First quarter 2011
SpareBank 1 SR-Bank konsern

Good quarterly results

Q1 2011

- Profit before tax: NOK 336 million (NOK 395 million)
- Return on equity after tax: 11.2% (14.8%)
- Earnings per equity certificate: NOK 1.32 (NOK 1.55)
- Net interest income: NOK 424 million (NOK 437 million)
- Net commission and other income: NOK 281 million (NOK 260 million)
- Net return on investment securities: NOK 128 million (NOK 79 million)
- Operating expenses: NOK 446 million (NOK 312 million, NOK 385 million adjusted for reversed provisions for contractual pensions (AFP))
- Impairment losses on loans: NOK 51 million (NOK 69 million)
- Growth in lending (including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) over past 12 months: 12.5% (5.8%)
- Growth in deposits over past 12 months: 17.5% (-0.9%)
- Core capital ratio: 10.2% (9.4%)

(Figures for Q1 2010 are shown in parentheses)

Profit

The SpareBank 1 SR-Bank group's profit before tax amounted to NOK 336 million in Q1 2011.This is a reduction from NOK 395 million in Q1 2010. Adjusted for net contractual pension (AFP) items of NOK 73 million that were recognised in Q1 2010, this represents an earnings improvement of NOK 14 million. The return on equity after tax was 11.2% (14.8%) in Q1 2011.

Net interest income totalled NOK 424 million in Q1 2011, compared with NOK 437 million in the previous year. Net commission and other income rose from NOK 260 million in Q1 2010 to NOK 281 million year to date. The net yield on investment securities totalled NOK 128 million in Q1 2011, compared with NOK 79 million in Q1 2010.

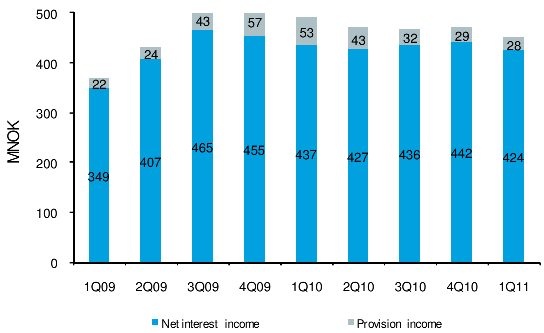
Operating expenses totalled NOK 446 million in Q1 2011, compared with NOK 312 million in Q1 2010. Adjusted for the net reversal of NOK 73 million in provisions for contractual pensions (AFP), the ordinary operating expenses in Q1 last year amounted to NOK 385 million. The growth in expenses is related primarily to higher activity in the parent bank and EiendomsMegler 1 SR-Eiendom AS, as well as the effects of the merger with Kvinnherad Sparebank.

Impairment losses on loans totalled NOK 51 million in Q1 2011, compared with NOK 69 million in Q1 2010. Good credit quality in the retail and corporate markets has kept impairment losses on loans moderate.

Net interest income

The group's net interest income in Q1 2011 amounted to NOK 424 million (NOK 437 million). The trend here must be seen in the context of the commission income from SpareBank 1 Boligkreditt AS and Sparebank 1 Næringskreditt AS. At the end of Q1 2011 the bank had transferred NOK 30.7 billion (NOK 23.9 billion) to these companies, and the commission income totalled NOK 28 million (NOK 53 million). The combined net interest and commission income declined NOK 38 million, compared with Q1 2010. The effect of lower lending margins and higher funding costs is not offset adequately by the higher volume and improved deposit margins.

The graph below shows the quarterly development in net interest and commission income:



Net commission and other income

Net commission and other income totalled NOK 281 million in Q1 2011 (NOK 260 million).

Net commission income totalled NOK 183 million (NOK 187 million). Excluding commission income from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, there was an increase of NOK 21 million, which is attributed primarily to savings/investments, insurance and guarantee commissions.

Other operating income amounted to NOK 98 million in Q1 2011 (NOK 73 million). This is attributed primarily to real estate brokering.

Net return on investment securities

The net yield on financial investments totalled NOK 128 million in Q1 2011 (NOK 79 million). NOK 17 million (NOK 21 million) of this amount was capital gains on securities and NOK 54 million (NOK 9 million) was capital gains on interest rate and currency trading. In addition, income from ownership interests totalled NOK 51 million (NOK 49 million) and dividends totalled NOK 6 million (NOK 0 million).

Capital gains on securities of NOK 17 million, consisted of a gain of NOK 28 million on the equity and equity certificate portfolio and loss of NOK 11 million on the fixed income portfolio.

Income from ownership interests totalling NOK 51 million is attributed primarily to the group's share of the profits of the SpareBank 1 Group, BN Bank, SpareBank 1 Boligkreditt and Bank 1 Oslo. The share of the profit of the SpareBank 1 Group was NOK 28 million in Q1 2011. The share of the profit of BN Bank was NOK 3 million. In addition, NOK 7 million was taken to income as the difference between BN Bank's estimated equity and book equity. The share of the profit of SpareBank 1 Boligkreditt amounted to NOK 8 million and the share of the profit of Bank 1 Oslo amounted to NOK 4 million.

Operating expenses

The group’s operating expenses totalled NOK 446 million in Q1 2011. This is an increase from NOK 312 million in Q1 2010.

The reversal of the contractual pension (AFP) provisions in Q1 last year reduced the expenses by NOK 73 million. The growth in the group's ordinary operating expenses in Q1 this year, compared with the corresponding period last year was 15.8%, which can be broken down as follows: 12.8% growth in ordinary personnel costs and 20.1% growth in other expenses. The underlying cost growth is around NOK 60 million from Q1 2010 to Q1 2011. Non-recurring costs related to the merger with Kvinnherad Sparebank account for NOK 11 million of this amount. EiendomsMegler 1 SR-Eiendom AS's expenses increased by NOK 9 million due to acquisitions and a higher level of activity. Personnel costs in the parent bank increased by NOK 8 million related to personnel from Kvinnherad Sparebank and Forsikringskontoret Vest. In addition, the ordinary personnel costs increased by around NOK 10 million, ICT costs increased by NOK 10 million and marketing increased by NOK 7 million.

The group's cost ratio, expenses measured as a percentage of income, was 53.5% in Q1 2010 (40.2%). Adjusted for the reversal of the contractual pension (AFP) provisions, the cost ratio for Q1 last year was 49.6%.

Continuous attention by the Board of Directors will be focused on the underlying structure of costs in order to secure a strong market position and a well diversified income foundation for long-term profitability.

Credit risk and portfolio development

The group's moderate risk profile remains unchanged. The persistently low interest rate levels are contributing to a high level of activity, low unemployment and still climbing housing prices in the group's market area. Combined with the ongoing internal focus on risk management, these trends have contributed to maintaining the good credit quality of the group's portfolio.

The quality of the corporate market portfolio is considered good. The portfolio's average probability of default, its expected losses and the risk-adjusted capital requirements remained stable in Q1 2011. The portfolio's risk profile has, however, improved over the past year. The addition of new commitments with a low risk profile is greater than the disposals, and the existing portfolio is marked by positive migration over the past year.

The quality of the retail market portfolio is very good. The development is marked by an enduring stability. The growth of the group's portfolio over a prolonged period has not affected the risk profile of the portfolio. Most of the portfolio is secured by way of mortgages on real estate. Collateral coverage is good, which would indicate that there is only a limited risk of loss as long as the values of the collateral pledged are not significantly impaired.

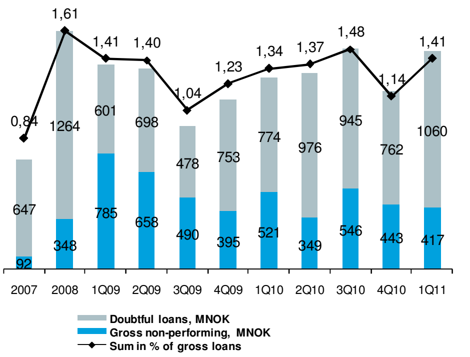
Impairment losses on loans and defaults

In Q1 2011, the group recorded net impairment losses on loans of NOK 51 million in Q1 2011 (NOK 69 million). This represents a loss ratio of 0.19 (0.28).

Gross non-performing commitments totalled NOK 417 million at the end of Q1 2011, compared with NOK 521 million at the same time last year. This corresponds to 0.40% of gross loans (0.54%). The portfolio of performing problem loans totalled NOK 1,060 million (NOK 774 million). This corresponds to 1.01% of gross loans (0.80%). Non-performing and performing problem loans increased from NOK 1,295 million to NOK 1,477 million over the past year. In terms of gross loans, this is an increase from 1.34% to 1.41%.

The loan loss provision ratios for non-performing and other problem loans were 31% and 32%, respectively, at the end of Q1 2011 (25% and 28%).

