31.12.2015
Net interest income	362	367	1 521
Net commission income	67	68	300
Net income from financial instruments	-21	29	-66
Other operating income	5	3	14
Total net income	413	467	1 769
Total expenses	199	199	817
Profit before losses on loans	214	268	952
Losses on loans and guarantees	13	14	97
Profit before taxes	201	254	855
Tax expenses	51	69	231
Profit for the period	150	185	624
Income statement as percentage of average assets			
Net interest income	1.41 %	1.57 %	1.55 %
Net commission income	0.26 %	0.29 %	0.31 %
Net income from financial instruments	-0.08 %	0.12 %	-0.07 %
Other operating income	0.02 %	0.01 %	0.01 %
Total net income	1.61 %	1.99 %	1.81 %
Total expenses	0.78 %	0.85 %	0.83 %
Profit before losses on loans	0.84 %	1.14 %	0.97 %
Losses on loans and guarantees	0.05 %	0.06 %	0.10 %
Profit before taxes	0.79 %	1.08 %	0.87 %
Tax expenses	0.20 %	0.29 %	0.24 %
Profit for the period	0.59 %	0.79 %	0.64 %
Average total assets	102 900	95 100	98 000
Balance sheet			
Total assets	104 521	96 071	101 334
Net loans to customers	89 250	82 330	88 387
Growth in loans as %, last 12 mths.	8.4 %	5.1 %	9.2 %
Customers deposits	48 699	47 735	48 349
Growth in deposits as %, last 12 mths.	2.0 %	6.7 %	0.2 %
Deposits as % of net loans	54.6 %	58.0 %	54.7 %
Equity	8 363	7 288	7 753
Losses on loans as % of net loans, annualised	0.06 %	0.07 %	0.11 %
Gross defaulted loans over 90 days as % of gross loans	0.42 %	0.72 %	0.47 %
Other key figures			
Cost as % of income	48.2 %	42.6 %	46.2 %
Cost as % of income, ex net income from financial instruments	45.9 %	45.4 %	44.5 %
Return on equity after tax	7.5 %	10.4 %	8.4 %
Liquidity reserve (LCR) (Group)	137 %		108 %
Core tier 1 capital ratio (added share of profit)	12.9 %	13.1 %	12.7 %
Core capital ratio	13.6 %	13.7 %	13.5 %
Total capital ratio	15.5 %	14.8 %	15.5 %
Core tier 1 capital	7 692	7 085	7 700
Core capital	8 202	7 585	8 210
Net total primary capital	9 380	8 163	9 388
Leverage ratio	7.00 %		7.00 %
Number of branches	36	40	40
Number of man-years in banking activity	445	451	449
Key figures, Equity certificates			
Equity certificate ratio	13.0 %	13.5 %	13.5 %
Number of equity certificates issued	4 768 674	4 768 674	4 768 674
Profit/diluted earnings per equity certificate (Parent bank)	3.0	3.5	10.6
Profit/diluted earnings per equity certificate (Group)	4.1	5.2	17.6
Dividend last year per equity certificate	9.0	10.0	9.0
Book equity per equity certificate	214	206	219
Price/Book value per equity certificate	0.6	0.9	0.6
Listed price on Oslo Stock Exchange at end of period *)	123.4	196	139

*) The price listed is price excl. dividend before the issuance of equity share capital was adopted on 30 March 2016. Share price on 31 March 2016 was NOK 76, excl. dividend and warrants.

General

Sparebanken Sør is an independent financial institution that engages in banking, securities and real estate brokerage activities in the counties of Aust-Agder, Vest-Agder and Telemark.

Estate agency brokerage is carried out through the subsidiary Sørmeglere. General insurance and life insurance products are supplied via Frende, an insurance company of which the bank is a joint owner. The Bank is also a joint owner of Norne, a security trading company, and Brage, a leasing product supplier.

Key features in Q1 2016

- Satisfactory progress in net interest income and income from ordinary operations, adjusted for changes in the accounting principles
- Increased interest margins in the corporate market
- Stable commission income
- Net income from financial instruments reduced due to changes in the value of fixed rate loans
- Good cost control
- Low losses on loans
- Loan growth reduced to 3,9 percent(annualized) in Q1 2016, and deposit growth increased to 2,9 percent(annualized)
- Return on equity after tax of 7,5 percent(8,8 percent, adjusted for changes in the accounting principles)
- March 30, the board of directors approved issuance of NOK 600 million in equity share capital.

Financial framework conditions

Norges Bank decided to lower its key interest rate by 0.25 percent to a historical low of 0.5 percent at its meeting in March. The conditions in the financial market tightened in 2015, leading to higher spreads. This has persisted in Q1 2016.

Annual growth in the general public's gross domestic debt (C2) at the end of February was 5.2 percent. Debt growth for households and industry amounted to 6.0 percent and 3.8 percent respectively.

Income statement

Profit before tax was NOK 201 million in the Q1 2016, compared with NOK 254 million in the same period in 2015. The decline was mainly due to lower income from financial instruments and changes in the accounting principles regarding contributions to the Norwegian Banks' Guarantee Fund and interest on hybrid capital.

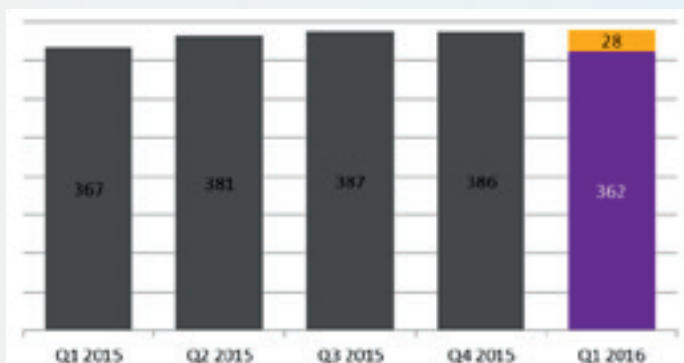
As a result of the changes in the accounting principles, the fee to the Norwegian Banks' Guarantee Fund has been expensed in full in Q1 2016, rather than being accrued over the whole year. The change in accounting principles affects the interim, but not the financial statements since the yearly fee stays the same.

The development in profit before tax, excl. net income from financial instruments and losses, shows an underlying improvement of NOK 17 million in Q1 2016 compared with Q1 2015.

In Q1 2016 return on equity after tax was 7.5 per cent, compared with 10.4 per cent in 2014. Adjusting for the changes in accounting principles gives a return on equity of 8.8 percent.

Net interest income

Quarterly net interest in NOK million



Net interest income amounted to NOK 362 million in Q1 2016, compared with NOK 376 million in Q1 2015, which gave a decrease of NOK 5 million.

The fee to the Norwegian Banks' Guarantee Fund amounted to NOK 37 million in 2016, and as a result of the changes in the accounting principles the fee has been deducted from net interest in its entirety in Q1 2016. In Q1 2015 there was a deduction of NOK 9 million, net NOK 28 million less than in Q1 2016. The net interest in Q1 2016 will therefore appear weaker than the same period in 2015.

