



2. QUARTER 2011
SPAREBANK 1 SR-BANK GROUP

Chief Executive, CEO

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Information on the Internet

SpareBank 1 SR-Bank's homepage	www.sr-bank.no
Information of Equity Certificate in general:	www.egenkapitalbevis.no

Financial Calendar 2011

Supervisory Board meeting	24 March 2011
Ex dividend day	25 March 2011
1 st quarter 2011	28 April 2011
2 nd quarter 2011	10 August 2011
3 rd quarter 2011	28 October 2011
Preliminary results and 4 th quarter 2011	February 2012

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1. SpareBank 1 SR-Bank

1.1 Financial highlights

1st half 2011

- Group profit before tax: NOK 752 million (NOK 814 million)
- Group profit after tax: NOK 570 million (NOK 636 million)
- Return on equity after tax: 11.9 % (15.6 %)
- Losses on loans and guarantees: NOK 64 million (NOK 120 million)
- Net interest income: NOK 851 million (NOK 864 million)
- Net commission and other income: NOK 606 million (NOK 554 million)
- Net return on investment securities: NOK 201 million (NOK 251 million)
- Core capital ratio: 10,0 % (9,1 %)

2st quarter 2011

- Group profit before tax: NOK 416 million (NOK 419 million)
- Group profit after tax: NOK 305 million (NOK 338 million)
- Return on equity after tax: 12.6 % (16.5 %)
- Impairment losses on loans and guarantees: NOK 13 million (NOK 51 million)
- Net interest income: NOK 427 million (NOK 427 million)
- Net commission and other income: NOK 325 million (NOK 294 million)
- Net return on investment securities: NOK 73 million (NOK 172 million)
- Core capital ratio (Tier 1): 10.0 % (9.1 %)

(Comparable figures for 2010 in parentheses)

Income statement

<i>MNOK</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Net interest income	427	424	442	436	427	851	864	1 742
Net commission and other income	325	281	283	264	294	606	554	1 101
Net return on investment securities	73	128	183	137	172	201	251	571
Total income	825	833	908	837	893	1 658	1 669	3 414
Total operating expenses	396	446	423	408	423	842	735	1 566
Operating profit before losses	429	387	485	429	470	816	934	1 848
Losses on loans and guarantees	13	51	71	43	51	64	120	234
Operating profit before tax	416	336	414	386	419	752	814	1 614
Tax expense	111	71	33	86	81	182	178	297
Profit after tax	305	265	381	300	338	570	636	1 317

Key figures

	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Return on equity ¹⁾	12,6 %	11,2 %	16,9 %	14,3 %	16,5 %	11,9 %	15,6 %	15,5 %
Cost ratio ²⁾	48,0 %	53,5 %	46,6 %	48,7 %	47,4 %	50,8 %	44,0 %	45,9 %
Deposit-to-loan ratio	60,2 %	59,8 %	57,4 %	55,5 %	58,0 %	60,2 %	58,0 %	57,4 %
Growth in loans	11,5 %	8,6 %	13,2 %	8,0 %	-0,7 %	11,5 %	-0,7 %	13,2 %
Growth in loans incl.SpareBank 1 Boligkreditt and Næringskreditt	14,5 %	12,5 %	11,6 %	6,6 %	6,0 %	14,5 %	6,0 %	11,6 %
Growth in deposits	15,8 %	17,5 %	11,8 %	3,7 %	3,1 %	15,8 %	3,1 %	11,8 %
Average total assets, MNOK	133 469	133 916	133 557	128 799	127 627	133 855	126 222	128 830
Total assets, MNOK	134 715	132 555	134 778	129 524	128 653	134 715	128 653	134 778
Impairment losses ratio ³⁾	0,05	0,19	0,28	0,17	0,21	0,12	0,25	0,23
Capital adequacy ratio	11,5	11,8	12,4	11,6	11,5	11,5	11,5	12,4
Core capital ratio	10,0	10,2	10,2	9,3	9,1	10,0	9,1	10,2
Market price	51,50	57,00	57,00	53,00	46,10	51,50	46,10	57,00
Earnings per EC (group) ⁴⁾	1,51	1,32	1,94	1,56	1,76	2,83	3,31	6,84

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

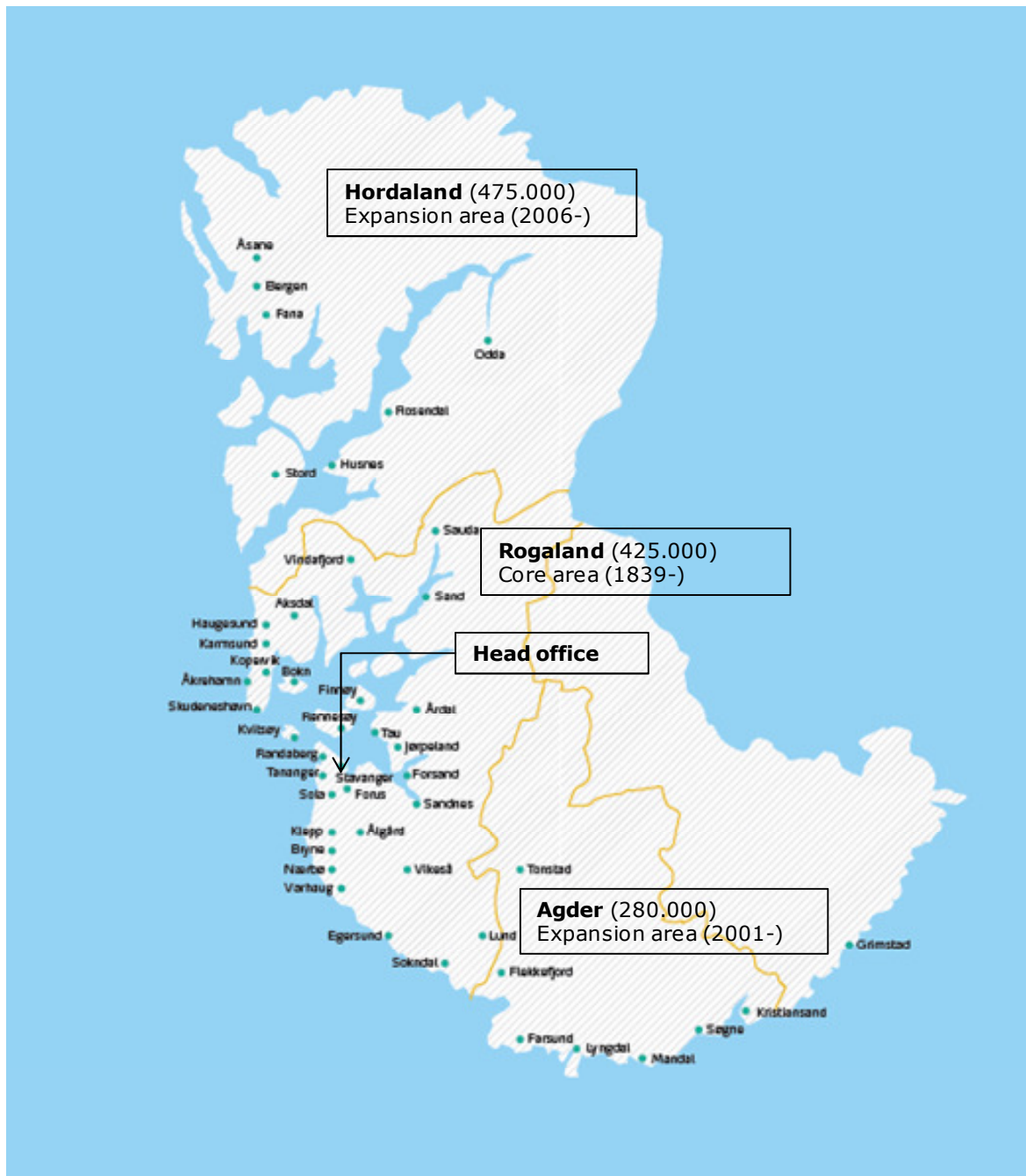


Figure 1.2.1: Operating areas

SpareBank 1 SR-Bank is located in the South-Western part of Norway and is the second largest of the Norwegian-owned banks (after DnBNOR) with assets on-balance sheet totalling NOK 135 billion as at 30 June 2011. Head office is in Stavanger. The group's market areas are the counties of Rogaland, Agder and Hordaland. The Group has about 1 200 employees and provides products and services within financing, investments, money transfers, pensions as well as life and non-life insurance.

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

Retail Market

SpareBank 1 SR-Bank is the leading retail customer bank in Rogaland, with about 262,000 customers and a market share in Rogaland of about 40 per cent.

Corporate Market

SpareBank 1 SR-Bank service about 18,000 customers in the business sector and public sector. These also include small businesses, agricultural customers, societies and associations. About 40 per cent of all businesses in the bank's traditional market list SpareBank 1 SR-Bank as their main bank.

Capital Market

The Capital Market division comprises the group's securities activities, SR-Markets and the subsidiaries that manage customers' and the group's assets in the form of securities, securities funds and property. SR-Markets serves primarily the group's customers and selected customer in a separate market area and in the country as a whole.

Segment operating profit *

<i>MNOK</i>	Retail market		Corporate market		Capital market	
	2011	2010	2011	2010	2011	2010
Operating profit before tax 2nd quarter only	187	209	159	155	46	42
Operating profit before tax first half year	366	412	292	285	87	81
Gross loans to customers excl. SpareBank 1 Boligkreditt and Næringskreditt as per 30 June 2011	54 314	48 185	48 396	43 959	-	-
Deposits from customers as per 30 June 2011	31 403	27 510	33 681	28 782	-	-

* excl. SR-Finans AS

Vision and strategy

The purpose of SpareBank 1 SR-Bank

SpareBank 1 SR-Bank's purpose is to create values for the region of which we are a part.