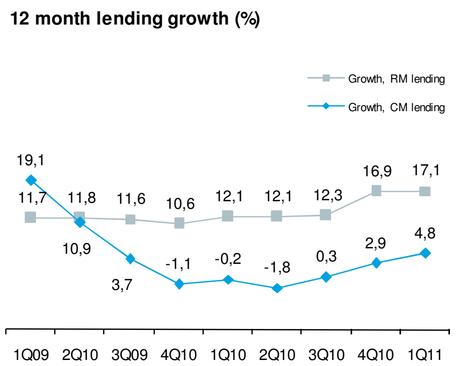
The following graph shows the development in gross non-performing loans and problem loans, and the sum of these as a percentage of gross loans.



Loans to and deposits from customers

Gross loans amounted to NOK 135.4 billion (NOK 120.4 billion) at the end of Q1 2011 and increased by 12.5% (5.8%) over the past 12 months. The lending volume includes a total of NOK 30.7 billion (NOK 23.9 billion) that has been transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. The group acquired loans of around NOK 4.0 billion through the merger with Kvinnherad Sparebank on 1 November 2010.

The group's retail market loans totalled 62.5% (59.9%) of the total loans at the end of Q1 2011. The following graph illustrates the lending growth development for the retail and corporate market divisions:



Deposits from customers rose by 17.5% (-0.9%) over the past 12 months to NOK 62.7 billion (NOK 53.3 billion). NOK 2.3 billion of this increase in volume can be attributed to the merger with Kvinnherad Sparebank. Deposits from the corporate market accounted for 53.9% (52.2%) of the group's customer deposits at the end of Q1 2011.

In addition to ordinary customer deposits, the group had NOK 12.9 billion (NOK 11.9 billion) under management at the end of Q1 2011, primarily through SR-Forvaltning and ODIN funds.

At the end of Q1 2011, the deposit-to-loan ratio was 59.8% (55.3%) At the end of Q1 2011 the Financial Supervisory Authority of Norway's Funding Indicator 1 (which shows the ratio of illiquid assets financed by debt with a duration of more than 1 year) was 99.9% (101.5%) for the parent bank and 99.5% (97.4%) on a consolidated basis.

Business areas

Retail Market Division

The Retail Market Division's profit contribution before impairment losses on loans amounted to NOK 185 million in Q1 2011. The quarter was marked by continued good net growth in customers and a high level of activity for home mortgage loans. Impairment losses on loans and the percentage of non-performing loans are still low.

Over the past 12 months the Division has increased its lending by 17.1% at the same time as deposits increased by 13.9%. Growth is a result of good market opportunities combined with a long-term focus on qualified advisory services and a strong brand name. Adjusted for the merger with Kvinnherad Sparebank, which was completed with effect in the accounts in Q4 2010, 12-month lending growth was 12.5% and deposit growth was 8.5%.

The profit for Q1 2011 is NOK 19 million lower than Q1 2010. This is attributed primarily to lower lending margins as a result of customers being charged to a limited extent for the consequences of higher funding costs.

Compared with Q1 2010 the number of products sold has increased by 21%. This increase must be viewed in the context of the group's focus on a broad range of advisory services. SpareBank 1 SR-Bank is among the best banks in Norway with regard to the percentage of licensed financial advisors. A well-functioning customer centre has increased the level of service provided to customers and increased sales, especially for general insurance. Sales in the savings and investment area are also showing a marked positive trend.

Corporate Market Division

The Corporate Market Division's profit before losses amounted to NOK 165 million in Q1 2011. Lending growth continued into Q1 due to a good level of business activity. Compared with Q1 2010 the lending volume has increased by 4.8% (2.9% excluding loans transferred from Kvinnherad Sparebank). The deposit volume increased by 20.1% over the past 12 months (17.4% excluding Kvinnherad Sparebank).

The profit before losses was NOK 5 million lower than Q1 2010. This is attributed primarily to lower lending margins as a result of customers not being fully charged for higher funding costs and higher personnel costs due to the recruitment of new employees.

The Corporate Market Division has had good access to new customers, including public sector customers. The portfolio quality is good. In Q1 2011 losses of NOK 32 million were recognised, compared with NOK 38 million in Q1 2010.

Capital Market Division

This division comprises specialised areas beyond traditional banking, bringing together the group's licences and activities in the fields of securities, capital management and product procurement.

The security market activities are organised in SR-Markets and include equities, interest rate and currency instrument trading on behalf of customers and for the bank's own account, as well as Corporate Finance services. Capital management is organised in a separate subsidiary, SR-Forvaltning AS.

The Capital Market Division's profit before losses amounted to NOK 43 million in Q1 2011. The division started the year well and income in Q1 2011 from SR-Markets was NOK 58 million, most of which was attributed to interest rate and currency instruments. The Corporate Finance Division continues to have a higher level of activity. Several major projects were completed in Q1 2011.

The sale of the company SR-Fondsforvaltning AS to Odin Forvaltning AS was completed with effect in the accounts as of 1 January 2011. The transaction closed on 2 February 2011. This resulted in a capital gain of NOK 12 million in Q1 2011.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The profit before tax amounted to NOK 12.3 million in Q1 2011, compared with NOK 4.7 million in Q1 2010. The earnings improvement is attributed primarily to a good real estate market and higher efficiency within the organisation.

In Q1 2011 a total of 1,795 properties were brokered, which is 20% higher compared with the same period last year. The supply of new assignments is also good and shows an increase of 14%, compared with the same period last year. The supply of used homes is good, even if the market is marked by few homes being placed on the market. The company is expecting a continued positive trend in the residential property market throughout 2011.

The level of activity in the commercial property market is significantly higher than the same period last year, and there is a substantial increase in the sale of commercial buildings, especially in the Stavanger region. Further improvement is expected in this market throughout the year. The development for the management and operation of commercial buildings is also satisfactory, with an increasing supply of customers.

The company's strong market position in Rogaland was also maintained in Q1 2011. The company has strengthened its position as the largest broker in Vest-Agder. There has been a positive development for the operations in Bergen, which are making an important contribution to the company's earnings now. The company now has an office on Stord and in Kvinnherad through the takeover of EiendomsMegler 1 Sunnhordland AS at the start of the year.

SpareBank 1 SR-Finans AS

The company's principal activities are lease financing for corporate customers and secured car loans. For Q1 2011 the company reported a profit before losses of NOK 24.2 million (NOK 29.4 million) and a loss before tax (after impairment losses on loans) of NOK -17.9 million (NOK 10.4 million). The decline in profit is attributed primarily to lower interest margins and higher impairment losses on loans, which reduced the profit by NOK 3.9 million and NOK 23.1 million, respectively, compared with Q1 last year. Impairment losses on loans are attributed primarily to a single commitment where the company's development has given cause to perform an individual write-down.

New sales in the leasing area were satisfactory in Q1 2011. The retail market performed extremely well. This is attributed primarily to higher car sales and the financing of pleasure boats. The income contribution was somewhat lower than the corresponding period last year in both the retail and corporate markets, which is attributed primarily to lower interest margins.

SR-Forvaltning ASA

SR-Forvaltning ASA is a securities firm with a licence to provide discretionary asset management services. Profit before tax for Q1 2011 was NOK 5.9 million (NOK 4.9 million). The company had assets of NOK 6.4 billion under management at the end of the quarter. This is an increase of around NOK 200 million from the level at the start of the year.

SR-Investering AS

SR-Investering AS's object is to contribute to long-term creation of added value through investments in trade and industry in the group's market area. The company invests in private equity and companies in the SME segment that require capital for development and growth. As at 31 March 2011 SR-Investering AS had total investments of NOK 134 million and related residual commitments of NOK 107 million.

In Q1 2011, the profit before tax was NOK 14.6 million (NOK 2.4 million). The good results in Q1 2011 are attributed to realisations and appreciation of the portfolio. The company is expecting a good development in 2011 due to an increasing number of transactions in the market combined with an increased volume of new orders for businesses.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

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

At the end of Q1 2011, SpareBank 1 Boligkreditt AS had made loans totalling NOK 97.9 billion, NOK 30.4 billion of which was loans that had been transferred from SpareBank 1 SR-Bank. The bank's ownership interest in the company is 28.6%. This interest is adjusted annually based on the bank's share of the transferred volume at the start of the year.

At the end of Q1 2011, SpareBank 1 Næringskreditt AS had made loans totalling NOK 8.0 billion, NOK 0.2 billion of which was loans that had been transferred from SpareBank 1 SR-Bank. The bank's ownership interest in the company is 30.7%.

Funding

At the end of 2009 the Basel Committee introduced proposals for new global standards for the quantitative regulation of liquidity and funding in the banking sector, Basel III. The proposals were modified somewhat in 2010, but they are still conservative and many international banks may find that it will be challenging to satisfy the requirements in the future. The requirements will entail a need for adaptation of the balance sheet in the coming years, and, like most of the major banks, SpareBank 1 SR-Bank has started this adaptation by acquiring more long-term funding.