Hybrid capital was reclassified as equity with effect from 2016, and the related interest of NOK 7 million in Q1 has therefore been reclassified from interest expense to surplus disposal.

Adjusted for these two factors the net interest showed an increase of NOK 16 million compared with Q1 2015. A higher net interest margin in the corporate market is caused by adjustments in the interest rates and interest margins. The margins on loans to retail customers remain under pressure, while funding costs are stable. Continued growth in volume also contributed to the positive trend in Q1 2016.

Commission Income

NOK million	Q1 2016	Q1 2015	Change
Payment transfers	38	36	2
Real estate	19	24	-5
Others	21	20	1
Total	78	80	-2

Gross commission income amounted to NOK 78 million in Q1 2016, compared with NOK 80 million in the same period in 2015. The decline came as a result of slightly lower commissions in the real estate business.

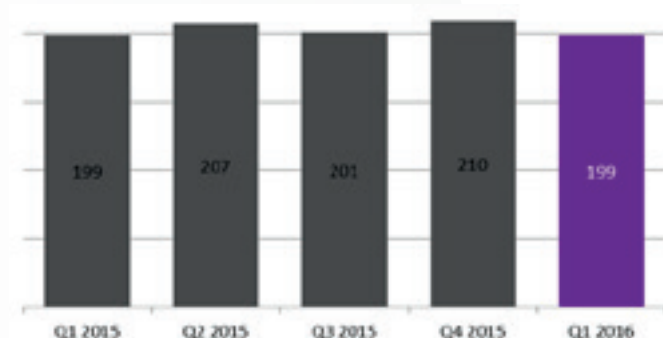
Financial instruments

Net income on financial investments was minus NOK 21 million in Q1 2016, compared with NOK 29 million in Q1 2015. The main reason was the change in value of fixed rate loans. In addition, there were negative effects related to basis swaps (interest/currency swaps).

Basis swaps are used to hedge fixed rate debt issued in Euro. The value of the basis swaps fluctuates due to market changes, and the fluctuations are recognized in the income statement. These are hedging instruments, and assuming the underlying bond is held to maturity, the change in market value over the instruments duration equals zero. Accounting effects will therefore be reversed over time.

Operating expenses

Operating expenses quarterly in NOK million



Total operating expenses amounted to NOK 199 million in Q1 2016, identical with the same period in 2015.

For the banking operations alone, expenses amounted to NOK 179 million, compared with NOK 176 million in Q1 2015.

Personnel costs decreased due to fewer employees and lower pension costs. Other operating costs increased somewhat and partly due to higher IT costs. Adaptations in the bank's IT platform are conducted continuously to meet changes in customer behaviour. This will ensure cost effectivity in the future, although it contributes to higher costs in the current period.

Total operating expenses as a percentage of average assets amounted to 0.78 per cent (0.85 per cent) in Q1 2016. Cost as percent of income in the Group was 48.2 (42.6 percent). Cost as percent of income, excl. financial instruments, was 45.9 percent (45.4 percent). The increase is due to lower income from financial instruments and the earlier mentioned change in accounting principles regarding the Norwegian Banks' Guarantee Fund and interest on Hybrid capital.

Losses and defaulted loans

Net losses on loans amount to NOK 13 million in Q1 2016 included an increase in collective write-downs of NOK 4 million, equivalent to 0.06 per cent of net loans. The corresponding figures in 2015 were NOK 14 million and 0.07 per cent of net loans.

The Group's individual write-downs as at 31 March 2016 amounted to NOK 415 million, equivalent to 0.46 per cent of gross loans. The Group's collective write-downs as at 31 March 2016 amounted to NOK 210 million, equivalent to 0.24 per cent of gross loans.

Gross defaulted loans over 90 days amounted to NOK 373 million, which is 0.4 per cent of gross loans. The corresponding figures in 2015 were NOK 594 million, 0.71 per cent of gross loans.

Other doubtful loans amounted to NOK 631 million. The corresponding figure in 2015 was NOK 817 million.

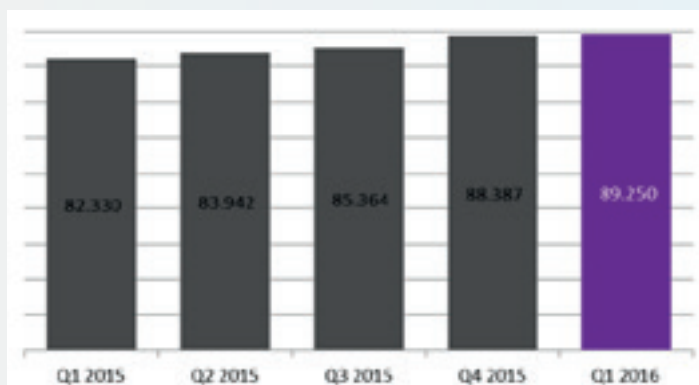
Loans

During the past 12 months, net loans have increased by NOK 6.9 billion to a total of NOK 89.3 billion, a growth of 8.4 percent. The growth in Q1 was NOK 863 million, equivalent to a 3.9 percent annual growth.

Gross loans to retail customers have increased by NOK 3.9 billion to NOK 58.9 billion, a growth of 7.2 percent. The growth in Q1 was NOK 685 million, corresponding to an annual growth of 4.7 percent.

Gross loan to corporate customers has increased by NOK 2.9 billion to NOK 30.8 billion, a growth of 10.5 percent. The growth in loans the last 12 months has been high mainly due to the high growth in Q4 2015. Growth in Q1 2016 was, however, only NOK 74 million, or 1 percent in annual growth. The low growth is a consequence of the bank's ambition to achieve a core tier 1 capital ratio of 14.5 percent at the end of 2016.

Loans to retail customers amounted to 66 percent (67 percent) of total loans at the end of Q1 2016.

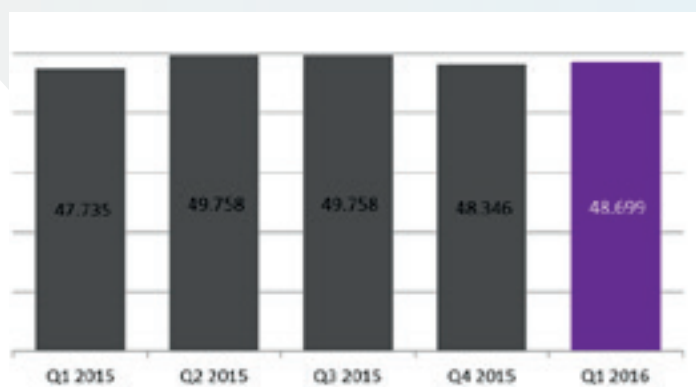
Loans in NOK million**Deposits**

During the past 12 months, customer deposits increased by NOK 1 billion to NOK 48.7 billion. This corresponds to a growth of 2 per cent. The growth in Q1 2016 was NOK 350 million, or 2.9 percent in annual growth.