Vision

"Recommended by the customer"

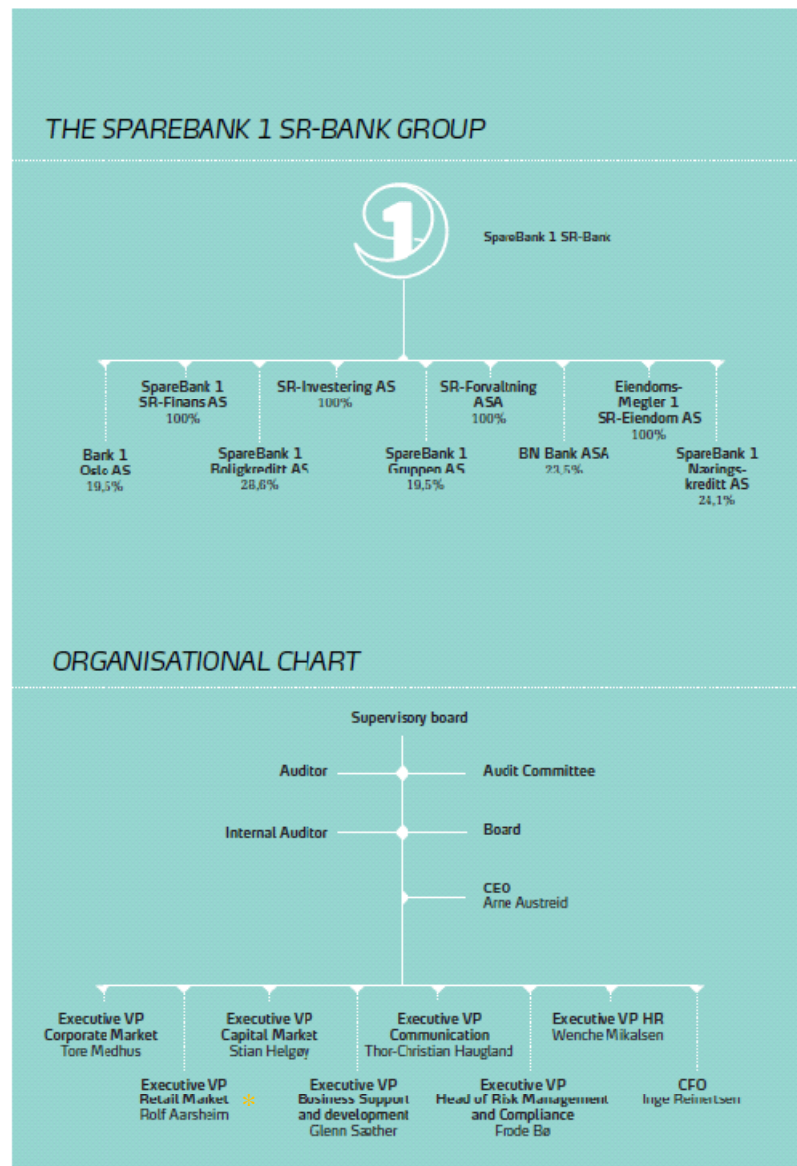
Strategy

SpareBank 1 SR-Bank is to be the most attractive supplier of financial services in the West and South of Norway based on:

- Good customer experiences
- A strong team feeling and professionalism
- Local roots and decision-making powers
- Financial strength, profitability and market trust

Legal and organizational structure

The Supervisory Board is the Bank's supreme body and consists of 40 members, 16 of which represents the equity capital certificate holders, four from the county councils in Rogaland, Hordaland and Vest- and Aust-Agder, 10 are customers and 10 are employees. The members are elected for four years at a time. Pursuant to the legislation, it is considered important that the elected members together reflect the savings bank's customer structure and other stakeholders. In the case of a savings bank that has issued equity capital certificates (ECs), between one-fifth and two-fifths of the Supervisory Board's members must be elected by the holders of ECs.



* As per 11. august 2011 Jan Friestad has taken over the position as Executive VP Retail Market

Figure 1.2.2: The legal and organizational structure of SpareBank 1 SR-Bank

The SpareBank 1 Alliance

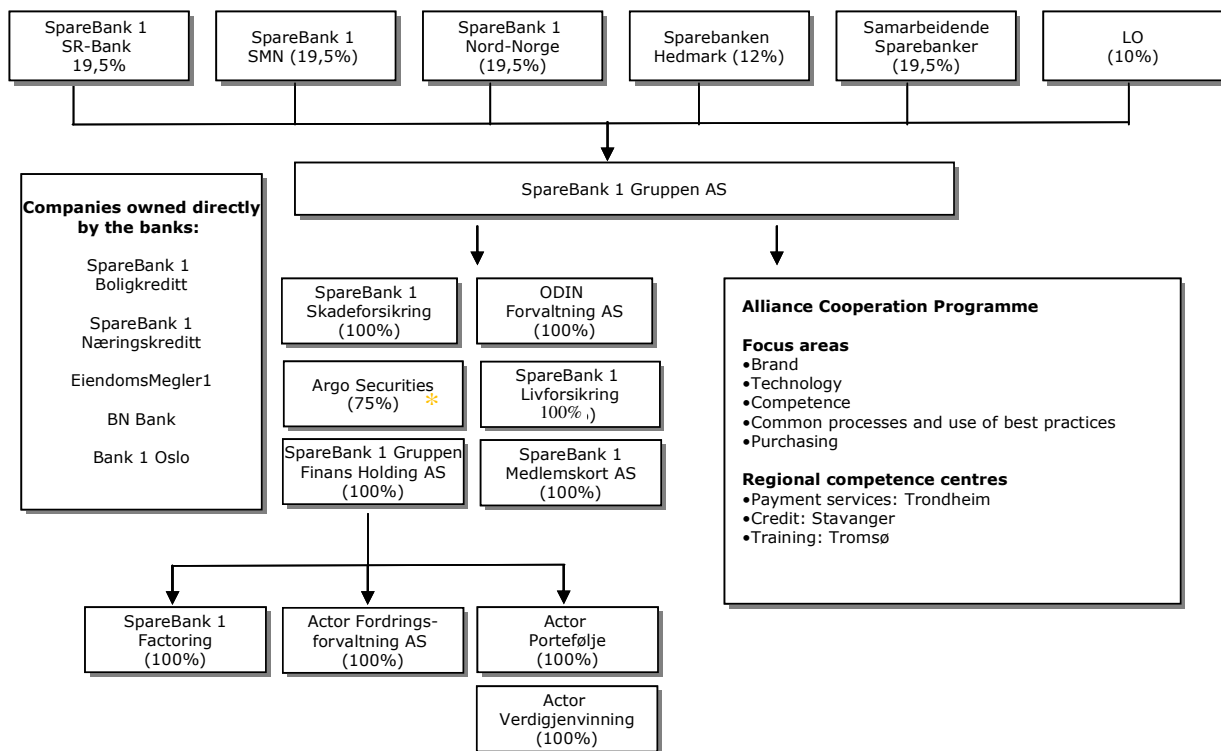
SpareBank 1 SR-Bank is one of the founding partners of the SpareBank 1 Gruppen (Alliance) in 1996. The purpose of the SpareBank 1 Alliance is for SpareBank 1 banks to develop,

procure and supply competitive financial services and products and to exploit economies of scale in the form of lower costs and higher quality, so that customers get the best advice and the best services on competitive terms. The member banks in the alliance work in part through common projects and in part through the jointly owned holding company SpareBank 1 Gruppen AS. In addition to SpareBank 1 SR-Bank, SpareBank 1 Gruppen AS is owned by Sparebanken Nord-Norge, Sparebanken 1 SMN, and Sparebanken Hedmark, Samarbeidende Sparebanker AS (14 local savings banks in southern Norway) and the Norwegian Confederation of Trade Unions (LO) and affiliated trade unions.

SpareBank 1 Gruppen AS owns all of the shares in SpareBank 1 Livsforsikring AS (life insurance), SpareBank 1 Skadeforsikring AS (non-life insurance), ODIN Forvaltning AS (asset management), SpareBank 1 Medlemskort (membership cards) and SpareBank 1 Gruppen Finans Holding AS. The company also owns 75 per cent of SpareBank 1 Markets AS (previously Argo Securities AS).

The banks that are part of SpareBank 1 Alliance also own SpareBank 1 Boligkreditt AS, EiendomsMegler 1 (chain), Alliansesamarbeidet SpareBank 1 Utvikling DA, Bank 1 Oslo AS, SpareBank1 Næringskreditt AS and BN Bank ASA.

The SpareBank 1 Alliance structure is shown in figure 1.2.3.



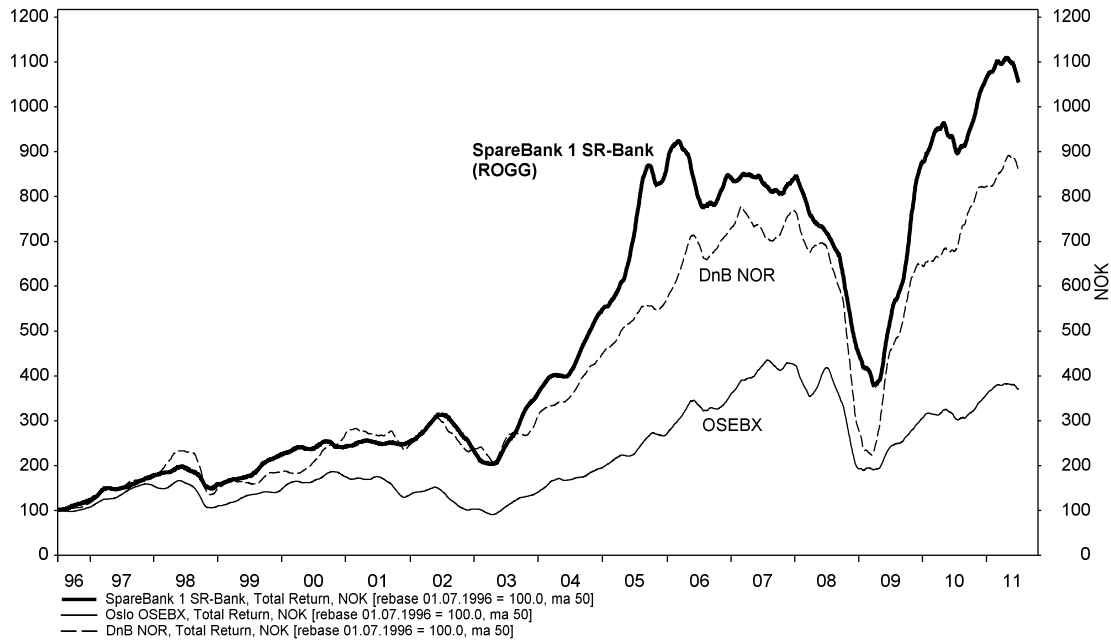
* Argo Securities has changed name to SpareBank 1 Markets AS

Figure 1.2.3: Structure of SpareBank 1 Alliance

1.3 Equity capital certificate - EC

ECs and the stock market

SpareBank 1 SR-Bank's ECs was listed on the Oslo stock exchange in 1994. The ticker is ROGG. The relative performance of ROGG, compared to Oslo Stock Exchange Benchmark Index (OSEBX) and DnB NOR (the largest bank in Norway) is shown in figure 1.4.1. below.



Source: Reuters EcoWin, SR-Markets

Figure 1.4.1: Total return (dividend reinvested) ROGG, OSEBX and DnB NOR. 1996-Q2 2011.

ROGG was at NOK 51,50 per 30.06.2011. There were 127.31 million ECs outstanding at the end of second quarter. The number of EC's was increased from 120.93 million in November 2010 due to the acquisition of Kvinnherad Sparebank.