Like the other banks, SpareBank 1 SR-Bank's borrowing costs for long-term funding are higher now than prior to the financial crisis. Even though the financial crisis is gradually fading into the past, more stringent regulatory requirements are contributing, however, to keeping the borrowing costs at a relatively high level. Combined with the uncertainty associated with government finances in several European countries, this will still contribute to some instability, especially in the markets for long-term funding.

An important instrument for long-term funding is the issuance of covered bonds. Bonds are issued by the SpareBank 1 Alliance's joint ventures SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, where the bond holders are granted security in the companies' portfolios of home mortgage and commercial property mortgages, respectively. Throughout the financial unrest, covered bonds have proven to be a more robust and significantly less expensive funding instrument than ordinary unsecured bond loans. In the coming years SpareBank 1 SR-Bank aims, therefore, to cover a major portion of its long-term funding needs through the issuance of covered bonds.

The liquidity situation at the end of March 2011 was good. The average remaining term to maturity for the portfolio of senior bond debt was 3.14 years at the same point in time. SpareBank 1 SR-Bank seeks to achieve a good even maturity structure for funding and attaches importance to having a good relationship with a large number of Norwegian and international investors and banks, as well making the group better known in the international capital markets. SpareBank 1 SR-Bank's liquidity buffer amounted to NOK 19.2 billion at the end of Q1 2011.

FitchRatings changed its long-term rating from A with a "Negative Outlook" to A- with a "Stable Outlook" in March 2011. In September 2010, Moody's Investor Service upgraded its outlook for the bank's long-term debt (A1) from a "Negative Outlook" to "Stable Outlook" (refer to press releases).

Capital adequacy

At the end of Q1 2011, the group's core (Tier 1) capital ratio was 10.2%. The core (Tier 1) capital ratio was 10.2% at the end of 2010 and 9.4% at the end of Q1 2010.

In the autumn of 2009, the authorities resolved to postpone the transition to the IRB rules from 1 January 2010 to 1 January 2012. The core (Tier 1) capital ratio taking into account the transition to the IRB rules would be 11.0% at the end of Q1 2011.

A limited audit of the income statements and balance sheets of SpareBank 1 SR-Bank and the group at 31 March 2011 has been carried out. In accordance with the regulations, 50% of the result so far this year has been included in the capital adequacy figures.

Bank's equity certificates

The price of the bank's equity certificates (ROGG) remained unchanged at NOK 57.00 in Q1 2011. During the same period, the Oslo Børs benchmark index rose by approximately 1.3%. In Q1 2011, the equity certificate trading volume corresponded to 3.0% (5.1%) of the total number of outstanding certificates.

At the end of Q1 2011, the bank had 12,116 (12,466) registered equity certificate holders. The percentage owned by foreigners was 9.7% (6.7%), while 46.1% (46.9%) was owned by investors from Rogaland, the Agder counties and Hordaland. The 20 largest owners controlled 40.6% (37.1%) of the equity certificates at the end of Q1 2011. The bank's holdings of its own certificates totalled 133,248.

The following table lists the 20 largest owners of SpareBank 1 SR-Bank's equity certificates as at 31 March 2011:

	Number	%
Gjensidige Forsikring	20,713,065	16.3%
SpareBank 1 Foundation Kvinnherad	6,069,934	4.8%
Odin Norge	3,205,372	2.5%
Odin Norden	3,065,553	2.4%
Clipper AS	1,685,357	1.3%
Frank Mohn AS	1,666,142	1.3%
Trygve Stangeland	1,632,048	1.3%
Bank of New York, U.S.A.	1,618,227	1.3%
JPMorgan Chase Bank, U.K.	1,598,223	1.3%
Skandinaviska Enskilda Banken	1,507,080	1.2%
SHB Stockholm Clients Account, Sweden	1,258,000	1.0%
Trygves Holding AS	1,070,939	0.8%
Varma Mutual Pension Insurance, Finland	1,062,534	0.8%
Køhlergruppen AS	1,000,000	0.8%
Westco AS	885,352	0.7%
Forsand Municipal Authority	769,230	0.6%
The Northern Trust, UK	732,800	0.6%
Tveteraas Finans AS	722,000	0.6%
Bjergsted Investering AS	720,055	0.6%
Nordisk Finans Invest AS	716,834	0.6%
Total 20 largest	51,698,745	40.6%

Group employees owned 3.5% of the equity certificates at the end of Q1 2011.

Accounting policies

SpareBank 1 SR-Bank prepares its parent company and consolidated accounts in accordance with the IFRS regulations. As at 31 March 2011, the IFRS consolidated accounts show a profit after tax of NOK 265 million and the IFRS parent company accounts show a profit after tax of NOK 191 million. Most of the items are treated identically in the parent company and the consolidated accounts, but with one major difference. In the consolidated accounts subsidiaries are consolidated and associated companies are included in the accounts using the equity method of accounting. This is the same practice that was used earlier in both the parent company and consolidated accounts in accordance with NGAAP. Use of the equity method is, however, not permitted in the IFRS parent company accounts. These ownership interests must be assessed at cost here. Dividends paid by the bank's subsidiaries and the SpareBank 1 Group and other associated companies are taken to income in the parent company accounts. It is the parent company's profit as at 31 December 2011 that is the point of departure for allocation of the profit.

Reference is made to note 1 for a description of the accounting principles applied in the parent company and consolidated accounts. The same accounting principles are applied in the quarterly and the annual accounts.

Outlook

The Board of Directors considers the outlook for the group's earnings to be good. A positive underlying development for business and the population in the region with continued low unemployment is expected.

The group is well-positioned in its geographic market areas through a strong value chain focus and a well-developed branch office network. Being able to offer a broad range of products will create a robust income base.

Even though continued pressure on the margins is expected in the traditional product areas of deposits and lending, the group is well-equipped for future growth through solid income from other areas. The underlying quality of the group's loan portfolio is good, and defaults and losses are expected to remain low in the coming period.

In November 2010 SpareBank 1 SR-Bank applied to the Financial Supervisory Authority of Norway for permission to conversion to a limited savings bank. In March The Financial Supervisory Authority of Norway made a positive recommendation to the Ministry of Finance. If the Ministry of Finance follows the recommendation by the Financial Supervisory Authority of Norway the conversion will probably be carried out during 2011.

Stavanger, 28 April 2011

The Board of Directors of SpareBank 1 SR-Bank

Quarterly financial statements

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	31.03.11 MNOK	%	31.03.10 MNOK	%	2010 MNOK	%
Net interest income	424	*1,28*	437	*1,42*	1.742	*1,35*
Net commission and other income	281	*0,85*	260	*0,84*	1.101	*0,85*
Net return on investment securities	128	*0,39*	79	*0,26*	571	*0,44*
Total income	**833**	***2,52***	**776**	***2,52***	**3.414**	***2,65***
Total operating expenses	**446**	***1,35***	**312**	***1,01***	**1.566**	***1,22***
Profit before losses	**387**	***1,17***	**464**	***1,51***	**1.848**	***1,43***
Impairment losses on loans and guarantees	51	*0,15*	69	*0,22*	234	*0,18*
Profit before tax	**336**	***1,02***	**395**	***1,28***	**1.614**	***1,25***
Tax expense	71	*0,22*	97	*0,31*	297	*0,23*
Profit after tax from continuing operations	**265**	***0,80***	**298**	***0,97***	**1.317**	***1,02***

	31.03.11	31.03.10	2010
PROFITABILITY			
Return on equity [1)]	11,2 %	14,8 %	15,5 %
Cost ratio [2)]	53,5 %	40,2 %	45,9 %
BALANCE SHEET			
Gross loans to customers	104.771	96.481	105.792
Gross loans to customers including SpareBank 1 Boligkredi	135.433	120.352	131.953
Deposits from customers	62.662	53.323	60.770
Deposit-to-loan ratio	59,8 %	55,3 %	57,4 %
Growth in loans	8,6 %	-1,6 %	13,2 %
Growth in loans incl Boligkreditt	12,5 %	5,8 %	11,6 %
Growth in deposits	17,5 %	-0,9 %	11,8 %
Average total assets	133.916	124.888	128.830
Total assets	132.555	126.508	134.778
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3)]	0,19	0,28	0,23
Non-performing commitments as a percentage of gross loar	0,40	0,54	0,42
Other doubtful commitments as a percentage of gross loans	1,01	0,80	0,72
SOLIDITY			
Capital adequacy ratio	11,8	11,6	12,4
Core capital ratio	10,2	9,4	10,2
Core capital	9.734	8.196	9.442
Net equity and subordinated loan capital	11.235	10.112	11.482
Minimum subordinated capital requirement	7.611	7.001	7.400
BRANCHES AND STAFF			
Number of branches	54	51	54
Number of employees (annualised)	1.175	1.083	1.163

EQUITY CERTIFICATES	31.03.11	2010	2009	2008	2007
Equity certificate ratio	63,2 %	63,2 %	62,9 %	56,1 %	54,9 %
Market price	57,00	57,00	50,00	27,08	55,21
Market capitalisation	7.257	7.257	6.047	2.434	4.702
Book equity per EC (including dividends) (group)	47,17	47,45	42,07	37,23	37,64
Book equity per EC (including dividends) (parent bank)	40,96	41,80	36,85	32,06	34,02
Earnings per EC (group) [4)]	1,32	6,84	6,88	3,00	6,54
Dividends per EC	n.a.	2,75	1,75	0,83	3,96
Price / Earnings per EC	10,80	8,33	7,27	9,03	8,44
Price / Book equity (group)	1,21	1,20	1,19	0,73	1,47
Price / Book equity (parent bank)	1,39	1,36	1,36	0,84	1,62

[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

[4)] Net profit multiplied by the equity certificate percentage divided by the average number of certificates outstanding.