Deposits from retail customers has increased by NOK 0.9 billion to NOK 24 billion. This corresponds to a growth of 4 percent.

Deposits from corporate customers have increased by NOK 140 million to NOK 24.6 billion. This corresponds to a growth of 0.6 percent.

Sparebanken Sør's deposit as a percentage of net loans was 54.6 percent as at 31 March 2016, down from 58 percent for the same period the year before. The deposit-to-loan ratio has declined during the last 12 months, caused by a strong lending growth in Q4 2015 and low deposit growth in 2015. Compared with year-end, however, the deposit-to-loan ratio is virtually unchanged.

Innskudd i mill. kroner**Financing and securities**

The bank's liquidity situation is satisfactory. The liquidity buffers are adequate and the maturity structure for the funding is well-adjusted to the needs of the business. New long-term funding is established through the issuing of covered bonds and senior debt. The Group has also arranged for long term financing from the international market through the established EMTCN program. This was utilized in Q1 2016, when Sparebanken Sør Boligkreditt AS issued covered bonds in Euro with 5 years maturity.

As at 31 March 2016, the portfolio of interest-bearing securities in the Group totalled NOK 11.7 billion, and the liquidity indicator for long-term financing was 107 percent.

The Group's liquidity reserves (LCR) were 137 percent as at 31 March 2016 (88 percent in the parent bank).

Primary capital and capital adequacy

Net primary capital amounted to NOK 9.4 billion. Hybrid capital amounted to NOK 0.5 billion and subordinated loans to NOK 1.2 billion. At the end of Q1 2016, the core tier 1 capital ratio was 12.7 percent. The core capital ratio was 13.6 percent and the (total) capital ratio 15.5 percent, based on the Basel II regulations. The Group has consequently fulfilled the new capital requirements for financial institutions with effect from 30 June 2015 of 11 percent for core tier 1 capital and 14.5 percent for total capital ratio. The issuance of equity share capital of NOK 600 million will increase the core tier 1 equity by approximately 1 percentage point in Q2.

For the Parent Bank, the respective figures are 13.3 percent core tier 1 capital, 14.2 percent core capital ratio and 16.5 percent (total) capital ratio at the end of Q1 2016.

The Groups leverage ratio was 7 percent at the end of Q1 2016. Including the share (80 percent) of the Q1 profit and the issuance of equity share capital of NOK 600 million, the leverage is a solid 7.6 percent.

Sparebanken Sør has a target at any given time to be well-capitalised. The core tier 1 equity ratio shall be above the regulatory minimum requirements and be at the level with comparable banks. The Financial Supervisory Authority of Norway has expressed expectation that the bank should have a core tier 1 capital ratio of 14.5 per cent by the end of 2016. The bank will strengthen the core tier 1 capital ratio through continued improvement of the financial results from ordinary operations, reduced growth in risk weighted balance and of the rights issue of NOK 600 million.

The bank's financial strength is considered to be satisfactory in light of the current regulatory requirements.

The bank's equity certificates

As at 31 March 2016, 4,768,674 equity certificates have been issued. The profit (Group) per equity certificate was in Q1 2016 NOK 4.1 per certificate.

Dividend

Sparebanken Sør will through sound, stable and profitable operations secure that its equity certificate owners achieves a competitive return in terms of dividend and return on their equity certificates.

The surplus will be distributed between the equity certificate capital (equity certificate owners) and the primary capital in accordance with their share of the equity.

When determining the annual dividend, Sparebanken Sør's need for capital, including regulatory requirements, expectations from investors and the bank's strategic targets will be considered.

It is an ambition that approximately half of the equity certificate capital share of annual profits after tax, should be awarded as dividend.

Subsidiaries and collaborating companies

Sørmegleren, the bank's own estate agency, has since its establishment on 1 January 2014, become the leading estate agency business in the Agder counties. The company has had a positive development, even though the Q1 profit is slightly behind compared with the same period last year.

Sparebanken Sør Boligkreditt AS, the Bank's wholly owned subsidiary, is licensed to issue covered bonds and is used as an instrument in the bank's long-term funding strategy. As at 31 March 2016, the bank had transferred NOK 28.6 billion to Sparebanken Sør Boligkreditt AS, equivalent to 48.6 percent of all loans to the retail market.

Frende Holding (10% ownership interest) is the parent company of Frende Skadeforsikring AS and Frende Livsforsikring AS, which provides general insurance and life insurance to retail customers and corporate customers. The company has continued its strong growth as regards customers and premiums within both general and life insurance, and the results are developing in line with expectations.

Brage Finans (14% ownership interest) is a financing company which offers leasing and loans secured by the purchased objects to the corporate and retail markets. The company has continued the good trend and delivered positive development and profitable growth.

Norne Securities (17.6% ownership interest) is an investment firm that provides online trading, traditional brokerage and corporate finance services. The company is owned by 14 independent Norwegian savings banks.

Rating

Sparebanken Sør has an A1 rating from Moody's. All covered bonds issued by Sparebanken Sør Boligkreditt AS have also been rated by Moody's, with a rating of Aaa.

Outlook

The Board of Directors is satisfied with the financial performance after Q1, 2016. The bank has delivered an improved profit from ordinary operations through customized growth, positive underlying development in net interest, stable commission income, good cost control and low losses on loans.

The Financial Supervisory Authority of Norway has expressed expectation that the bank should have a core tier 1 capital ratio of 14.5 per cent by the end of 2016. The development in risk-weighted assets and income, as well as the issuance of equity share capital of NOK 600 million is consistent with the plans made to meet the expectations of the Financial Supervisory Authority.

Based on the Bank's low direct exposure to oil service industry, economic conditions, historical figures, local market conditions and portfolio composition, the net losses in 2016 is expected to be moderate.

In line with the Bank's recently adopted strategy, challenges are faced with high attention to cost and long-term value creation. The bank's investment in technology will continue, and this will contribute to cost-efficient operations and enable streamlining of the office structure. This, together with good quality credit work, will contribute to continued profitable growth and development of Sparebanken Sør.

The negative economic trend involves the risk of increased defaults and write-downs. The oil price is still at a low level, and due to continued downsizing in the oil service sector there is expected an increase in the unemployment rate. There is also a tendency that the housing price trend is flattening in the Bank's primary market. On the other hand, the low exchange rate helps the competitiveness of the export industry, which is also important for the region. Sparebanken Sør has a very low direct exposure to oil and the oil sector, but is as the largest regional bank affected by the economic development of the region.

Events since the end of the quarter

Issuance of equity share capital approved on March 30 has been completed and oversubscribed by 37 percent in April.

There have been no recorded incidents since 31 March 2016 that affect the quarterly accounts.