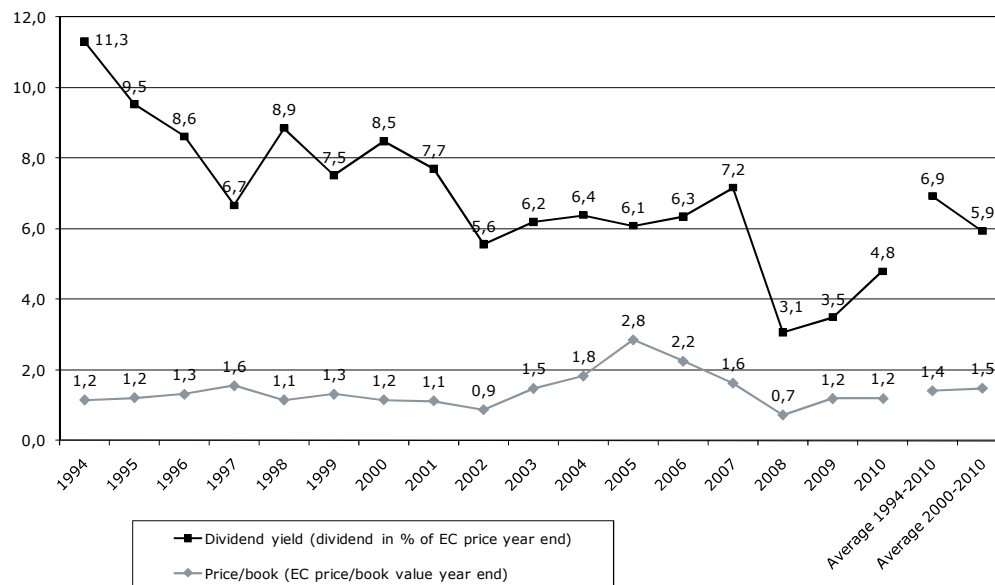


Figure 1.4.2 Dividend yield and price/book. 1994-2010.

Investor relations policy

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

It is in SpareBank 1 SR-Bank's own interest to publish current financial analyses of the highest possible quality. All analysts, irrespective of their recommendations and viewpoints regarding the bank's equity certificates (ROGG) are treated equally. As of today the following financial analysts have official coverage of ROGG:

Arctic Securities, Fridtjof Berents: +47 21 01 32 21, fridtjof.berents@articsec.no
SpareBank 1 Markets, Nils Kristian Øyen + 47 24 14 74 00 nils.oyen@sb1.markets.no
Carnegie, Thomas Svendsen: +47 22 00 93 54, ts@carnegie.no
First Securities, Bengt Kirkøen +47 23 23 82 65 bk@first.no
Fondsfinans, Arild Nysæther +47 23 11 30 82 an@fondsfinans.no
Pareto Securities, Vegard Eid Mediaas: +47 22 87 88 24, vegard.eid.mediaas@pareto.no
DnB NOR Markets, Jan Erik Gjerland: + 47 94 89 49, jan.gjerland@dnbnor.no
Keefe, Bruyette & Woods, Ronny Rehn: +44 207 663 3214, rrehn@kbw.com

Dividend policy

It is the parent bank's available profit after tax which is the basis for distribution of dividend.

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

The profit for the year will be divided between EC holders and the savings bank's funds in proportion to their share of the bank's equity. SpareBank 1 SR-Bank aims for around half of the profits allocated to EC holders shall normally be paid as a dividend and around half of the profit allocated to the savings bank fund shall be paid out as gifts or transferred to a foundation benefiting the public, provided that capital adequacy is satisfactory. In determining dividends and gifts, account will be taken of the bank's earnings performance, the market situation, stability in dividends as well as the need for core capital. In assessing a distribution of the profit for the year to dividend and gifts, respectively, importance will be attached to keeping stable the proportion of total equity (ownership fraction) held by EC holders.

The share of EC's profit which has been paid out as dividends (payout ratio EC) is shown in figure 1.4.4.

History and capital structure

The history of Norwegian savings banks goes back to 1820s when the first savings banks were founded as self-owned foundations. The roots of SpareBank 1 SR-Bank go back to 1839. Due to the organizational form, the savings banks equity capital comprised of donations and retained earnings until 1987 when the savings banks legislation was amended and enabled savings banks to raise capital in the equity market by ECs. Therefore savings banks that have issued EC have two types of equity capital: self-owned capital (savings banks reserve/fund) and ECs.

ECs have most to shares. The main differences are 1) the capital structure where ECs have better priority than the self-owned capital, 2) ECs give ownership to specific parts of a

bank's equity capital and 3) governing bodies of a savings bank will have broader representation than a commercial bank. The representation of the EC owners in SpareBank 1 SR-Bank's governing body is 40 per cent. The share of the bank's equity capital belonging to EC owners (EC ratio) was 63.3 per cent by the end of 2nd quarter 2011. EC owners are each year entitled to their share of total profits (according to the EC ratio for the year). Table 1.4.1 shows the calculation of the EC ratio. Figure 1.4.4 shows the EC ratio from 1994-2010 and annual share of EC's yearly profit which has been paid out as dividend.

One important recent feature regarding ECs is that the Norwegian saving bank legislation was amended with effect from 1 July 2009. The amendments have important implications for the ECs, hereby making it more similar to stocks and possibilities to avoid the so-called dilution effect. The name was changed from Primary Capital Certificate (PCC) to Equity Certificate (EC). There were also significant improvements in the legislation regarding possible structures for mergers and acquisitions amongst savings banks.

Figure 1.4.3 illustrates SpareBank 1 SR-Bank's capital structure and the more favourable priority for ECs than ordinary shares. Furthermore, retained earnings belonging to the EC owners (transferred to the dividend equalisation reserve) will initially have the same priority as savings banks reserve which implies that EC owners share of a potential deficit is 30 per cent by the end of 2nd quarter 2011), while the share of future profit is 63.3 per cent.

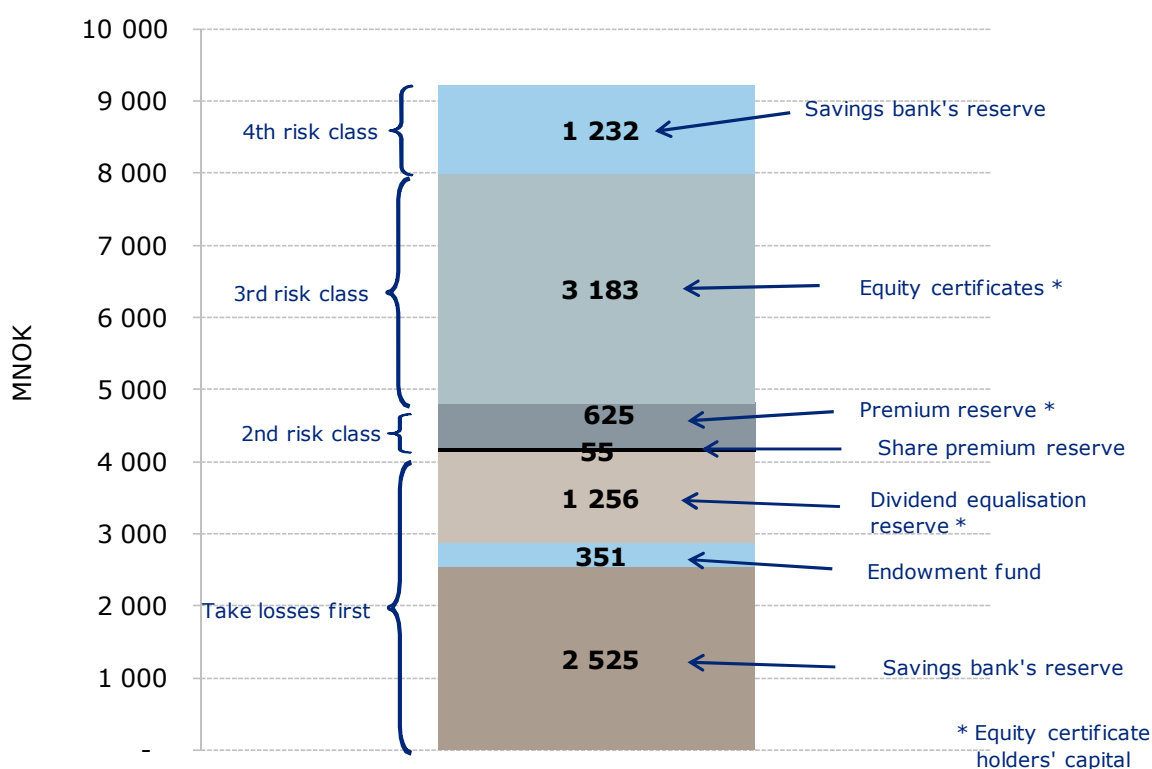


Figure 1.4.3: Capital structure per 30.06.2011

MNOK	30.06.11	31.12.10
Equity certificates	3 180	3 180
Dividend equalisation reserve	1 256	1 175
Premium reserve	625	625
A. The equity certificate owners' capital	5 061	4 980
Savings bank's reserve	2 525	2 469
Compensation fund	55	55
Endowment fund	351	380
B. The savings bank's reserve	2 931	2 904
Fund for unrealised gains	43	43
Equity excl proposed dividend	8 035	7 927
Equity certificate ratio (A/(A+B))	63,3 %	63,2 %

Table 1.4.1: EC ratio - calculation of EC holder's share of the bank's equity capital

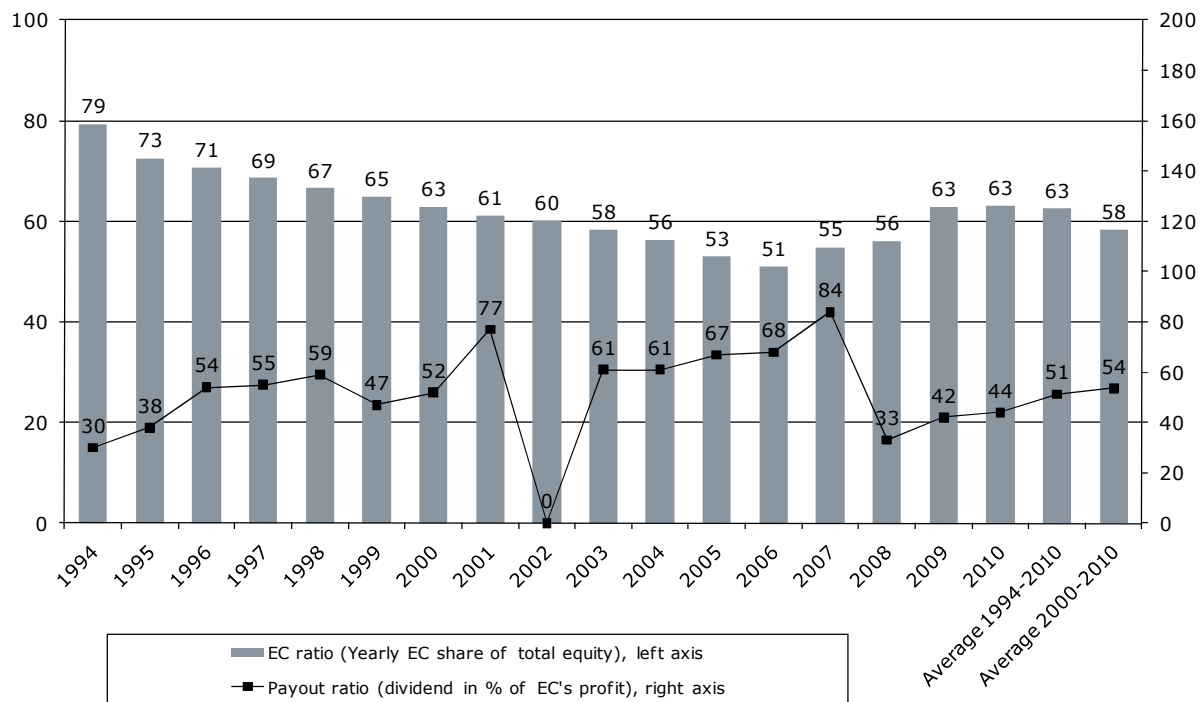


Figure 1.4.4: EC ratio and payout ratio. 1994-2010

Ownership structure

SpareBank 1 SR-Bank aims to ensure good liquidity in its equity certificates and achieve a good diversity of holders who represent customers, regional investors, as well as Norwegian and international investors. The 20 largest equity capital holders owned 40.2 per cent of the issued certificates as at 30.06.2011.