SpareBank 1 SR-Bank does not have any forward cover contracts or other circumstances that can dilute earning per EC (equity certificate).

Income statement

Parent bank				Note	Group		
2010	**31.03.10**	**31.03.11**	**Income statement (MNOK)**		**31.03.11**	**31.03.10**	**2010**
4.655	1.081	1.220	Interest income		1.257	1.122	4.820
3.087	687	835	Interest expense		833	685	3.078
1.568	394	**385**	**Net interest income**		**424**	437	1.742
743	192	189	Commission income		202	207	796
-70	-18	-18	Commission expenses		-19	-20	-71
10	1	2	Other operating income		98	73	376
683	175	**173**	**Net commission and other income**		**281**	260	1.101
54	0	6	Dividend income		6	0	47
214	29	0	Income from investment in associates		51	49	267
249	28	47	Net gains/losses on financial instruments		71	30	257
517	57	**53**	**Net income on investment securities**		**128**	79	571
2.768	626	**611**	**Total income**		**833**	776	3.414
632	106	191	Personnel expenses	14	255	153	870
318	71	87	Administrative expenses		100	81	362
217	51	63	Other operating expenses		91	78	334
1.167	228	**341**	**Total operating expenses**		**446**	312	1.566
1.601	398	**270**	**Operating profit before losses**		**387**	464	1.848
187	50	9	Losses on loans and guarantees	2, 3 and 4	51	69	234
1.414	348	**261**	**Operating profit before tax**		**336**	395	1.614
288	88	70	Tax expense		71	97	297
1.126	260	**191**	**Profit after tax**	12	**265**	298	1.317
			Other comprehensive income				
1.126	260	191	Profit after tax		265	298	1.317
-49	-75	241	Unrecognised actuarial gains and losses		284	-91	-73
14	21	-67	Deferred tax concerning changed estimates/pension plan changes		-79	25	20
1	0	0	Change in value of financial assets available for sale		0	0	1
0	0	0	Share of profit associated companies and joint ventures		0	0	-12
-34	-54	174	Other comprehensive income		205	-66	-64
1.092	206	365	Total comprehensive income		470	232	1.253

With effect from 2005, IAS 19 allowed for recording actuarial gains and losses (estimate deviations) directly against equity. The Bank has chosen to follow this principle.

Balance sheet

Parent bank				Note	Group		
31.12.10	**31.03.10**	**31.03.11**	**Balance sheet (MNOK)**		**31.03.11**	**31.03.10**	**31.12.10**
1.235	1.404	936	Cash and balances with central banks		936	1.404	1.235
5.611	6.087	5.767	Balances with credit institutions		1.445	1.646	1.273
100.069	91.267	99.051	Net loans to customers	8	103.973	95.809	105.033
18.736	19.181	17.821	Certificates, bonds and other fixed-income securities	13	17.827	19.187	18.742
3.247	3.018	2.727	Financial derivatives	10	2.724	3.016	3.241
541	443	584	Shares, ownership stakes and other securities		712	445	661
92	23	92	Business available for sale		93	23	93
2.448	2.511	2.634	Investment in associates		3.745	3.385	3.499
694	582	682	Investment in subsidiaries		0	0	0
801	801	863	Other assets	5	1.100	1.593	1.001
133.474	125.317	**131.157**	**Total assets**	12	**132.555**	126.508	134.778
7.361	8.519	5.222	Balances with credit institutions		5.221	8.516	7.359
8.832	8.832	8.832	Public sector deposits regarding the covered bonds swap agreement		8.832	8.832	8.832
60.939	53.492	62.810	Deposits from customers	7	62.662	53.323	60.770
40.307	39.896	39.007	Listed debt securities	11	39.007	39.896	40.307
2.212	1.969	1.400	Financial derivatives	10	1.400	1.969	2.212
1.416	1.570	1.582	Other liabilities	6	1.878	1.923	1.752
4.144	3.961	4.015	Subordinated loan capital	11	4.015	3.961	4.144
125.211	118.239	**122.868**	**Total liabilities**		**123.015**	118.420	125.376
3.183	3.023	3.183	Equity certificates		3.183	3.023	3.183
-3	-3	-3	Holding of own equity certificates		-3	-3	-3
625	456	625	Premium reserve		625	456	625
1.175	735	1.284	Dividend equalisation reserve		1.284	735	1.175
336	0	0	Proposed dividend		0	0	336
2.477	2.220	2.541	Savings bank's reserve		2.541	2.220	2.477
55	20	55	Share premium reserve		55	20	55
372	240	370	Endowment fund		370	240	372
43	127	43	Fund for unrealised gains		43	127	43
0	0	0	Other equity		1.177	972	1.139
0	260	191	Profit/loss at period end		265	298	0
8.263	7.078	**8.289**	**Total equity**		**9.540**	8.088	9.402
133.474	125.317	**131.157**	**Total liabilities and equity**	12	**132.555**	126.508	134.778

Statement of changes in equity

SpareBank 1 SR-Bank Group

(Amounts in NOK million)	Equity certificates	Premium reserve	Saving's bank reserve	Share premium reserve	Endowment fund	Equalisation reserve	Reserve for unrealised gains	Other equity	Total equity
Equity as of 31.12.2009	3.014	458	2.241	20	240	971	127	1.002	8.073
Dividend 2009, resolved in 2010						-212			-212
Share issue Kvinnherad	152	161		35					348
Private placement with employees	8	8							16
Issue expenses		-1							-1
Grants from endowment fund					-65				-65
Purchase/sale of own primary capital certifica	6	-1				7			12
Other changes						2			2
Adjusted equity accosiates								-23	-23
Profit after tax			250		197	765	-86	190	1.316
Unrecognised actuarial gains and losses after tax			-14			-22		-17	-53
Share of profit associated companies and joint ventures								-13	-13
Change in value of financial assets available for sale							2		2
Total comprehensive income			-14			-22	2	-30	-64
Profit for the year			236		197	743	-84	160	1.252
Equity as of 31.12.2010	**3.180**	**625**	**2.477**	**55**	**372**	**1.511**	**43**	**1.139**	**9.402**
Dividend 2010, resolved in 2011						-336			-336
Adjusted equity accosiates								7	7
Grants from endowment fund					-2				-2
Profit after tax									265
Unrecognised actuarial gains and losses after tax			64			110		31	205
Share of profit associated companies and joint ventures									0
Other comprehensive income			64			110	0	31	205
Total comprehensive income									**470**
Equity as of 31.03.2011	**3.180**	**625**	**2.541**	**55**	**370**	**1.285**	**43**	**1.177**	**9.541**

Equity certificate ratio

Parent bank

(Amounts in NOK million)	**31.03.2011**	31.12.2010
Equity cerificates	3.180	3.180
Dividend equalisation reserve	1.284	1.175
Premium reserve	625	625
A. The equitye certificate owners' capital	**5.089**	4.980
Savings bank's reserve	2.541	2.477
Share premium reserve	55	55
Endowment fund	370	372
B. The savings bank's reserve	**2.966**	2.904
Fund for unrealised gains	43	43
Equity excl proposed dividend	**8.098**	7.927
Equity certificate ratio (A/(A+B))	**63,2 %**	63,2 %