Arendal, 28 April 2016

Stein A. Hannevik
Chairman

Torstein Moland
Deputy chairman

Inger Johansen

Erling Holm

Marit Kittilsen

Tone Thorvaldsen Vareberg

Jan Erling Tobiassen
Employee representative

Sigrid Evenstad Moe
Employee representative

Geir Bergskaug
CEO

Income statement

PARENT BANK			NOK million		GROUP		
31.12. 2015	31.03. 2015	31.03. 2016		Notes	31.03. 2016	31.03. 2015	31.12. 2015
2 390	626	558	Interest income		734	811	3 119
1 252	358	281	Interest expenses		372	444	1 598
1 138	268	277	Net interest income		362	367	1 521
297	68	73	Commission income		78	80	347
47	12	11	Commission expenses		11	12	47
250	56	62	Net commission income		67	68	300
9			Dividend				3
-74	34	-7	Net income from other financial instruments		-21	29	-69
-65	34	-7	Net income from financial instruments		-21	29	-66
15	3	5	Other operating income		5	3	14
1 338	361	337	Total net income		413	467	1 769
389	92	90	Wages and other personal expenses		106	110	458
36	8	7	Depreciation and write-down of fixed assets and intangible assets		7	8	37
307	76	82	Other operating expenses		86	81	322
732	176	179	Total operating expenses		199	199	817
606	185	158	Profit before losses on loans		214	268	952
97	14	12	Losses on loans and guarantees	2	13	14	97
509	171	146	Profit before taxes	7	201	254	855
136	48	37	Tax expenses	12	51	69	231
373	123	109	Profit for the period		150	185	624
			Minority interests				2
373	123	109	Majority interests		150	185	622
10.6	3.5	3.0	Profit/diluted earnings per equity certificate (in whole NOK)		4.1	5.2	17.6
			Other comprehensive income				
373	123	109	Profit for the period		150	185	624
			<i>Items that will not be reclassified to profit and loss account</i>				
59			Recognised estimate deviation, pensions				59
-15			Tax effect of recognised estimate deviation, pensions				-15
417	123	109	Total income for the period		150	185	668

PARENT BANK			NOK million	GROUP			
31.12.	31.03.	31.03.		31.03.	31.03.	31.12.	
2015	2015	2016	Assets	Notes	2016	2015	2015
332	391	1 377	Cash and receivables from central banks		1 377	391	332
2 017	2 029	916	Loans to and receivables from credit institutions		183	203	157
62 744	58 386	60 678	Net loans to customers	2,3,5,7,8	89 250	82 330	88 387
10 456	11 768	11 656	Bonds and certificates	8	11 656	11 348	10 557
487	421	489	Shares	8	489	421	487
659	603	773	Financial derivatives	8,9	940	735	813
1 259	1 258	1 259	Shareholdings in group companies				
13	12	13	Shareholdings in associated companies		13	12	13
10	18	11	Intangible assets		14	21	13
3			Deferred tax assets		8	4	8
438	473	442	Fixed assets		469	501	479
61	59	62	Other assets		122	105	88
78 479	75 418	77 676	TOTAL ASSETS	8	104 521	96 071	101 334
LIABILITIES AND EQUITY CAPITAL							
626	779	611	Debts to credit institutions		579	722	576
48 377	47 753	48 722	Deposits from customers	4,7,8	48 699	47 735	48 349
19 865	18 005	18 507	Debt incurred due to issue of securities	8, 10	44 433	38 024	41 899
411	461	533	Financial derivatives	8,9	604	464	413
151	83	145	Payable taxes		208	176	245
	2		Other liabilities				
188	284	250	Provisions for commitments		287	326	229
160	236	144	Deferred tax		144	236	160
1 710	1 100	1 204	Subordinated loan capital	8, 10	1 204	1 100	1 710
71 488	68 703	70 116	Total liabilities		96 158	88 783	93 581
905	891	905	Equity certificate capital	11	905	891	905
		510	Hybrid capital		510		
6 086	5 824	6 145	Other equity		6 948	6 397	6 848
6 991	6 715	7 560	Total equity capital	6	8 363	7 288	7 753
78 479	75 418	77 676	TOTAL LIABILITIES AND EQUITY CAPITAL	7,8	104 521	96 071	101 334

Cash flow statement

PARENT BANK			NOK million	GROUP		
31.12. 2015	31.03. 2015	31.03. 2016		31.03. 2016	31.03. 2015	31.12. 2015
2 414	719	630	Interest payment received	830	928	3 142
-1 319	-474	-363	Interest payment made	-474	-589	-1 669
285	63	66	Other payments received	71	75	341
-722	-178	-207	Operating payments	-230	-202	-800
6	3	2	Established on confirmed losses	2	3	6
-69	-35	-40	Period tax paid	-88	-59	-164
-20	-7	-6	Gifts paid	-6	-7	-20
113	-516	345	Change in customers deposits	350	-515	104
-1 988	2 478	2 074	Change in loans to customers	-854	-1 431	-7 598
-1 300	2 053	2 501	Net cash flow from operational activities	-399	-1 797	-6 658
13 401	1 365	1 615	Payments received regarding securities	1 715	736	6 649
-13 927	-3 079	-2 787	Payments made regarding securities	-2 785	-1 731	-6 977
24	6		Payments received regarding sale of fixed assets	14	6	24
-12	-4	-4	Payments made regarding purchase of fixed assets	-4	-4	-26
139	134	-235	Change in other assets	-306	127	155
-375	-1 578	-1 411	Net cash flow from investment activities	-1 366	-866	-175
-507	-519	1 101	Change in loans to credit institutions	-39	-23	23
-1	151	-15	Change in deposits from credit institutions	3	107	-38
8 720	1 100		Payments received, bond debt	5 100	5 100	20 220
-7 093	-1 331	-1 399	Payments made, bond debt	-2 495	-2 641	-13 832
1 510			Payments received, subordinated loan capital			1 510
-900			Payments made, subordinated loan capital			-900
-47			Dividend payment			-47
-270	-80	268	Change in other liabilities	241	-84	-366
1 412	-679	-45	Net cash flow from financing activities	2 810	2 459	6 570
-263	-204	1 045	Net change in liquid assets	1 045	-204	-263
595	595	332	Cash and cash equivalents as at 01.01.	332	595	595
332	391	1 377	Cash and cash equivalents at end of period	1 377	391	332