20 largest EC holders per 30.06.11	Number	Stake
Gjensidige Forsikring	20 713 065	16,3%
SpareBank 1-stiftinga Kvinnherad	6 069 934	4,8%
Odin Norge	3 209 372	2,5%
Odin Norden	3 059 453	2,4%
Clipper AS	1 685 357	1,3%
Frank Mohn AS	1 666 142	1,3%
Trygve Stangeland dødsbo	1 632 048	1,3%
JPMorgan Chase Bank, U.K.	1 598 223	1,3%
State Street Bank and Trust, U.S.A.	1 295 435	1,0%
SHB Stockholm Clients Account, Sverige	1 229 732	1,0%
Trygves Holding AS	1 070 939	0,8%
Varma Mutual Pension Insurance, Finland	1 062 534	0,8%
Fidelity Low-Priced Stock Fund, U.S.A.	1 061 327	0,8%
Køhlergruppen AS	1 000 000	0,8%
Bank of New York, U.S.A.	977 993	0,8%
Westco AS	885 352	0,7%
Forsand kommune	769 230	0,6%
Tveteraas Finans AS	722 000	0,6%
Bjergsted Investering AS	720 055	0,6%
Solvang Shipping AS	701 034	0,6%
Total 20 largest holders	51 129 225	40,2%

Table 1.4.2: 20 largest EC holders per 30.06.2011

Possible conversion to a limited liability company (ASA)

On 25 November 2010 the Supervisory Board of SpareBank 1 SR-Bank unanimously passed the board's recommendation to restructure the bank as a public share corporation (ASA) in line with the summons published in the announcement to the stock exchange on 5 November.

The strong development of the bank over the course of several years has been decisive for providing the region with the required capital. A continued profitable and healthy bank, with good access to both equity and debt capital, will be of great importance for continued growth and development in the region.

On 21 June, the Ministry of Finance gave permission for SpareBank 1 SR-Bank to be converted from a savings bank to a limited liability company (limited liability savings bank) and to establish a savings bank foundation on specific terms and conditions. In its consideration of the application, the Ministry of Finance has attached decisive importance to SpareBank 1 SR-Bank's commercial and industrial policy considerations and the desire to be able to raise future capital in the equity market. The conversion is planned carried out in 2011, and the first listing as SpareBank 1 SR-Bank ASA, will be on 2 January 2012.

1.4 Credit ratings

	Moody's		Fitch	
	Long-term	Short-term	Long-term	Short-term
SpareBank 1 SR-Bank	A1	P-1	A-	F2

2. Financial results and balance sheet

Income statement

MNOK	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Interest income	1 290	1 257	1 282	1 231	1 185	2 547	2 307	4 820
Interest expense	863	833	840	795	758	1 696	1 443	3 078
Net interest income	427	424	442	436	427	851	864	1 742
Commission income	221	202	194	189	206	423	413	796
Commission expenses	-19	-19	-15	-20	-16	-38	-36	-71
Other operating income	123	98	104	95	104	221	177	376
Net commission and other income	325	281	283	264	294	606	554	1 101
Dividend income	13	6	0	1	46	19	46	47
Income from investment in associates	58	51	94	70	54	109	103	267
Net gains/losses on financial instruments	2	71	89	66	72	73	102	257
Net return on investment securities	73	128	183	137	172	201	251	571
Total income	825	833	908	837	893	1 658	1 669	3 414
Personnel expenses	200	255	223	250	244	455	397	870
Administrative expenses	100	100	109	82	90	200	171	362
Other operating expenses	96	91	91	76	89	187	167	334
Total operating expenses	396	446	423	408	423	842	735	1 566
Operating profit before losses	429	387	485	429	470	816	934	1 848
Losses on loans and guarantees	13	51	71	43	51	64	120	234
Operating profit before tax	416	336	414	386	419	752	814	1 614
Tax expense	111	71	33	86	81	182	178	297
Profit after tax from continuing operations	305	265	381	300	338	570	636	1 317

Key figures

	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Return on equity ¹⁾	12,6 %	11,2 %	16,9 %	14,3 %	16,5 %	11,9 %	15,6 %	15,5 %
Cost ratio ²⁾	48,0 %	53,5 %	46,6 %	48,7 %	47,4 %	50,8 %	44,0 %	45,9 %
Net interest margin	1,28 %	1,28 %	1,31 %	1,30 %	1,30 %	1,28 %	1,38 %	1,35 %
Gross loans to customers	107 914	104 771	105 792	100 289	96 812	107 914	96 812	105 792
Gross loans to customers incl. SpareBank 1 Boligkreditt and Næringskreditt	140 223	135 433	131 953	124 398	122 426	140 223	122 426	131 953
Deposits from customers	64 982	62 662	60 770	55 703	56 137	64 982	56 137	60 770
Deposit-to-loan ratio	60,2 %	59,8 %	57,4 %	55,5 %	58,0 %	60,2 %	58,0 %	57,4 %
Growth in loans	11,5 %	8,6 %	13,2 %	8,0 %	-0,7 %	11,5 %	-0,7 %	13,2 %
Growth in loans incl. SpareBank 1 Boligkreditt and Næringskreditt	14,5 %	12,5 %	11,6 %	6,6 %	6,0 %	14,5 %	6,0 %	11,6 %
Growth in deposits	15,8 %	17,5 %	11,8 %	3,7 %	3,1 %	15,8 %	3,1 %	11,8 %
Average total assets	133 855	133 916	133 557	128 799	127 627	133 855	126 222	128 830
Total assets	134 715	132 555	134 778	129 524	128 653	134 715	128 653	134 778
Impairment losses ratio ³⁾	0,05	0,19	0,28	0,17	0,21	0,12	0,25	0,23
Non-performing commitments as a percentage of gross loans	0,40	0,40	0,42	0,54	0,36	0,40	0,36	0,42
Other doubtful commitments as a percentage of gross loans	0,82	1,01	0,72	0,94	1,01	0,82	1,01	0,72
Capital adequacy ratio	11,5	11,8	12,4	11,6	11,5	11,5	11,5	12,4
Core capital ratio	10,0	10,2	10,2	9,3	9,1	10,0	9,1	10,2
Core capital	9 760	9 734	9 442	8 433	8 243	9 760	8 243	9 442
Net equity and subordinated loan capital	11 200	11 235	11 482	10 450	10 352	11 200	10 352	11 482
Minimum subordinated capital requirement	7 778	7 611	7 400	7 241	7 226	7 778	7 226	7 400
Number of branches	54	54	54	49	50	54	50	54
Man-years (permanent)	1 175	1 175	1 163	1 112	1 093	1 175	1 093	1 163
Equity certificate ratio	63,3 %	63,2 %	63,2 %	63,2 %	63,1 %	63,3 %	63,1 %	63,2 %
Market price	51,50	57,00	57,00	53,00	46,10	51,50	46,10	57,00
Market capitalisation	6 557	7 257	7 257	6 409	5 575	6 557	5 575	7 257
Book equity per EC (including dividends) (group)	48,48	47,17	47,45	44,19	42,44	48,48	42,44	47,45
Earnings per EC (group) ⁴⁾	1,51	1,32	1,94	1,56	1,76	2,83	3,31	6,84
Dividends per EC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,75
Price / Earnings per EC	8,53	10,80	7,35	8,49	6,55	9,10	6,96	8,33
Price / Book equity (group)	1,06	1,21	1,20	1,20	1,09	1,06	1,09	1,20

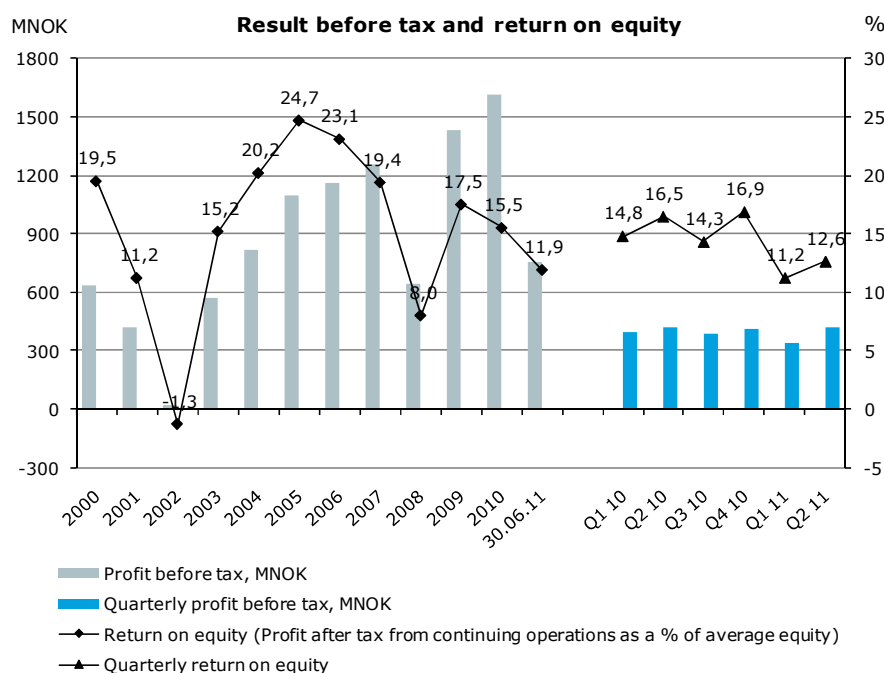
¹⁾ Net profit as a percentage of average equity.

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

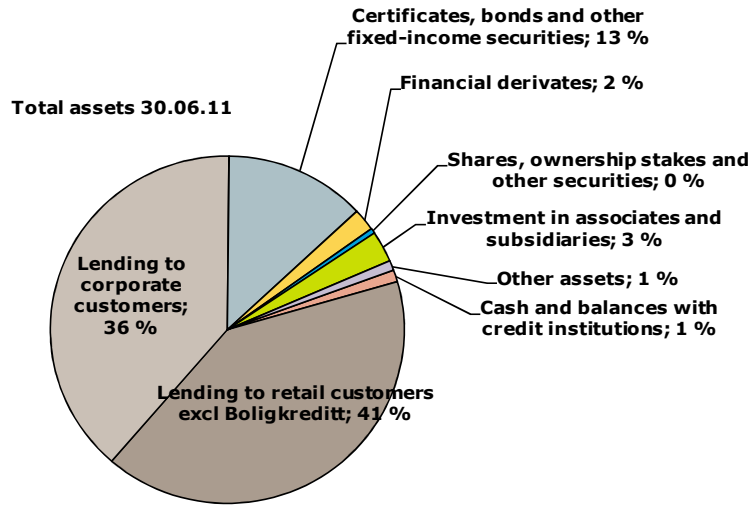
⁴⁾ Net profit multiplied by the equity certificate percentage divided by the average number of certificates outstanding.