Cash flow statement

Parent bank				Group		
31.12.2010	31.03.2010	31.03.2011	Cash flow statement	31.03.2011	31.03.2010	31.12.2010
1.414	348	261	Profit before tax	336	395	1.614
0	0	0	Income from ownership interests	-51	-49	-267
0	0	0	Changes in value of financial assets	0	0	0
-8	0	0	Gain on disposal of non-financial assets	0	0	-10
62	15	17	Write-down on non-financial assets	19	19	72
187	50	9	Losses on loans	51	69	234
-221	0	-93	Taxes paid	-95	0	-223
1.434	413	194	**Transferred from the year's activity**	260	434	1.420
-11.846	-2.970	1.023	Change in gross lending to customers	1.021	-3.008	-12.319
242	-395	-40	Change in receivables from credit institutions	-64	-400	134
6.427	-1.020	1.871	Change in deposits from customers	1.892	-1.013	6.434
0	0	0	Public sector deposits regarding the covered bonds swap agreement	0	0	0
-1.493	-335	-2.139	Change in debt to credit institutions	-2.138	-336	-1.493
3.822	3.377	915	Change in certificates and bonds	915	3.395	3.840
1.285	-878	-826	Other accruals	-816	-891	1.438
-129	-1.808	998	**A Net cash flow from operations**	1.070	-1.819	-546
-119	-3	-16	Change in tangible fixed assets	-16	-4	477
10	0	0	Proceeds from sale of fixed assets	0	0	10
-415	-268	-217	Change in shares and ownership stakes	-297	-264	-594
-524	-271	-233	**B Net cash flow, investments**	-313	-268	-107
10.756	4.982	50	Debt raised by issuance of securities	50	4.982	10.756
-9.427	-2.335	-998	Repayments - issuance of securities	-998	-2.335	-9.427
0	0	0	Subordinated loan capital raised	0	0	0
0	0	0	Repayments - subordinated loan capital	0	0	0
160	0	0	Issue equity capital certificates	0	0	160
-212	0	0	Dividend to equity capital certificate holders	0	0	-212
1.277	2.647	-948	**C Net cash flow, financing**	-948	2.647	1.277
624	568	-183	**A+B+C Net cash flow during the period**	-191	560	624
954	954	1.578	Cash and cash equivalents as at 1 January	1.586	962	962
1.578	1.522	1.395	Cash and cash equivalents as at 31 March	1.395	1.522	1.586
624	568	-183	**Net cash flow during the period**	-191	560	624
			Cash and cash equivalents specified			
1.235	1.404	936	Cash and balances with central banks	936	1.404	1.235
343	118	459	Balances with credit institutions	459	118	351
1.578	1.522	1.395	**Cash and cash equivalents**	1.395	1.522	1.586

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

QUARTERLY INCOME STATEMENT	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
SpareBank 1 SR-Bank Group, MNOK	**2011**	**2010**	**2010**	**2010**	**2010**	**2009**	**2009**	**2009**	**2009**
Interest income	1.257	1.282	1.231	1.185	1.122	1.107	1.122	1.272	1.514
Interest expense	833	840	795	758	685	652	657	865	1.165
Net interest income	**424**	**442**	**436**	**427**	**437**	**455**	**465**	**407**	**349**
Commission income	202	194	189	206	207	219	201	177	163
Commission expenses	-19	-15	-20	-16	-20	-20	-24	-20	-23
Other operating income	98	104	95	104	73	86	85	86	68
Net commission and other income	**281**	**283**	**264**	**294**	**260**	**285**	**262**	**243**	**208**
Dividend income	6	0	1	46	0	17	1	2	3
Income from investment in associates	51	94	70	54	49	128	98	71	1
Net gains/losses on financial instrument valued at fair value	71	89	66	72	30	64	138	128	54
Net return on investment securities	**128**	**183**	**137**	**172**	**79**	**209**	**237**	**201**	**58**
Total income	**833**	**908**	**837**	**893**	**776**	**949**	**964**	**851**	**615**
Personnel expenses	255	223	250	244	153	223	218	227	213
Administrative expenses	100	109	82	90	81	92	83	88	83
Other operating expenses	91	91	76	89	78	123	75	81	73
Total operating expenses	**446**	**423**	**408**	**423**	**312**	**438**	**376**	**396**	**369**
Operating profit before impairment losses	**387**	**485**	**429**	**470**	**464**	**511**	**588**	**455**	**246**
Impairment losses on loans and guarantees	51	71	43	51	69	74	85	77	132
Operating profit before tax and minority interests	**336**	**414**	**386**	**419**	**395**	**437**	**503**	**378**	**114**
Tax expense	71	33	86	81	97	107	104	77	33
Minority interests	0	0	0	0	0	0	0	0	2
Net profit	**265**	**381**	**300**	**338**	**298**	**330**	**399**	**301**	**79**
Profitability									
Return on equity per quarter	11,2 %	16,9 %	14,3 %	16,5 %	14,8 %	18,2 %	25,2 %	19,9 %	5,3 %
Cost percentage	53,5 %	46,6 %	48,7 %	47,4 %	40,2 %	46,2 %	39,0 %	46,5 %	60,0 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	104.771	105.792	100.289	96.812	96.481	93.473	92.849	97.473	98.040
Deposits from customers	62.662	60.770	55.703	56.137	53.323	54.336	53.725	54.448	53.791
Total assets	132.555	134.778	129.524	128.653	126.508	124.909	122.081	125.357	123.731
Average total assets	133.916	133.557	128.799	127.627	124.888	123.755	124.508	124.703	123.744
Growth in loans over last 12 months	8,6 %	13,2 %	8,0 %	-0,7 %	-1,6 %	-6,6 %	-3,3 %	6,0 %	9,0 %
Growth in deposits over last 12 months	17,5 %	11,8 %	3,7 %	3,1 %	-0,9 %	2,4 %	-0,3 %	-6,2 %	2,5 %
Losses and non-performing commitments									
Impairment losses ratio	0,19	0,28	0,17	0,21	0,29	0,32	0,36	0,32	0,53
Non-performing commitments as a percentage of total loans	0,40	0,42	0,54	0,36	0,54	0,42	0,53	0,68	0,80
Other doubtful commitments as a percentage of total loans	1,01	0,72	0,94	1,01	0,80	0,81	0,51	0,72	0,61
Solidity									
Capital adequacy ratio	11,8	12,4	11,6	11,5	11,6	11,9	9,3	9,5	9,0
Core capital ratio	10,2	10,2	9,3	9,1	9,4	9,6	6,9	7,0	6,6
Core capital	9.734	9.442	8.433	8.243	8.196	8.130	5.632	5.609	5.494
Net equity and subordinated loan capital	11.235	11.482	10.450	10.352	10.112	10.029	7.568	7.696	7.517
Minimum subordinated capital requirement	7.611	7.400	7.241	7.226	7.001	6.767	6.545	6.459	6.706
Equity certificates									
Market price at end of quarter	57,00	57,00	53,00	46,10	48,80	50,00	44,00	32,90	23,50
Number of certificates issued, millions	127,31	127,31	120,93	120,93	120,93	120,93	89,88	89,88	89,88
Earnings per EC, NOK (annualised)	1,32	1,94	1,56	1,76	1,55	1,95	2,50	1,88	0,50
Price/earnings per EC	10,80	7,35	8,49	6,55	7,87	6,41	4,40	4,38	11,75

Notes to the financial statements

(in MNOK)

Note 1 *Accounting principles*

1.1 Basis for preparation

The 1st quarter 2011 interim financial statements of Sparebank 1 SR-Bank are for the three months ending 31 march 2011. They have been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements have been prepared in accordance with current IFRS standards and IFRIC interpretations.

1.2 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment information is disclosed in a separate note.

1.3 Foreign currency transactions and balances

Foreign exchange gains and losses, resulting from the settlement of foreign currency transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates, are recognised in the income statement, except where hedge accounting is applied.

1.4 Tangible fixed assets

Tangible fixed assets comprise property, plant and equipment. All property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Alternatively tangible fixed assets could have been valued at fair value. This would have given an estimated added value. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. Parts of buildings which are leased out, are classified as investment property, but are otherwise treated the same way as other tangible fixed assets.

1.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

1.6 Securities

Securities consist of shares, ownership stakes, certificates and bonds. Shares and ownership stakes are recognised either at "fair value through profit and loss" or as "available for sale". Certificates and bonds are recognised either at "fair value through profit and loss" or as categories recognised at amortised cost. i.e. "held to maturity" or "loans and receivables". All gains and losses arising from changes in the fair value of securities recognised at "fair value through profit and loss" are included in "Net gain/losses on financial instruments" in the statements. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as "Net gain/losses on financial instruments". Securities recognised as "held to maturity" or "loans and receivables" are measured at amortised cost using the effective interest method. Refer to item 1.8. for explanation of this method.

1.7 Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of loans and deposits and of allocating the interest income or expense over the expected term to maturity. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. Once a financial asset or a group of similar assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.8 Loans to customers

Fixed rate loans to customers are carried at fair value. Gains and losses from changes in fair value are included in the income statement. Other loans and advances are carried at amortised cost using the effective interest method.

Impairment of gross loans carried at amortised cost

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

Impairment of loans carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets carried at fair value is impaired. Impairment losses are included in the income statement in the period in which they arise.