GROUP NOK million	Dividene								TOTAL
	Equity certificates	Premium fund	equalization- fund	Hybrid capital	Primary capital	Gift fund	Other equity	Minority interests	
Balance 31.12.2014	474	175	242		5 667	41	558		7 157
Dividend distributed for 2014							-47		-47
Profit Q1 2015							185		185
Other changes									-
Distributed by gift fund						-7			-7
Balance 31.03.2015	474	175	242		5 667	34	696	0	7 288
Profit 1.4-31.12.2015			8		297	25	107	2	439
Recognised estimate deviations, pension			8		51				59
Tax effect estimate deviations, pension			-2		-13				-15
Other changes									0
Distributed by gift fund						-18			-18
Balance 31.12.2015	474	175	256		6 002	41	803	2	7 753
Reclassification of hybrid capital per 01.01				510					510
Dividends distributed for 2015							-43		-43
Profit Q1 2016					5		145		150
Capital reduction	-239	239							0
Interest on hybrid capital					-5				-5
Distributed by gift fund						-2			-2
Balance 31.03.2016	235	414	256	510	6 002	39	905	2	8 363
PARENT BANK									
Balance 31.12.2014	474	175	242		5 667	41	47		6 646
Dividends distributed for 2014							-47		-47
Profit Q1 2015							123		123
Other income and expences									0
Distributed by gift fund						-7			-7
Balance 31.03.2015	474	175	242		5 667	34	123	0	6 715
Profit 1.4-31.12.2015			8		297	25	-80		250
Recognised estimate deviations, pension			8		51				59
Tax effect estimate deviations, pension			-2		-13				-15
Distributed by gift fund						-18			-18
Balance 31.12.2015	474	175	256		6 002	41	43	0	6 991
Reclassification of hybrid capital per 01.01				510					510
Dividend distributed for 2015							-43		-43
Profit Q1 2016					5		104		109
Capital reduction	-239	239							0
Interest on hybrid capital					-5				-5
Distributed by gift fund						-2			-2
Balance 31.03.2016	235	414	256	510	6 002	39	104	0	7 560

1. ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with International Standards for Financial Reporting (IFRS), including IAS 34. The applied accounting principles are the same as used in the 2015 annual financial statements.

Due to clarifications in the interpretation of IFRIC 21 Fees, there has been a change in the accounting principles regarding the accounting of contributions to the Norwegian Banks' Guarantee Fund. The expense is determined by separate regulations as an average calculation of previous quarters. Sparebanken Sør has in Q1 changed its earlier practice of monthly cost accrual, and expensed the fee in its entirety in Q1. This has caused an interest expense NOK 27 million higher in Q1 compared to using the previous accounting principles.

In accordance with IAS 32, hybrid capital not meeting the definition of financial obligations was reclassified from debt to equity per January 1, 2016.

There are no new standards applicable for 2016 that have significantly effects on the financial statements.

2. LOSSES ON LOANS AND GUARANTEES

PARENT BANK			NOK million	GROUP		
31.12.15	31.03.15	31.03.16	Individual write-downs	31.03.16	31.03.15	31.12.15
521	521	517	Individual write-downs at start of period	517	521	521
76	45	99	- Period's confirmed loss where individual write-down has been performed previously	99	45	76
43	17	55	+ Increased individual write-downs during the period	55	17	43
77	17	10	+ New individual write-downs during the period	11	17	77
48	22	69	- Reversal of individual write-downs during the period	69	22	48
517	488	414	= Individual write-downs at end of period	415	488	517

PARENT BANK				GROUP		
31.12.15	31.03.15	31.03.16	Collective write-downs on loans	31.03.16	31.03.15	31.12.15
188	188	200	Collective write-downs of loans at start of period	206	194	194
12	0	4	+ Change in collective write-downs during the period	4	0	12
200	188	204	= Collective write-downs of loans at end of period	210	194	206

PARENT BANK				GROUP		
31.12.15	31.03.15	31.03.16	Loss expense on loans during the period	31.03.16	31.03.15	31.12.15
-4	-31	-103	Change in individual write downs during the period	-102	-31	-4
12	0	4	+ Change in collective write-downs during the period	4	0	12
76	45	99	+ Period's confirmed loss where individual write-downs has been performed previously	99	45	76
17	2	5	+ Period's confirmed loss where no individual write-downs has been performed previously	5	2	17
5	0	4	+ Recognised as interest income	4	0	5
6	2	1	- Period's recoveries relating to previous losses	1	2	6
-3		4	+Change in write downs on guaranties	4		-3
97	14	12	= Loss expenses during the period	13	14	97

3. DEFAULTED AND DOUBTFUL LOANS

PARENT BANK			NOK million	GROUP		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
98	145	229	Gross defaulted loans 31-60 days	240	147	98
26	76	83	Gross defaulted loans 61-90 days	84	76	26
418	594	373	Gross defaulted loans > 90 days	373	594	418
542	815	685	Defaulted loans	697	817	542
142	254	137	Individual write-downs	137	254	142
400	561	548	Net defaulted loans	560	563	400
0.66 %	1.01 %	0.61 %	Gross defaulted loans > 90 days in % of gross loans	0.42 %	0.72 %	0.47 %
778	817	630	Other doubtful loans	631	817	778
376	234	277	Individual write-downs	278	234	376
402	583	353	Net doubtful loans	353	583	402

A defaulted loan is the sum of a customer's total loan amount if part of the loan has been overdrawn or has arrears exceeding NOK 1,000 for more than 30 days.

4. CUSTOMERS DEPOSITS BROKEN DOWN PER SECTOR AND INDUSTRY

PARENT BANK			NOK million	GROUP		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
23 864	23 084	23 997	Retail customers	23 997	23 084	23 864
4 428	3 997	4 141	Public administration	4 141	3 997	4 428
680	335	578	Primary industry	578	335	680
2 219	1 778	2 159	Manufacturing industry	2 159	1 778	2 219
2 447	2 142	2 367	Building and construction	2 367	2 142	2 447
1 326	957	1 237	Transport and communication	1 237	957	1 326
865	807	790	Retail trade	790	807	865
154	135	141	Hotel and restaurant	141	135	154
3 085	3 909	2 778	Property management	2 756	3 892	3 056
2 740	2 362	2 744	Financial/commercial services	2 743	2 361	2 739
6 561	8 040	7 672	Other industries	7 672	8 040	6 563
8	207	118	Accrued interests	118	207	8
48 377	47 753	48 722	Total deposits from customers	48 699	47 735	48 349

5. LOANS TO CUSTOMERS BROKEN DOWN PER SECTOR AND INDUSTRY

PARENT BANK			NOK million	GROUP		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
32 719	31 157	30 480	Retail customers	58 915	54 983	58 230
26	29	28	Public administration	28	29	26
716	699	730	Primary industry	740	705	725
842	854	858	Manufacturing industry	865	860	848
4 692	4 345	4 743	Building and construction	4 786	4 393	4 735
567	615	592	Transport and communication	602	628	575
1 083	1 029	1 092	Retail trade	1 103	1 042	1 093
390	359	391	Hotel and restaurant	394	366	392
16 709	14 336	16 808	Property management	16 775	14 291	16 676
1 627	1 576	1 428	Financial/commercial services	1 459	1 600	1 656
3 969	3 933	4 020	Other industries	4 056	3 958	4 008
122	130	126	Accrued interests	152	157	147
63 462	59 062	61 296	Total gross loans	89 875	83 012	89 111
718	676	618	Write-downs on lending	625	682	724
62 744	58 386	60 678	Total net loans	89 250	82 330	88 387