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

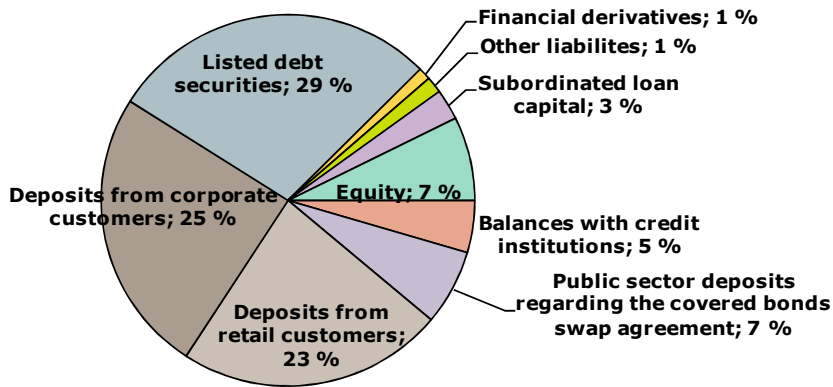


Balance sheet

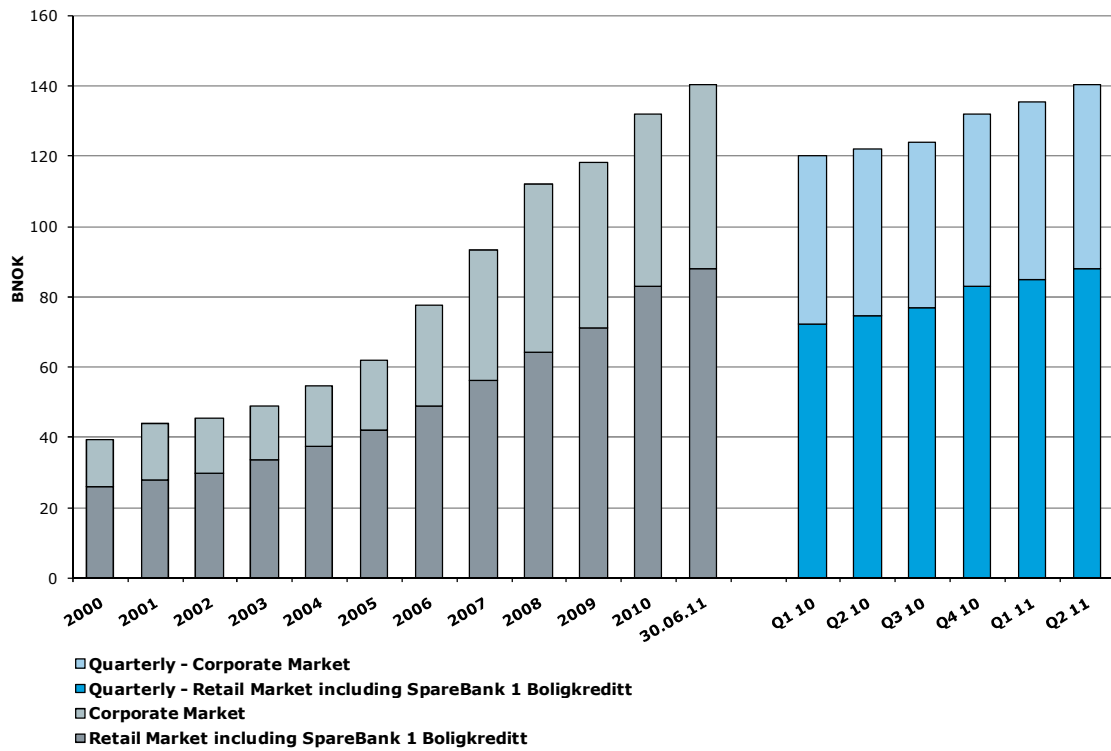
MNOK	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010
Cash and balances with central banks	838	936	1 235	2 497	2 624
Balances with credit institutions	650	1 445	1 273	1 145	3 484
Net loans to customers	107 164	103 973	105 033	99 543	96 098
Certificates, bonds and other fixed-income sec.	17 484	17 827	18 742	16 868	17 311
Financial derivatives	2 781	2 724	3 241	3 897	3 643
Shares, ownership stakes and other securities	659	712	661	514	493
Investment in associates	3 897	3 745	3 518	3 507	3 451
Business available for sale	90	93	93	23	23
Other assets	1 152	1 100	982	1 530	1 526
Total assets	134 715	132 555	134 778	129 524	128 653
Balances with credit institutions	6 087	5 221	7 359	9 022	7 982
Public sector deposits regarding the covered bonds swap agreement	8 832	8 832	8 832	8 832	8 832
Deposits from customers	64 982	62 662	60 770	55 703	56 137
Listed debt securities	38 559	39 007	40 307	39 093	38 891
Financial derivatives	1 440	1 400	2 212	2 075	2 057
Other liabilities	1 427	1 878	1 752	2 135	2 300
Subordinated loan capital	3 604	4 015	4 144	4 093	4 197
Total liabilities	124 931	123 015	125 376	120 953	120 396
Equity certificates	3 183	3 183	3 183	3 023	3 023
Holding of own equity certificates	-3	-3	-3	-3	-3
Premium reserve	625	625	625	456	456
Dividend equalisation reserve	1 256	1 284	1 175	669	652
Proposed dividend	0	0	336	0	0
Savings bank's reserve	2 525	2 541	2 477	2 182	2 171
Compensation fund	55	55	55	20	20
Endowment fund	351	370	372	214	221
Fund for unrealised gains	43	43	43	127	127
Other equity	1 179	1 177	1 139	947	954
Profit/loss at period end	570	265	0	936	636
Total equity	9 784	9 540	9 402	8 571	8 257
Total liabilities and equity	134 715	132 555	134 778	129 524	128 653