1.9 Derivative financial instruments and hedge accounting

Derivatives comprise currency and interest rate instruments linked to structured products.

Derivatives are recognised at fair value in profit and loss unless they are earmarked as hedging instruments.

The Bank assesses and documents the efficiency of the hedging, both when the initial classification is made and on an ongoing basis. In the case of complete hedging both the hedging instrument and the hedged object are recognised at fair value and changes in these values compared to the opening balance are recorded in the income statement.

1.10 Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rate of Norwegian government bonds with adjustments made for differences in terms to maturity. Changes in estimates are recognised in equity according to IAS 19.

1.11 Borrowing

Borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.12 Dividends

Dividends on primary capital certificates are recognised in equity in the period in which they are approved by the bank's Supervisory Board.

1.13 Ownership in subsidiaries and associated companies

According to the IFRS regulations, ownership in subsidiaries and associated companies are valued at cost in the financial statement of the parent bank. In the consolidated financial statements they are accounted for using the equity method: we recognise our share of the profit in associated companies in our income statement, and subsidiaries are consolidated into the financial statements of the group.

Note 2 *Losses on loans and guarantees*

Parent bank				Group		
31.12.10	**31.03.10**	**31.03.11**		**31.03.11**	**31.03.10**	**31.12.10**
15	-1	**27**	Change in individual impairment losses provisions for the period	**69**	16	38
14	10	**-29**	Change in collective impairment loss provisions for the period	**-29**	11	24
6	0	**0**	Amortised cost	**0**	0	6
167	36	**14**	Actual loan losses on commitments for which provisions have been made	**15**	37	175
19	6	**1**	Actual loan losses on commitments for which no provision has been made	**1**	7	30
0	0	**7**	Change in assets taken over for the period	**7**	0	0
-34	-1	**-11**	Recoveries on commitments previously written-off	**-12**	-2	-39
187	50	**9**	The period's net losses / (reversals) on loans and advances	**51**	69	234

Note 3 *Provisions for impairment losses on loans*

Parent bank				Group		
31.12.10	**31.03.10**	**31.03.11**		**31.03.11**	**31.03.10**	**31.12.10**
303	303	**346**	Provisions for Individual impairment losses at start of period	**402**	337	337
35	0	**0**	Taken over from Kvinnherad	**0**	0	35
66	66	**14**	Increases in previous provisions for individual impairment losses	**14**	76	67
-71	-59	**-28**	Reversal of provisions from previous periods	**-37**	-61	-83
187	28	**53**	New provisions for individual impairment losses	**105**	39	229
-7	-5	**-1**	Amortised cost	**1**	-5	-8
		-14	Actual loan losses during the period for which provisions for individual	**-15**		
-167	-36	**-14**	impairment losses have been made previously	**-15**	-37	-175
346	297	**370**	Provisions for Individual impairment losses at period end	**470**	349	402
181	42	**16**	Net losses	**16**	44	200

Note 4 *Non-performing and problem commitments*

Parent bank				Group		
31.12.10	**31.03.10**	**31.03.11**		**31.03.11**	**31.03.10**	**31.12.10**
			Non-performing loans and advances			
408	438	**364**	Gross non-performing loans above 90 days	**417**	521	443
117	114	**106**	Provisions for Individual impairment losses	**131**	132	134
291	324	**258**	Net non-performing loans and advances	**286**	389	309
29 %	26 %	**29 %**	Loan loss provision ratio	**31 %**	25 %	30 %
			Other problem commitments			
656	668	**887**	Problem commitments	**1.060**	774	762
229	183	**264**	Provisions for Individual impairment losses	**339**	217	268
427	485	**623**	Net other problem commitments	**721**	557	494
35 %	27 %	**30 %**	Loan loss provision ratio	**32 %**	28 %	35 %

Note 5 *Other assets*

Parent bank				Group		
31.12.10	31.03.10	**31.03.11**		**31.03.11**	31.03.10	31.12.10
0	0	**0**	Intangible assets	**59**	53	60
366	297	**365**	Tangible fixed assets	**390**	920	392
435	504	**498**	Other assets	**651**	620	549
801	801	**863**	**Total other assets**	**1.100**	1.593	1.001

Note 6 *Other liabilities*

Parent bank				Group		
31.12.10	31.03.10	**31.03.11**		**31.03.11**	31.03.10	31.12.10
167	153	**203**	Accrued expenses and prepaid revenue	**274**	218	249
64	70	**130**	Deferred tax	**213**	136	138
523	553	**279**	Provision for accrued expenses and liabilities	**327**	640	622
662	794	**970**	Other liabilities	**1.064**	929	743
1.416	1.570	**1.582**	**Total other liabilities**	**1.878**	1.923	1.752

Note 7 *Customer deposits by sectors and industry*

Parent bank				Group		
31.12.10	31.03.10	**31.03.11**		**31.03.11**	31.03.10	31.12.10
969	929	**1.020**	Agriculture/forestry	**1.020**	929	969
132	110	**171**	Fishing/Fish farming	**171**	110	132
1.080	684	**1.016**	Mining/extraction	**1.016**	684	1.080
1.378	925	**1.141**	Industry	**1.141**	925	1.378
3.190	2.104	**3.510**	Power and water supply/building and construction	**3.510**	2.104	3.190
1.848	1.560	**1.638**	Commodity trade, hotel and restaurant business	**1.638**	1.560	1.848
1.391	1.382	**1.591**	Foreign trade shipping, pipeline transport and other transport activities	**1.591**	1.382	1.391
4.075	4.228	**4.235**	Real estate business	**4.235**	4.059	4.075
7.213	6.777	**7.126**	Service industry	**6.978**	6.777	7.044
10.947	9.214	**12.300**	Public sector and financial services	**12.301**	9.214	10.947
32.223	27.913	**33.748**	**Total corporate sector**	**33.601**	27.744	32.054
28.683	25.366	**28.794**	Retail customers	**28.794**	25.366	28.683
33	213	**268**	Accrued interests corporate sector and retail customers	**267**	213	33
60.939	53.492	**62.810**	**Total deposits**	**62.662**	53.323	60.770

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.10	31.03.10	**31.03.11**		**31.03.11**	31.03.10	31.12.10
3.208	2.913	**3.245**	Agriculture/forestry	**3.537**	3.134	3.430
292	423	**255**	Fishing/Fish farming	**296**	482	365
2.168	2.445	**2.302**	Mining/extraction	**2.392**	2.517	2.236
1.929	2.474	**2.168**	Industry	**2.762**	3.174	2.591
2.957	1.495	**3.126**	Power and water supply/building and construction	**4.057**	2.369	3.882
2.167	2.693	**2.482**	Commodity trade, hotel and restaurant business	**2.839**	3.057	2.504
5.756	5.944	**6.218**	Foreign trade shipping, pipeline transport and other transport activities	**6.562**	6.292	6.127
21.868	21.295	**22.259**	Real estate business	**22.497**	21.099	22.105
4.036	4.311	**4.100**	Service industry	**5.038**	5.344	5.011
509	171	**300**	Public sector and financial services	**516**	391	726
44.890	44.164	**46.455**	**Total corporate sector**	**50.496**	47.859	48.977
55.516	47.338	**52.975**	Retail customers	**53.971**	48.252	56.492
87	163	**3**	Unallocated (excess value fixed interest loans and amort. lending fees)	**2**	163	76
236	188	**273**	Accrued interests corporate sector and retail customers	**302**	207	247
100.729	91.853	**99.706**	**Gross loans**	**104.771**	96.481	105.792
-346	-289	**-370**	- Individual impairment losses provisions	**-470**	-341	-402
-314	-297	**-285**	- Collective impairment losses provisions	**-328**	-331	-357
100.069	91.267	**99.051**	**Net loans**	**103.973**	95.809	105.033

Note 9 Capital adequacy

New rules on capital adequacy were introduced in Norway from 1 January 2007; Basel II – the EU's new directive regarding capital adequacy. SpareBank 1 SR-Bank has applied to and got permission from Kredittilsynet to use internal rating methods (Internal Rating Based Approach – Foundation) on credit risk from 1 January 2007. This will make the statutory minimum-requirement regarding capital adequacy more risk-sensitive, and thus more in accordance with the risk in the underlying portfolios. Using IRB demands high standards regarding organisation, competence, risk-models and risk-management systems. Interim regulations have been issued by Kredittilsynet, giving IRB-banks full effect of the reduced capital requirements from 2012 and onwards.