6. PRIMARY CAPITAL AND CAPITAL ADEQUACY

PARENT BANK			NOK million	GROUP		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
474	474	235	Equity certificate	235	474	474
175	175	414	Premium fund	414	175	175
6 002	5 667	6 002	Primary capital	6 002	5 667	6 002
41	34	39	Gift fund	39	34	41
256	242	256	Equalisation fund	256	242	256
43			Other equity	760	511	805
-43			- Deduction for dividends included under other equity			-43
-10	-18	-11	- Deduction for intangible assets and deferred tax assets	-11	-18	-10
6 938	6 574	6 935	Total core tier 1 capital	7 695	7 085	7 700
510	500	510	Hybrid capital	510	500	510
0	0	0	- Deduction for intangible assets and deferred tax assets			
7 448	7 074	7 445	Total core capital	8 205	7 585	8 210
			Additional capital over core capital:			
1 200	600	1 200	Subordinated loan capital	1 200	600	1 200
1 200	600	1 200	Total additional core capital	1 200	600	1 200
-22	-22	-22	- Deduction from core and additional capital	-22	-22	-22
8 626	7 652	8 623	Net primary capital	9 383	8 163	9 388
			Minimum requirement for subordinated capital Basel II calculated according to the standard method:			
7	17	8	Engagements with local and regional authorities	8	17	7
66	84	47	Engagements with institutions	43	58	40
251	1 179	231	Engagements with enterprises	230	1 179	251
505	788	429	Engagement with mass market	446	982	530
2 744	1 017	2 756	Engagement secured in property	3 634	1 642	3 501
71	93	58	Engagement which have fallen due	58	93	72
0	0	0	Engagement which are high risk	0	0	0
237	226	273	Engagement in covered bonds	66	60	62
137	103	137	Engagement in collective investment funds	38	3	37
51	67	51	Engagement, other	51	67	51
4 069	3 572	3 990	Capital requirements for credit- and counterparty risk	4 574	4 101	4 551
4	4	4	Capital requirements for position-, currency- and product risk	4	4	4
196	196	158	Capital requirements for operational risk	209	272	252
29	22	30	CVA addition	55	38	47
0	0	0	Deduction from the capital requirement	0	0	0
4 299	3 795	4 182	Total minimum requirement for primary capital	4 842	4 415	4 854
53 735	47 440	52 279	Risk-weighted balance (calculation basis)	60 525	55 186	60 679
12.9 %	13.9 %	13.3 %	Core tier 1 capital ratio, %	12.7 %	12.8 %	12.7 %
13.9 %	14.9 %	14.2 %	Core capital ratio, %	13.6 %	13.7 %	13.5 %
16.1 %	16.1 %	16.5 %	Total capital ratio, %	15.5 %	14.8 %	15.5 %

7. SEGMENT REPORTING

Income statement (NOK million)	Group 31.03.2016				Group 31.03.2015			
	RM	CM	Undistrib. and elimin.	Total	RM	CM	Undistrib. and elimin.	Total
Net interest	242	152	-32	362	241	124	2	367
Net other operating income	37	16	-2	51	32	14	54	100
Operating expenses	87	21	91	199	84	21	94	199
Profit before losses per segment	192	147	-125	214	189	117	-38	268
Losses on loans and guarantees	1	8	4	13	-1	15	0	14
Profit before tax per segment	191	139	-129	201	190	102	-38	254
Net loans to customers	58 884	30 290	76	89 250	54 542	27 625	163	82 330
Other assets			15 271	15 271			13 741	13 741
Total assets per segment	58 884	30 290	15 347	104 521	54 542	27 625	13 904	96 071
Deposits from customers	25 695	17 826	5 178	48 699	24 896	18 714	4 125	47 735
Other liabilities	33 189	12 464	1 806	47 459	29 646	8 911	2 491	41 048
Total liabilities per segment	58 884	30 290	6 984	96 158	54 542	27 625	6 616	88 783
Equity			8 363	8 363			7 288	7 288
Total liabilities and equity per segment	58 884	30 290	15 347	104 521	54 542	27 625	13 904	96 071

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial instruments are classified at different levels.

Level 1:

Includes financial assets and liabilities valued using unadjusted observable market values. This includes listed shares, derivatives traded via active marketplaces and other securities with listed market values.

Level 2:

Instruments where the value is based on valuation techniques in which all assumptions (all input) are based on directly or indirectly observable market data. Values in this regard may be obtained from external market players or reconciled against external market players offering these types of services.

Level 3:

Instruments are based on valuation techniques in which at least one essential requirement cannot be supported based on observable market values. This category includes investments in unlisted companies and fixed rate loans where no necessary market information is available.

For a more detailed description, see Note 21 Fair value of financial instruments in the 2015 annual financial statements.

PARENT BANK				NOK million	GROUP			
Recognised value	Fair value			31.12.2016	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognised at amortised cost								
1 377		1 377		Cash and receivables from central banks	1 377		1 377	
916		916		Loans to and receivables from credit institutions	183		183	
52 457			52 457	Net loans to customers (floating interest rate)	81 030			81 030
Assets recognised at fair value								
8 220			8 220	Net loans to customers (fixed interest rate)	8 220			8 220
11 656		11 656		Bonds and certificates	11 656		11 656	
489	24		465	Shares	489	24		465
773		773		Financial derivatives	940		940	
75 889	24	14 722	61 143	Total financial assets	103 895	24	14 156	89 715
Liabilities recognised at amortised cost								
611		611		Debt to credit institutions	579		579	
48 722			48 722	Deposit from customers	48 699			48 699
18 507		18 715		Debt incurred due to issue of securities	44 433		44 548	
1 204		1 152		Subordinated loan capital	1 204		1 152	
Liabilities recognised at fair value								
533		533		Financial derivatives	604		604	
69 577	0	21 011	48 722	Total financial liabilities	95 519	0	46 883	48 699

PARENT BANK				NOK million	GROUP			
Recognised value	Fair value			31.12.2015	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognised at amortised cost								
332		332		Cash and receivables from central banks	332		332	
2 017		2 017		Loans to and receivables from credit institutions	157		157	
54 524			54 524	Net loans to customers (floating interest rate)	80 167			80 167
Assets recognised at fair value								
8 220			8 220	Net loans to customers (fixed interest rate)	8 220			8 220
10 456		10 456		Bonds and certificates	10 557		10 557	
489	24		465	Shares	489	24		465
659		659		Financial derivatives	813		813	
76 698	24	13 464	63 209	Total financial assets	100 734	24	11 858	88 852
Liabilities recognised at amortised cost								
626		626		Debt to credit institutions	576		576	
48 377			48 377	Deposit from customers	48 349			48 349
19 865		20 033		Debt incurred due to issue of securities	41 899		41 922	
1 710		1 708		Subordinated loan capital	1 710		1 708	
Liabilities recognised at fair value								
411		411		Financial derivatives	413		413	
70 989	0	22 778	48 377	Total financial liabilities	92 947	0	44 619	48 349