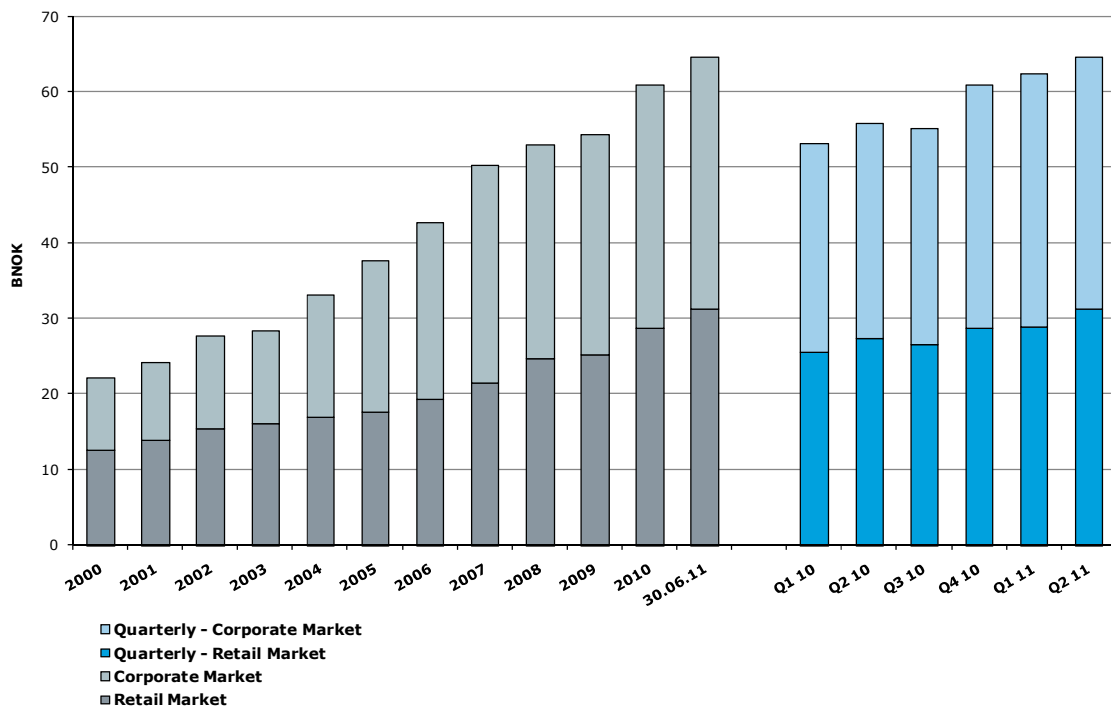
Total liabilities and equity 30.06.11



Lending volume

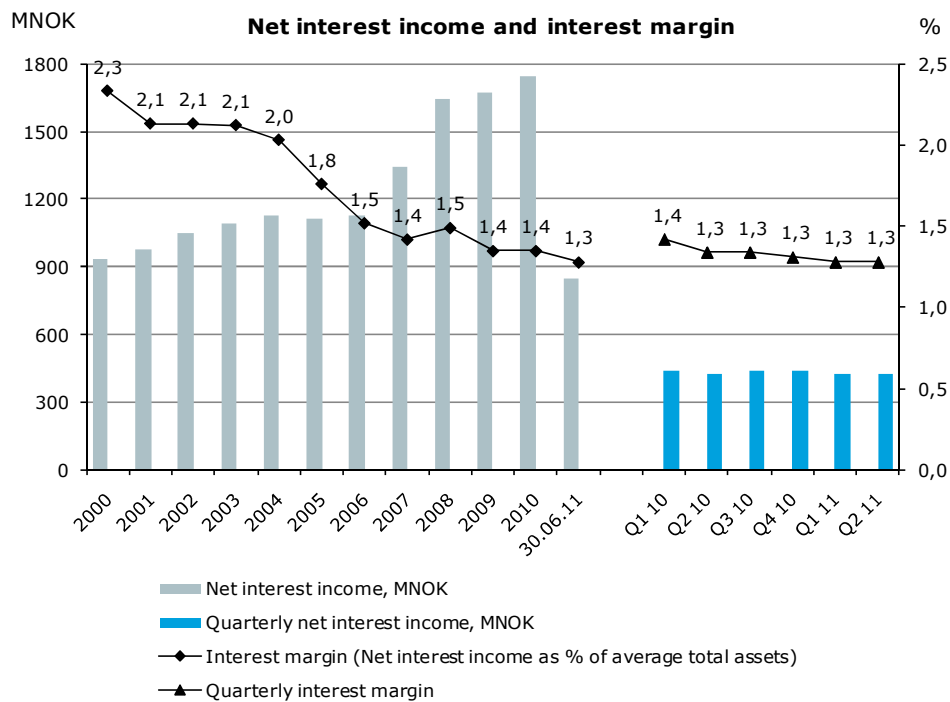


Deposit volume

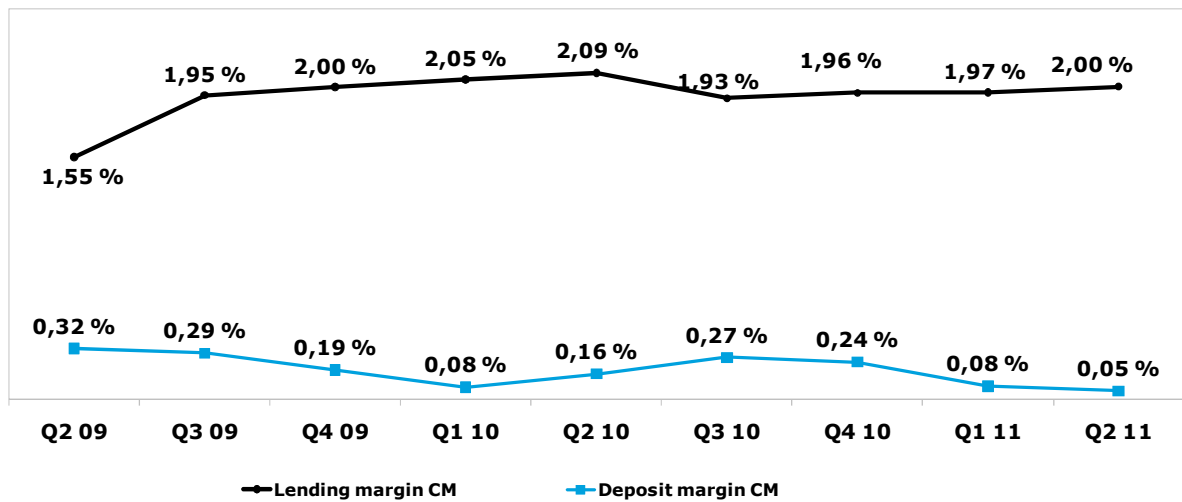


2.1 Net interest income

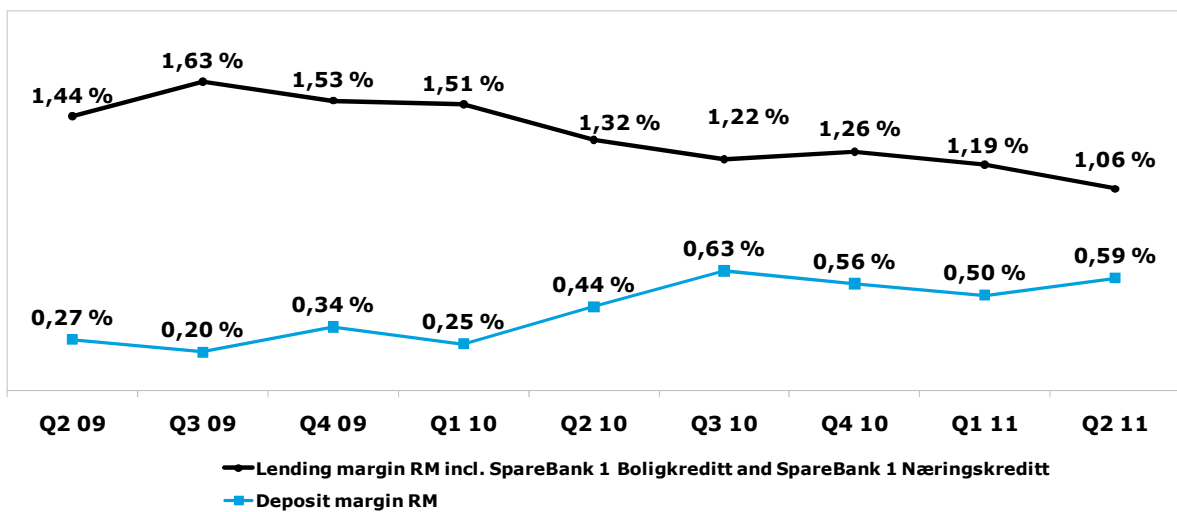
MNOK	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Interest income	1 290	1 257	1 282	1 231	1 185	2 547	2 307	4 820
Interest expense	863	833	840	795	758	1 696	1 443	3 078
Net interest income	427	424	442	436	427	851	864	1 742
As % of average total assets	1,28 %	1,28 %	1,31 %	1,34 %	1,34 %	1,28 %	1,38 %	1,35 %



Lending and deposit margins¹ – Corporate Market



Lending and deposit margins – Retail Market



¹ Definition margin: Average customer interest minus 3 months average nitor (funding cost is not included)

2.2 Net other operating income

<i>MNOK</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	31.12 2011	30.06 2010	31.12 2010
Net commission and other income	325	281	283	264	294	606	554	1 101
Net return on investment securities	73	128	183	137	172	201	251	571
Net other operating income	398	409	466	401	466	807	805	1 672
As % of total income	48 %	49 %	51 %	48 %	52 %	49 %	48 %	49 %

Net commission and other income

<i>MNOK</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Payment facilities	51	48	50	53	50	99	98	200
Savings/placements	37	38	34	29	41	75	73	136
Insurance products	34	33	33	25	29	67	56	113
Commission income real estate (EM1)	122	96	87	93	109	218	184	365
Guarantee commission	17	18	15	17	13	35	25	57
Arrangement fees	28	14	12	6	9	42	18	35
Other	13	6	24	9	2	19	4	38
Net commission and other income excl. SB1 Boligkreditt og SB1 Næringskreditt	302	253	254	232	252	555	458	944
Commission income SB1 Boligkreditt and SB1 Næringskreditt	23	28	29	32	43	51	96	157
Net commission and other income excl. SB1 Boligkreditt og SB1 Næringskreditt	325	281	283	264	294	606	554	1 101
As % of total income	39 %	34 %	31 %	31 %	33 %	37 %	33 %	32 %

Change in net commission and other income

<i>MNOK</i>	Per 30.06		
	2011	Change	2010
Net commission and other income	606	52	554
Payment facilities		1	
Savings/placements		2	
Insurance products		11	
Commission income real estate (EiendomsMegler 1 SR-Eiendom)		34	
Guarantee commission		10	
Arrangement fees		24	
Other		15	
Commission income SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt		-45	

Net return on investment securities

<i>MNOK</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Dividend	13	6	-	1	46	19	46	47
Investment income, associates	58	51	94	70	54	109	103	267
Securities gains/losses	-36	17	53	32	41	-19	62	146
- of which capital change in shares and certificates	-33	28	71	12	45	-5	52	135
- of which capital change in certificates and bonds	-3	-11	-18	20	-5	-14	10	11
Currency/interest gains/losses	38	54	36	35	31	92	40	111
- of which currency customer- and own-account trading	31	30	28	35	31	61	68	131
- of which IFRS-effects	7	24	8	-1	0	31	-28	-20
Net return on investment securities	73	128	183	137	172	201	251	571
As % of total income	9 %	15 %	20 %	16 %	19 %	12 %	15 %	17 %

Change in net return on investment securities

<i>MNOK</i>	Per 30.06		
	2011	Change	2010
Net return on investment securities	201	-50	251
Dividend		-27	
Investment income, associates		6	
Securities gains/losses		-81	
- of which capital change in shares and certificates		-57	
- of which capital change in certificates and bonds		-24	
Currency/interest gains/losses		52	
- of which currency customer- and own-account trading		-7	
- of which IFRS-effects		59	

2.3 Operating expenses

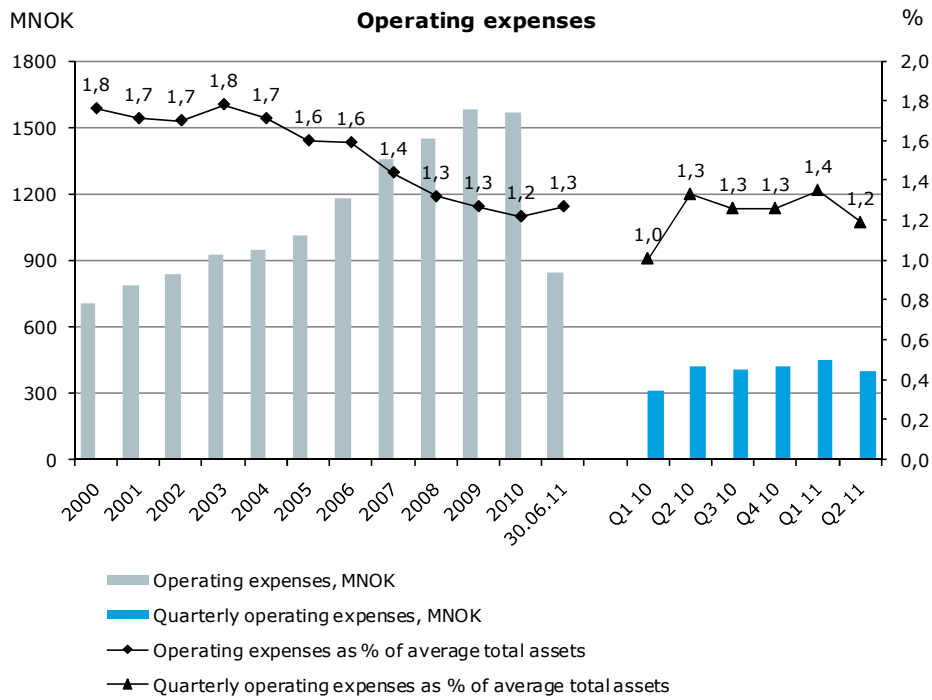
<i>MNOK</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Wages	194	182	165	173	173	376	334	672
Pension expenses	-36	32	21	40	35	-4	-8	53
Other personnel expenses	42	42	37	37	36	84	71	145
Total personnel expenses	200	256	223	250	244	455	397	870
IT expenses	54	53	51	44	45	107	89	184
Marketing expenses	23	22	25	13	21	45	38	76
Other administrative expenses	23	25	33	25	24	48	44	102
Write-offs	19	19	20	17	16	38	35	72
Expenses real property	11	12	13	8	10	23	18	39
Other operating expenses	66	61	58	51	63	126	114	223
Other expenses	196	191	200	158	179	386	338	696
Total operating expenses	396	446	423	408	423	842	735	1 566