Parent bank				Group		
31.12.10	31.03.10	**31.03.11**		**31.03.11**	31.03.10	31.12.10
3.183	3.023	**3.183**	Equity certificates	**3.183**	3.023	3.183
-3	-3	**-3**	- Own equity certificates	**-3**	-3	-3
625	456	**625**	Premium reserve	**625**	456	625
1.175	735	**1.284**	Equalisation reserve	**1.284**	735	1.175
336	0	**0**	Allocated to dividend	**0**	0	336
2.477	2.220	**2.541**	Savings bank's reserve	**2.541**	2.220	2.477
55	20	**55**	Share premium reserve	**55**	20	55
372	240	**370**	Endowment fund	**370**	240	372
43	127	**43**	Reserve for unrealised gains	**43**	127	43
0	0	**0**	Other equity	**1.177**	972	1.139
8.263	6.818	**8.098**	**Total book equity**	**9.275**	7.790	9.402
0	0	**0**	Deferred taxes, goodwill and other intangible assets	**-79**	-54	-77
-2	-1	**-2**	Fund for unrealized gains, available for sale	**-2**	-1	-2
-336	0	**0**	Deduction for allocated dividends	**0**	0	-336
-373	-385	**-381**	50% deduction for subordinated capital in other financial institutions	**-23**	-17	-21
-268	-324	**-276**	50% deduction for expected losses on IRB, net of write-downs	**-278**	-335	-268
0	0	**0**	50 % capital adequacy reserve	**-657**	-570	-645
0	0	**0**	Share of other equity in ownership interests	**0**	0	0
0	130	**95**	Year-to-date profit included in core capital (50%)	**133**	149	0
1.268	1.225	**1.243**	Fund bonds	**1.365**	1.234	1.389
8.552	7.463	**8.777**	**Total core capital**	**9.734**	8.196	9.442
		0				
			Supplementary capital in excess of core capital			
783	779	**346**	Perpetual subordinated capital	**346**	779	783
0	9	**0**	Perpetual bond in excess of 15%	**0**	0	0
1.961	1.778	**1.892**	Non-perpetual subordinated capital	**2.113**	2.059	2.191
-373	-385	**-381**	50% deduction for subordinated capital in other financial institutions	**-23**	-17	-21
-268	-324	**-276**	50% deduction for expected losses on IRB, net of write-downs	**-278**	-335	-268
0	0	**0**	50 % capital adequacy reserve	**-657**	-570	-645
2.103	1.857	**1.581**	**Total supplementary capital**	**1.501**	1.916	2.040
10.655	9.320	**10.358**	**Net subordinated capital**	**11.235**	10.112	11.482
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
1.953	1.988	**1.930**	Specialised lending exposure	**1.930**	1.988	1.953
2.034	1.899	**2.173**	Other corporations exposure	**2.183**	1.905	2.042
35	30	**35**	SME exposure	**38**	33	38
477	441	**452**	Retail mortage exposure	**675**	653	680
86	62	**76**	Other retail exposure	**77**	63	87
340	0	**368**	Equity investments	**0**	0	0
4.925	4.420	**5.034**	**Total credit risk IRB**	**4.903**	4.642	4.800
122	84	**119**	Debt risk	**115**	85	116
34	47	**42**	Equity risk	**42**	47	34
0	0	**0**	Currency risk	**0**	0	0
295	295	**331**	Operational risk	**408**	374	374
0	0	**0**	Transitional arrangements	**541**	255	566
605	776	**631**	Exposures calculated using the standardised approach	**1.711**	1.692	1.617
-60	-62	**-61**	Deductions	**-109**	-94	-107
5.921	5.560	**6.096**	**Minimum requirements subordinated capital**	**7.611**	7.001	7.400
14,40 %	13,41 %	**13,59 %**	Capital adequacy ratio	**11,81 %**	11,55 %	12,41 %
11,55 %	10,74 %	**11,52 %**	Core capital ratio	**10,23 %**	9,37 %	10,21 %
2,84 %	2,67 %	**2,07 %**	Supplementary capital ratio	**1,58 %**	2,19 %	2,21 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount 31.03.11	Fair value at 31.03.11 Assets	Liabilities
Currency instruments			
Currency forward contracts	3.756	65	130
Currency swaps	12.971	363	90
Currency options	39	2	2
Total currency instruments	16.766	430	222
Interest rate instruments			
Interest rate swaps(including cross-currency)	98.074	720	588
Other interest rate contracts	6.000	2	1
Total interest rate instruments	104.074	722	589
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	24.605	1.066	194
Total hedging / Interest rate instruments	24.605	1.066	194
Accrued interests			
Accrued interests		506	395
Total accrued interests		506	395
Total currency and interest rate instruments			
Total currency instruments	16.766	430	222
Total interest rate instruments	128.679	1.788	783
Total accrued interests		506	395
Total	145.445	2.724	1.400

The note is approximately identical for the Parent Bank and the Group

Note 11 Debt raised through issuance of securities and subordinated capital

Debt raised through issuance of securities	31.12.10	31.03.10	31.03.11
Certificates, nominal amount	0	0	0
Bonds, nominal amount	38.900	38.751	38.042
Adjustments	1.043	885	641
Accrued interests	364	260	324
Total debt raised through issuance of securities	40.307	39.896	39.007

Change in debt raised through issuance of securities	Balance as at 31.12.10	Issued 2011	Past due/ redeemed 2011	FX rate- and other changes 2011	Balance as at 31.12.10
Certificates, nominal amount	0	0	0	0	0
Bonds, nominal amount	38.900	50	998	90	38.042
Adjustments	1.043	0	0	-402	641
Accrued interests	364	0	0	-40	324
Total debt raised through issuance of securities	40.307	50	998	-352	39.007

Subordinated capital and hybrid instruments	31.12.10	31.03.10	31.03.11
Non-perpetual subordinated capital, nominal amount	1.961	1.778	1.892
Perpetual subordinated capital, nominal amount	783	779	760
Hybrid instruments, nominal amount	1.268	1.234	1.243
Adjustments	107	129	76
Accrued interests	25	41	44
Total subordinated capital and hybrid instruments	4.144	3.961	4.015

Change in subordinated capital and hybrid instruments	Balance as at 31.12.10	Issued 2011	Past due/ redeemed 2011	FX rate- and other changes 2011	Balance as at 31.03.11
Non-perpetual subordinated capital, nominal amount	1.961			-69	1.892
Perpetual subordinated capital, nominal amount	783			-23	760
Hybrid instruments, nominal amount	1.268			-25	1.243
Adjustments	107			-31	76
Accrued interests	25			19	44
Total subordinated capital and hybrid instruments	4.144	0	0	-129	4.015

The note is approximately identical for the Parent Bank and the Group

Note 12 Segment reporting

	SpareBank 1 SR-Bank Group 30.06.10								
Income statement (in MNOK)	**Retail Market**	**Corporate Market**	**Capital Market**	**Eiendoms-Megler 1**	**SR-Finans**	**SR-Forvaltning**	**SR-Investering**	**Not alloc.**	**Total**
Net interest income	242	170	4	1	37	0	1	-31	**424**
Net commission and other income	91	41	39	97	-2	12	0	3	**281**
Net return on investment securities	0	0	12	0	0	0	15	101	**128**
Operating expenses	148	46	14	86	11	6	1	134	**446**
Operating profit before losses	185	165	41	12	24	6	15	-61	**387**
Losses on loans and guarantees	6	32	0	0	42	0	0	-29	**51**
Operating profit before tax	**179**	**133**	**41**	**12**	**-18**	**6**	**15**	**-32**	**336**
Balance sheet (in MNOK)									
Loans to customers	53.122	46.584	0	0	5.066	0	0	-1	**104.771**
Individual loss provisions	-55	-316	0	0	-99	0	0	0	**-470**
Group loss provisions	-16	-269	0	0	-43	0	0	0	**-328**
Other assets	0	0	600	237	49	51	198	27.447	**28.582**
Total assets	**53.051**	**45.999**	**600**	**237**	**4.973**	**51**	**198**	**27.446**	**132.555**
Deposits from customers	28.917	33.893	0	0	0	0	0	-148	**62.662**
Other debt	0	0	600	200	4.533	39	18	54.963	**60.353**
Total debt	28.917	33.893	600	200	4.533	39	18	54.815	**123.015**
Equity	0	0	0	37	440	12	180	8.871	**9.540**
Total debt and equity	**28.917**	**33.893**	**600**	**237**	**4.973**	**51**	**198**	**63.686**	**132.555**