PARENT BANK				NOK million	GROUP			
Recognised value	Fair value			31.03.2015	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognised at amortised cost								
391		391		Cash and receivables from central banks	391		391	
2 029		2 029		Loans to and receivables from credit institutions	203		203	
50 757			50 757	Net loans to customers (floating interest rate)	74 701			74 701
Assets recognised at fair value								
7 629			7 629	Net loans to customers (fixed interest rate)	7 629			7 629
11 768		11 768		Bonds and certificates	11 348		11 348	
421	27		394	Shares	421	27		394
603		603		Financial derivatives	735		735	
73 598	27	14 791	58 780	Total financial assets	95 428	27	12 677	82 724
Liabilities recognised at amortised cost								
779		779		Debt to credit institutions	722		722	
47 753			47 753	Deposit from customers	47 735			47 735
18 005		18 081		Debt incurred due to issue of securities	38 024		38 611	
1 100		1 107		Subordinated loan capital	1 100		1 107	
Liabilities recognised at fair value								
461		461		Financial derivatives	464		464	
68 098	0	20 428	47 753	Total financial liabilities	88 045	0	40 904	47 735

Movement level 3

GROUP / PARENT BANK

NOK million	Loans to customers	Of which credit risk	Shares	Of which credit risk
Recognized value as at 01.01.2015	6 769	-110	394	0
Acquisitions Q1 2015	1 356			
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	14	45	0	0
Disposals Q1 2015	-510			
Recognized value as at 31.03.2015	7 629	-65	394	0
Acquisitions Q2, Q3 and Q4	1 674		9	
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	11	3	67	0
Disposals Q2, Q3, and Q4	-1 024		-6	
Recognized value as at 31.12.2015	8 290	-62	464	0
Acquisitions Q1 2016	142			
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	-20	-11	1	0
Disposals Q1 2016	-192			
Recognized value as at 31.03.2016	8 220	-73	465	0

Sensitivity analysis

Changes in value as a result of the change in credit spread of 10 basis points.

GROUP / PARENT BANK

NOK million	31.03.2016	31.03.2015	31.12.2015
Loan to customers	26	26	27
- of which, loans to corporate market (CM)	8	9	8
- of which, loans to retail market (RM)	18	17	19

9. OFFSETTING

NOK million	GROUP					
	31.03.16	31.03.2016 (1) presented net	31.03.15	31.03.2015 (1) presented net	31.12.15	31.12.2015 (1) presented net
Assets						
Financial derivatives	940	619	735	366	813	485
Liabilities						
Financial derivatives	604	283	464	95	413	85
NOK million	PARENT BANK					
	31.03.16	31.03.2016 (1) presented net	31.03.15	31.03.2015 (1) presented net	31.12.15	31.12.2015 (1) presented net
Liabilities						
Financial derivatives	773	465	603	237	659	333
Liabilities						
Financial derivatives	533	225	461	95	411	85

(1) Financial derivatives indicate assets and liabilities in cases where the bank and the Group have recognized their financial derivatives net in relation to each individual counterparties.

The bank and the Group's counter-claim rights adhere to common Norwegian law. The Bank and Sparebanken Sør Boligkreditt AS has the right to offset other outstanding accounts through ISDA agreements and a master agreement in cases where certain events occur. The amounts have not been offset in the balance sheet because the transactions are generally not settled on a net basis.

10. DEBT SECURITIES AND SUBORDINATED LOAN CAPITAL

Debt securities – Parent bank

NOK million	31.03.2016	31.03.2015	31.12.2015
Bonds, nominal value	17 876	17 356	19 215
Value adjustments	443	463	381
Accrued interest	188	186	269
Debt incurred due to issue of securities	18 507	18 005	19 865

Change in debt securities – Parent bank

NOK million	31.12.2015	Issued	Matured/ Redeemed	Other changes during the period	31.03.2016
Bonds, nominal value	19 215	0	-1 339		17 876
Value adjustments	381			62	443
Accrued interest	269			-81	188
Debt incurred due to issue of securities	19 865	0	-1 339	-19	18 507

Debt securities – Group

NOK million	31.03.2016	31.03.2015	31.12.2015
Bonds, nominal value	43 741	37 207	41 136
Value adjustments	483	608	447
Accrued interest	209	209	316
Debt incurred due to issue of securities	44 433	38 024	41 899

Change in debt securities - Group

NOK million	31.12.2015	Issued	Matured/ Redeemed	Other changes during the period	31.03.2016
Bonds, nominal value	41 136	5 100	-2 495		43 741
Value adjustments	447			36	483
Accrued interest	316			-107	209
Debt incurred due to issue of securities	41 899	5 100	-2 495	-71	44 433

Change in subordinated loan capital and hybrid capital – Parent bank and Group

NOK million	31.12.2015	Issued	Matured/ Redeemed	Other changes during the period	31.03.2016
Subordinated loans	1 200	0			1 200
Hybrid capital	510			-510	0
Accrued interest	0				4
Total subordinated loan capital	1 710				1 204

- (1) In accordance to IAS 32, hybrid capital not meeting the definition of financial obligations was reclassified from debt to equity January 1, 2016.

11. EQUITY CERTIFICATE OWNERS

The twenty largest equity certificate owners as at 31.03.2016.

NAME	NUMBER OF EC	SHARE OF EC-CAP. %	NAME	NUMBER OF EC	SHARE OF EC-CAP. %
1. Sparebankstiftelsen Sparebanken Sør	2 432 024	51.00	11. Bergen Kom. Pensjonskasse	46 880	0.98
2. Holta Invest AS	134 410	2.82	12. Gumpen Bileiendom AS	46 730	0.98
3. Arendal Kom. Pensjonskasse	130 000	2.73	13. Allumgården	45 179	0.95
4. EIKA utbytte VPF	126 223	2.65	14. Sparebanken Vest	45 000	0.94
5. Pareto AS	124 150	2.60	15. MP Pensjon PK	39 863	0.84
6. Glastad Invest AS	100 000	2.10	16. Brøvig Holding AS	34 800	0.73
7. SEB London branch	80 650	1.69	17. Varodd AS	32 800	0.69
8. Sparebankstiftelsen DNB	62 300	1.31	18. NorgesInvestor Proto AS	31 794	0.67
9. Gustav Pedersen AS	53 760	1.13	19. Sparebanken Sør	31 600	0.66
10. Wenaasgruppen AS	53 760	1.13	20. Wenaas Kapital AS	26 880	0.56
Total - 10 largest owners	3 297 277	69.14	Total - 20 largest owners	3 678 803	77.15

As at 31.03.2016, Sparebanken Sør owns 31 600 of its own equity certificates. The equity certificate ratio as at 01.01.2016 was 13.0 %.

As at 31.03.2016, equity certificate capital was NOK 476 867 400 divided between 4 768 674 equity certificates with a nominal value of NOK 50.

12. TAX EXPENSES

The ordinary tax rate of 25 % is used for calculation of payable tax.