Change in operating expenses

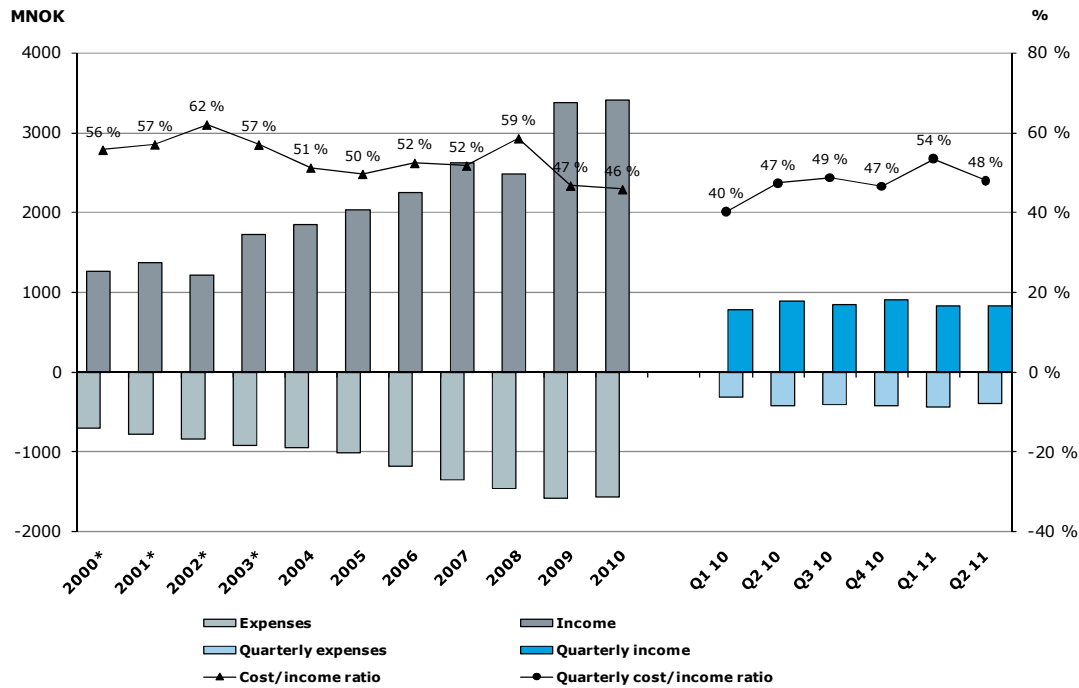
<i>MNOK</i>	Per 30.06		
	2011	Change	2010
Total	842	107	735
Personnel expenses		58	
IT expenses		18	
Marketing expenses		7	
Other administrative expenses		4	
Write-offs		3	
Expenses real property		5	
Other operating expenses		12	

Cost/income ratio

<i>MNOK</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Operating expenses	396	446	423	408	423	842	735	1 566
Cost/income ratio	48,0 %	53,5 %	46,6 %	48,7 %	47,4 %	50,8 %	44,0 %	45,9 %
Growth in expenses last 12 months	-6,4 %	42,9 %	-3,4 %	8,5 %	6,8 %	14,6 %	-3,9 %	-0,8 %

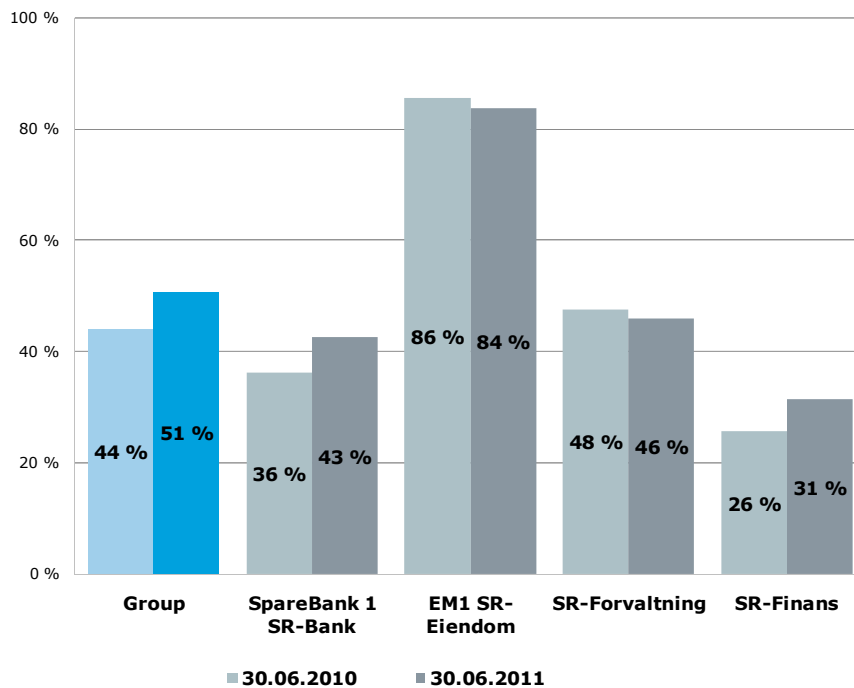


Development cost/income ratio



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

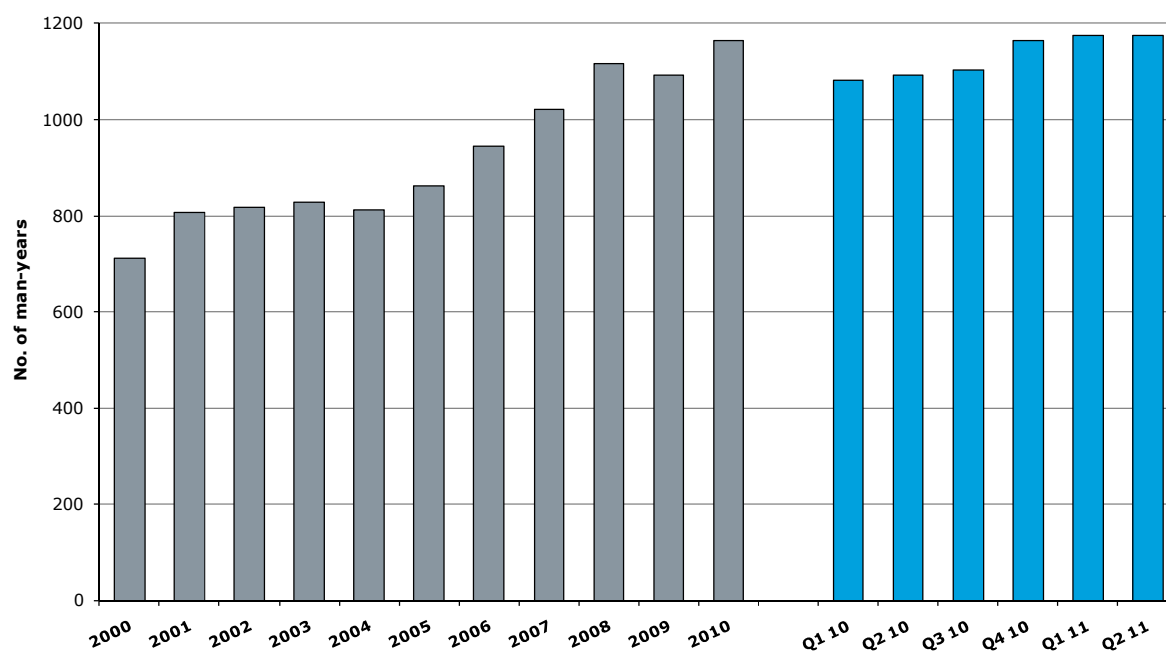
Cost ratio as a total for the Group, the Parentbank and the individual subsidiaries



Number of man-labour years (permanent employees, contracted staff not included)

<i>No. of man-years</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
SpareBank 1 SR-Bank	926	933	930	876	863
EiendomsMegler 1 SR-Eiendom AS	200	195	184	181	167
SR-Forvaltning ASA	13	11	11	11	11
SR-Finans AS	33	33	33	29	28
Other	3	3	5	6	24
Total	1 175	1 175	1 163	1 103	1 093

Man-labour years 2000 - 2nd quarter 2011 (permanent employees, contracted staff not included)



2.5 Losses on loans and loss provisions

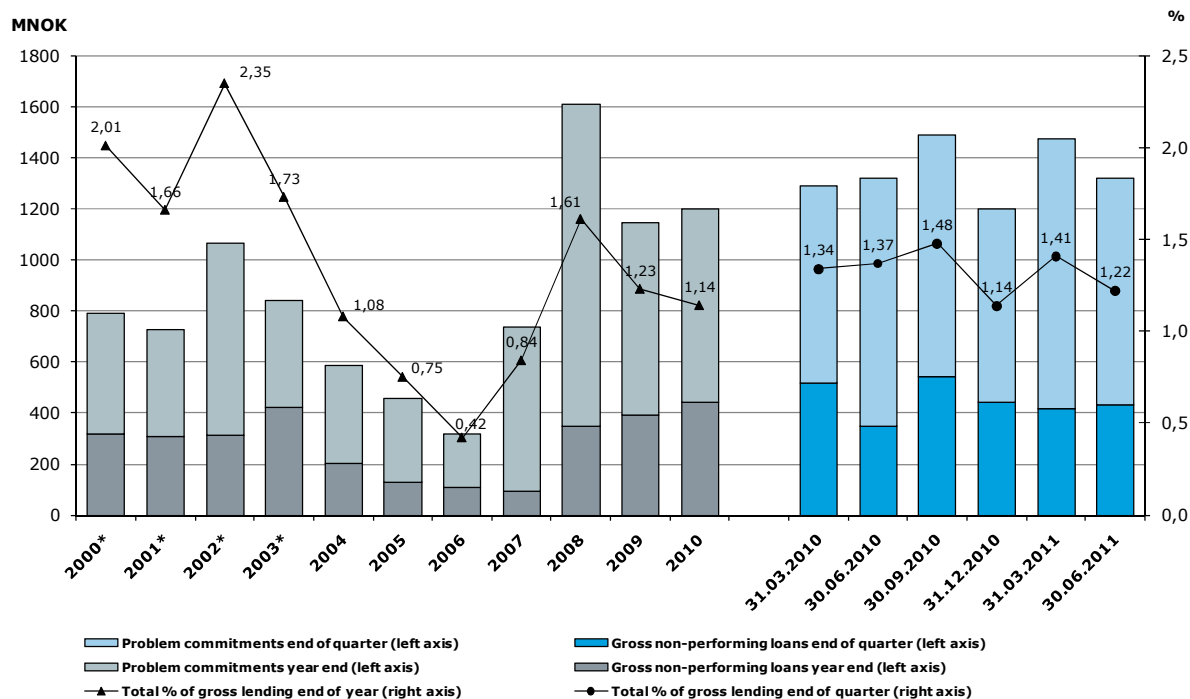
Losses on loans and guarantees

MNOK	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010
Change in individual individual impairment losses provisions for the period	23	69	38	82	50
Change in collective impairment loss provisions for the period	-29	-29	24	21	18
Amortised cost	1	0	6	7	5
Actual loan losses on commitments for which provisions have been made	41	15	175	69	61
Actual loan losses on commitments for which no provision has been made	25	1	25	13	13
Change in assets take-over	27	7	5	0	0
Recoveries on commitments previously written-off	-24	-12	-39	-29	-27
The period's net losses/(reversals) on loans and advances	64	51	234	163	120

Provisions for impairment losses on loans and guarantees

MNOK	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010
Provisions for individual impairment losses at start of period	402	402	337	337	337
Kvinnherad over-take	-	-	35	-	-
Increases in previous provisions for individual impairment losses	25	14	67	47	40
Reversal of provisions from previous periods	-50	-37	-83	-76	-71
New provisions for individual impairment losses	88	105	229	179	141
Amortised cost	-1	1	-8	-6	-3
Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-42	-15	-175	-69	-61
Provisions for individual impairment losses at the end of period	422	470	402	412	383