	SpareBank 1 SR-Bank Group 30.06.09								
Income statement (in MNOK)	**Retail Market**	**Corporate Market**	**Capital Market**	**Eiendoms-Megler 1**	**SR-Finans**	**SR-Forvaltning**	**SR-Investering**	**Not alloc.**	**Total**
Net interest income	249	170	4	1	42	0	0	-29	**437**
Net commission and other income	80	38	36	73	-3	10	0	26	**260**
Net return on investment securities	0	0	5	0	0	0	3	71	**79**
Operating expenses	125	40	6	69	10	5	1	56	**312**
Operating profit before losses	204	168	39	5	29	5	2	12	**464**
Losses on loans and guarantees	2	38	0	0	19	0	0	10	**69**
Operating profit before tax	**202**	**130**	**39**	**5**	**10**	**5**	**2**	**2**	**395**
Balance sheet (in MNOK)									
Loans to customers	47.521	44.332	0	0	5.077	0	0	-449	**96.481**
Individual loss provisions	-47	-250	0	0	-52	0	0	8	**-341**
Group loss provisions	-22	-276	0	0	-33	0	0	0	**-331**
Other assets	0	0	385	179	123	44	179	29.789	**30.699**
Total assets	**47.452**	**43.806**	**385**	**179**	**5.115**	**44**	**179**	**29.348**	**126.508**
Deposits from customers	25.468	28.024	0	0	1	0	0	-170	**53.323**
Other debt	0	0	385	156	4.704	36	8	59.808	**65.097**
Total debt	25.468	28.024	385	156	4.705	36	8	59.638	**118.420**
Equity	0	0	0	23	410	8	171	7.476	**8.088**
Total debt and equity	**25.468**	**28.024**	**385**	**179**	**5.115**	**44**	**179**	**67.114**	**126.508**

Note 13 Reclassification of financial assets

Due to the extraordinary and negative development in the world's financial markets during 3rd quarter 2008 the IASB 13th October 2008 approved certain changes to IAS 39 and IFRS 7. The changes permit a reclassification of part of or the whole portfolio of financial assets held for trading retrospectively to 1st July 2008. SpareBank 1 SR-Bank has decided to adopt this opportunity and has, after due consideration, chosen to reclassify certain parts of the bond portfolio into categories recognised at amortised cost, i.e. "held to maturity" or "loans and receivables". No reclassifications have been adopted by any of the subsidiaries.

Listed instruments are classified as "held to maturity" while instruments with no observable market value and where the price has been recognised through alternative valuation methods according to IAS 39 are reclassified as "loans and receivables".

Reclassification is carried through due to the major and abnormal impairments that have arisen during the turbulent financial markets. A major part of the bank's bond portfolio has normally been kept in custody in Norges Bank and held to maturity. These bonds are normally of superior quality and exceptional changes in price is, according to the bank's opinion, disturbing the result unnecessarily. There is ability as well as will to keep the reclassified portolio until maturity.
The survey below states the effect a non-reclassification would have in the accounts.

As at 1.7.08	Parent bank			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass.effect	Fair value
At fair value through profit and loss	3.041	0	0	3.041
Held to maturity *)	2.350	0	0	2.350
Receivables *)	578	0	0	578
Total certificates and bonds	**5.969**	**0**	**0**	**5.969**

As at. 31.03.11	Parent bank			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass.effect	Fair value
At fair value through profit and loss	7.073	0	0	7.073
Held to maturity	977	-2	5	980
Covered Bonds **)	9.475	0	0	9.475
Receivables	240	0	0	240
Accrued interests	62	0	0	62
Total certificates and bonds	**17.827**	**-2**	**5**	**17.830**

As at. 31.03.11	Parent bank		
Bonds reclassified as receivable and hold to maturity	**31.12.10**	**31.03.10**	**31.03.11**
Book value	1.324	2.081	1.217
Nominal value	1.341	2.107	1.230
Observable market value	1.324	2.080	1.220

*) Net urealised losses written back as at 1st July amounts to NOK 47.3 million. The amounts will be amortised during the instruments economic life.
Weighted remaining economic life at the time of reclassification was approximately 2.7 years.
**) Receiveables includes 9.324 million NOK of covered bonds used in the swap agreement with the Ministry of Finance.

Note 14 Contractual pension (AFP)

The SpareBank 1 SR-Bank group has group service pension schemes for its employees. The pension schemes for SpareBank 1 SR-Bank, SR-Forvaltning ASA, SR-Investering AS, SR-Finans AS, Vågen Drift AS and EiendomsMegler 1 SR-Eiendom AS are covered through the group's pension fund.
For further details on the calculation of the pension obligation and assumptions please refer to note 33 to the annual accounts 2010.

The law on State support to the AFP Scheme was passed on 19 February 2010.
The act will have accounting effect for 2010 and for companies that publish interim accounts it is effective for the first quarter. The manner in which the transition to the new AFP scheme is to be dealt with in the accounts appears in a Statement from the Norwegian Accounting Standards Board. The accounting consequences that follow this statement comply with the principles in IAS 19 and NRS 6. In the quarterly accounts we have opted to follow the statement as regard the accounting consequences that the passing of the Act on State support to the AFP Scheme involves.

According to the statement the new AFP scheme is a benefit-based multi-corporate scheme that shall be accounted for in with the same principle as a benefit-based scheme. If there is not adequate information to account for the scheme in this manner, it must be accounted for as a defined contribution scheme. At the present moment We have not been able to obtain sufficient information to make reliable calculations prior to publishing the accounts for Q1 2011, and for the time being the scheme has therefore been accounted for as a defined contribution scheme.
When such calculations are made in the future, the AFP obligation must be recorded in the balance sheet as a benefit scheme.

The capitalization of the obligation under the old scheme may have a significant impact on the result. The obligation that arises under the new scheme will not be recorded in the balance sheet until it can be measured. For many companies, the lack of symmetry in the way this is dealt with implies a substantial effect on the book equity, even if the obligation may not actually be reduced.

The effect on profits recorded in the first quarter 2010 as consequence of the new regulations:

Parent bank	Impact on profit	Group
20	Future growth in wages as result of reduction	23
48	Settlement as per reduction	55
68	**Change in AFP obligation over profit and loss**	**78**

The Supervisory Board adopted changes to SpareBank 1 SR-Bank's current pension scheme on 24 March 2011. As a consequence of this, pensions under payment from the defined benefit scheme will be expected to be adjusted lower than has been the practice in recent years. The pension adjustment assumptions have, therefore, been changed effective 31 March 2011. The effect of the change in the assumptions concerning the pension adjustment totals NOK 223 million after tax for the group and NOK 186 million for the bank. These amounts are included in the actuarial gains or losses as at 31 March 2011 and have been charged against equity. See also note 17.

Note 15 Shares

SpareBank 1 SR-Bank previously had a 6.2 % stake in Nordito AS. The Nordito group's activities included i.a. Teller AS and Bankenes Betalingssentral AS (BBS). For some considerable time, negotiations have been underway with a view to merging Nordito AS with PBS, which carries out similar operations in Denmark. The Boards of Directors of the two companies approved the merger plans in November 2009 and on 12 April 2010 the Ministry of Finance approved the merger of Nordito and PBS. The merger took place on 14 April 2010 with effect from 1 January 2009 with PBS as the acquiring company. Subsequent to the merger, the group's stake in PBS is 2.8% and it resulted in the realisation of the shares in Nordito AS. In connection with the merger, the Oslo properties owned by BBS were demerged into a separate company, Nordito Property AS. SpareBank 1 SR-Bank has a 6,2% stake in this company, corresponding to the earlier shareholding in Nordito. The shares in PBS Holding AS and Nordito Property AS are recognised at fair value over the income statement.

In connection with the above transactions, SpareBank 1 SR-Bank has received the following settlement at fair value:

- Remuneration shares in PBS with an estimated value of NOK 226.3 million
- Dividend from PBS of NOK 17.9 million
- Cash payment of NOK 0.5 million
- Cash payment as a result of the reduction of the share premium fund NOK 26.1 million
- Shares in Nordito Property AS with a fair value of NOK 17.1 million

The total recorded gain in Q2 2010 relating to Nordito/PBS amounts to NOK 96 million.

In Q4 2010 the shares of Nets AS (former PBS Holding AS) was written up by NOK 67 million according to a new value assessment.

In Q1 2011 there has been no change in the value of the shares in Nets AS based on a new valuation.

Note 16 SpareBank 1 Boligkreditt AS

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

Note 17 Events after the balance sheet date

The Supervisory Board adopted changes to SpareBank 1 SR-Bank's current pension scheme on 24 March 2011. The current pension scheme will be closed and a defined contribution scheme will be established effective 1 April 2011. No changes will be made to the old-age pension cover in the remaining defined benefit scheme, and the following changes will otherwise be made:

The spouse's/cohabitant's pension will be terminated. Paid-up policies will be issued for pension rights earned up until 1 April 2011.

Disability and children's pensions will continue, but no paid-up policy will be earned by the employees.

The waiver of premium will continue for the new disability and children's pensions.

Employees who are members of the defined benefit scheme before the scheme closes on 1 April 2011 can voluntarily choose to convert to the defined contribution scheme up until 1 July 2011.

The effect of these changes will be included in the estimated pension obligations for Q2 and Q3 2011. The effect of the reduction in the current pension scheme is estimated to be NOK 48 million for the bank and NOK 57 million for the group, and this will be included in the operating profit for Q2.