Risk and Capital management

Risk management ensures that the Group's risk exposure is known at any time and is instrumental in helping the Group to achieve its strategic objectives, and also compliance with laws, regulations and regulatory requirements. Governing targets have been established for the Group's overall risk level, while specific governing targets have been established for each risk area. Systems have been established to calculate, manage and control risk. The aim of capital management is to ensure that the Group has a good core capital ratio, is financially stable and achieves a satisfactory return in relation to its risk profile. The Group's total capital ratio and risk exposure are monitored through periodic reports.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties failing to meet their obligations. One of the key risk factors linked to Sparebanken Sør's operations is credit risk. Future developments in the bank's losses will also be influenced by general economic trends and one of the most important areas for the bank's risk management is therefore linked to the granting of credit and associated processes.

Credit risk is managed through the Group's strategy and policy documents, credit routines, credit processes, scoring models and award authorities.

Market risk

Market risk generally arises from the Group's unsecured transactions in the interest rate, currency and equity markets, and can be divided into interest rate risk, currency risk, share risk and spread risk. The risk is linked to variations in results caused by changes in the interest rate, market prices and/or exchange rates. Guidelines and limits have been established by the Board of Directors for managing market risk.

Liquidity risk

Liquidity risk is risk linked to Sparebanken Sør's ability to finance its lending growth and fulfil its loan obligations subject to market conditions. Liquidity risk also includes the risk of the financial markets that the Group wishes to use, ceasing to function. Guidelines and limits for the management of liquidity risk have been established by the Board of Directors.

Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failing internal processes, procedures or systems, human error or malpractice, or external events. Examples of operational risks include undesirable actions and events, including the failure of IT systems, money laundering, corruption, embezzlement, insider dealing, fraud, robbery, threats against employees, breaches of authority and breaches of established routines, etc.

Business risk

Business risk is defined as the risk of unexpected revenue fluctuations based on factors other than credit risk, liquidity risk, market risk and operational risk. This risk could for example arise as a result of the authorities introducing amendments to regulations or the implementation of financial or monetary policy measures, including changes in tax, duty and currency legislation, which could have a negative impact on the business.

It is a precondition for Sparebanken Sør that risk must be subject to active and satisfactory management, based on objectives and limits established by the Board of Directors for risk exposure and risk tolerance.

GROUP	Q1	Q4	Q3	Q2	Q1
NOK million	2016	2015	2015	2015	2015
Net interest income	362	386	387	381	367
Net commission income	67	73	80	79	68
Net income from financial instruments	-21	1	-104	8	29
Other operating income	5		8	3	3
Total net income	413	460	371	471	467
Total operating expenses	199	210	201	207	199
Profit before losses	214	250	170	264	268
Losses on loans and guarantees	13	48	17	18	14
Profit before taxes	201	202	153	246	254
Tax expenses	51	53	42	67	69
Profit for the period	150	149	111	179	185

GROUP	Q1	Q4	Q3	Q2	Q1
% of average assets	2016	2015	2015	2015	2015
Net interest income	1.41	1.53	1.55	1.57	1.57
Net commission income	0.26	0.29	0.32	0.33	0.29
Net income from financial instruments	-0.08		-0.42	0.03	0.12
Other operating income	0.02		0.03	0.01	0.01
Total net income	1.61	1.82	1.48	1.94	1.99
Total operating expenses	0.78	0.83	0.80	0.85	0.85
Profit before losses	0.84	0.99	0.68	1.09	1.14
Losses on loans and guarantees	0.05	0.19	0.07	0.07	0.06
Profit before taxes	0.79	0.80	0.61	1.02	1.08
Tax expenses	0.20	0.21	0.17	0.28	0.29
Profit for the period	0.59	0.59	0.44	0.74	0.79

Key figures Goup 2013-2015

	31.12.2015	31.12.2014*	31.12.2013*
Income statement (NOK million)			
			Proforma
Net interest income	1 521	1 511	1 443
Net commission income	300	284	252
Net income from financial instruments	-66	184	201
Other operating income	14	23	22
Total net income	1 769	2 002	1 918
Total expenses	817	834	800
Profit before losses on loans	952	1 168	1 118
Losses on loans and guarantees	97	268	126
Profit before taxes	855	900	992
Tax expenses	231	215	219
Profit for the period	624	685	773
Income statement as percentage of average assets			
Net interest income	1.55 %	1.60 %	1.60 %
Net commission income	0.31 %	0.30 %	0.28 %
Net income from financial instruments	-0.07 %	0.20 %	0.22 %
Other operating income	0.01 %	0.02 %	0.03 %
Total net income	1.81 %	2.12 %	2.13 %
Total expenses	0.83 %	0.88 %	0.89 %
Profit before losses on loans	0.97 %	1.24 %	1.24 %
Losses on loans and guarantees	0.10 %	0.28 %	0.14 %
Profit before taxes	0.87 %	0.96 %	1.10 %
Tax expenses	0.24 %	0.23 %	0.24 %
Profit for the period	0.64 %	0.73 %	0.86 %
Average total assets	98 000	94 300	90 200
Balance			
Total assets	101 334	94 062	93 758
Net loans to customers	88 387	80 913	77 450
Grows in loans as %, last 12 mths.	9.2 %	4.5 %	6.8 %
Customers deposits	48 349	48 250	43 740
Growth in deposits as %, last 12 mths.	0.2 %	10.3 %	8.3 %
Deposits as % of net loans	54.7 %	59.6 %	56.5 %
Equity	7 753	7 157	6 658
Losses on loans as % of net loans, annualised	0.11 %	0.33 %	0.16 %
Gross defaulted loans over 90 days as % of gross loans	0.47 %	0.71 %	0.60 %
Other key figures			
Cost as % of income	46.2 %	41.7 %	41.7 %
Cost as % of income, ex net income from financial instruments	44.5 %	45.9 %	46.6 %
Return on equity after tax	8.4 %	10.1 %	12.3 %
Liquidity reserve (LCR) (Group)	108 %		
Core tier 1 capital ratio (added share of profit)	12.7 %	13.1 %	12.8 %
Core capital ratio	13.5 %	14.4 %	14.2 %
Total capital ratio	15.5 %	15.1 %	15.1 %
Core tier 1 capital	7 700	7 092	6 376
Core capital	8 210	7 792	7 076
Net total primary capital	9 388	8 170	7 522
Leverage ratio	7.0 %	7.0 %	
Number of branches	40	40	44
Number of man-years in banking activity	449	454	489
Key figures, Equity certificates			
Equity certificate ratio before profit distribution	13.5 %	14.1 %	7.1 %
Number of equity certificates issued	4 768 674	4 768 674	1 250 000
Profit per equity certificate (Parent bank)	10.8	12.2	10.3
Profit per equity certificate (Group)	17.6	20.3	18.1
Dividend last year per equity certificate (Parent bank - proposed dividend 2014)	9.0	10.0	10.0
Book equity per equity certificate	219	212	187
Price/Book value per equity certificate	0.6	0.9	0.8
Listed price on Oslo Stock Exchange at end of period	139	196	150

*) Excluding negative goodwill.

SPAREBANKEN SØR