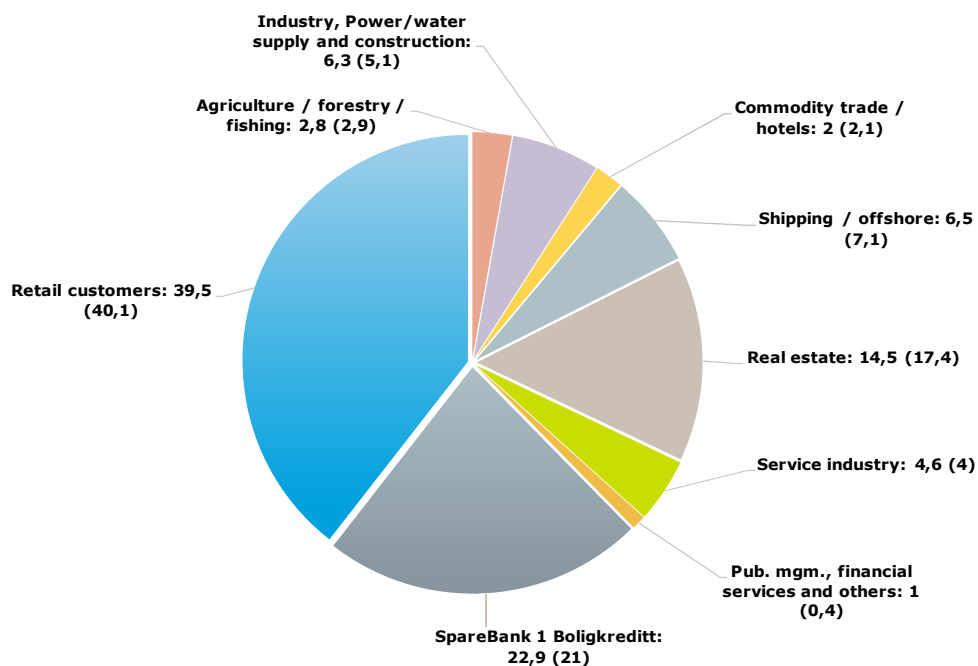
Non-performing loans and problem commitments



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

2.6 Loans

MNOK	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010
Agriculture/forestry	3 583	3 537	3 430	3 276	3 191
Fishing/Fish farming	332	296	365	325	298
Mining/extraction	2 773	2 392	2 236	2 685	2 452
Industry	1 674	2 762	2 591	2 468	3 094
Power and water supply/building and construction	7 119	4 057	3 882	3 168	3 105
Commodity trade, hotel and restaurant business	2 824	2 839	2 504	2 527	2 609
Foreign trade shipping, pipeline transport and other transport activities	6 286	6 562	6 127	5 553	6 214
Real estate business	20 294	22 497	22 105	21 349	21 269
Service industry	6 437	5 038	5 011	5 192	4 825
Public sector and financial services	1 103	516	726	689	429
Retail customers	55 170	53 971	56 492	52 646	48 938
Unallocated (excess value fixed interest loans and amort. lending fees)	22	2	76	195	199
Accrued interests corporate sector and retail customers	297	302	247	216	189
Gross loans	107 914	104 771	105 792	100 289	96 812
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	32 308	30 662	26 161	24 109	25 614
Gross loans incl SpareBank 1 Boligkreditt and Næringskreditt	140 222	135 433	131 953	124 398	122 426

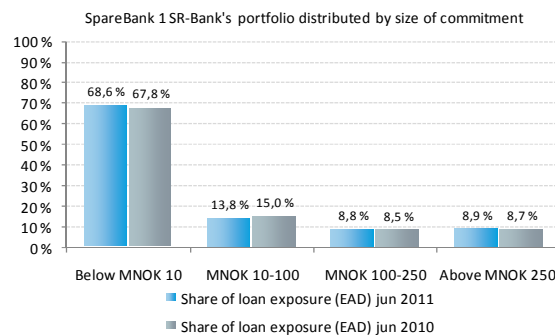
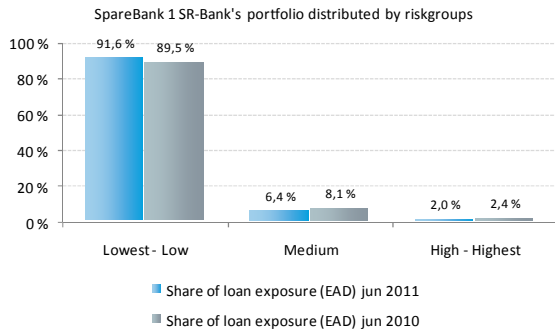


(Figures for corresponding period in 2010 are showed in parentheses. All figures in per cent)

2.7 Risk profile

Risk profile of SpareBank 1 SR-Bank

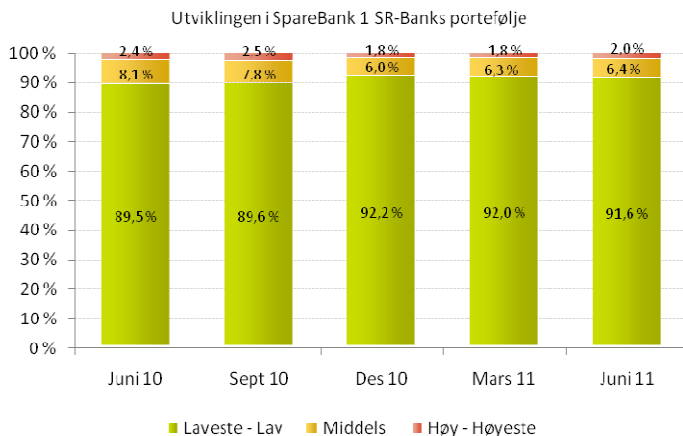
High share of commitments with low risk



- 92% of the bank's loan exposure satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are very limited and account for 0.04%.
- Exposure to high or the highest risk accounts for 2,0% of the bank's loan exposure. Expected losses in this portion of the portfolio are 3,8%.
- 69% of the bank's loan exposure is to commitments that account for less than NOK 10 million. This corresponds to 99 per cent of all the customers.
- 18% of the bank's loan exposure is to customers that have an exposure in excess of NOK 100 million. The probability of default in this portion of the portfolio is lower than the average for the corporate market portfolio.

SpareBank 1 SR-Bank's risk profile

The good credit quality in the group's loan portfolios is maintained



■ Laveste - Low risk, expected losses 0 % - 0.50 %
■ Middels, expected losses 0.50 - 2.00 %
■ Høy - Highest risk, expected losses over 2.00 %

In Q2 2011, the group implemented an improved scoring model for default classification of retail market customers. In this connection, all historic data have been updated to ensure full comparability over time.

The group's primary goal, to have a moderate risk profile, remains unchanged.

The group's market area is characterised by a consistent high level of activity and low unemployment.

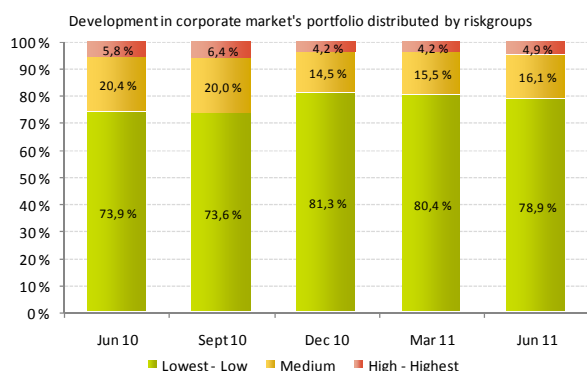
Market developments, together with internal focus on risk-reducing measures, help maintain the good credit quality of the group's portfolios in line with the primary goal.

Measurement of risk exposure is based on a long-term average over a business cycle. This implies greater stability in default estimates.

The figures include the portfolio transferred to SpareBank 1 Boligkreditt AS.

Risk profile of corporate market portfolio

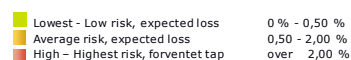
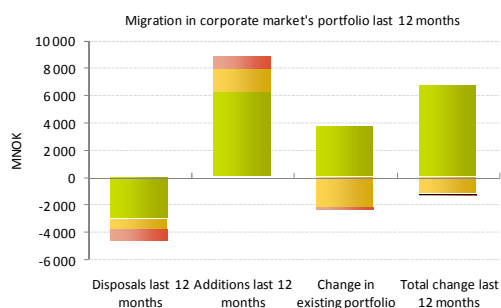
Portfolio quality is good and the development has been stable over the past quarter



The quality of the corporate market portfolio is considered good.

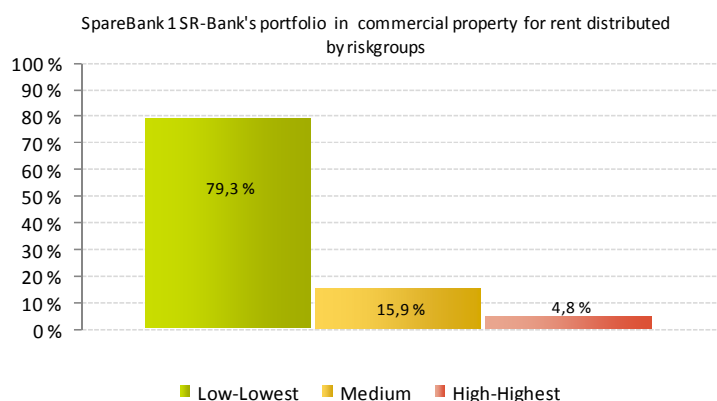
The portfolio's average probability of default, its expected losses and the risk-adjusted capital requirements remained stable in Q2 2011.

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.



Portfolio of commercial property for rental

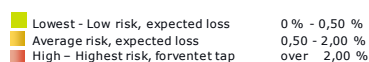
Portfolio is dominated by commitments with low risk



The portfolio of commercial property for rental represents the group's largest concentration in a single sector and accounts for around 11% of the total exposure (EAD) including retail market customers.

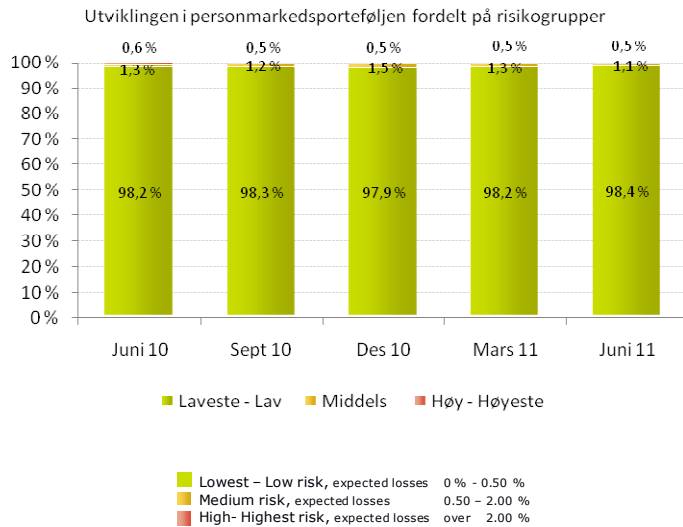
The portfolio of commercial property for rental is dominated by commitments with low risk. 79% of the exposure is classified as low risk, while 5% is classified as high risk.

The portfolio is marked by long-term leases with financially solid tenants. The vacancy rate is low. Interest rates for a significant portion of the portfolio have been hedged.



The risk profile in the retail market portfolio

The quality of the portfolio is very good and the loss potential is limited



In Q2 2011, the group implemented an improved scoring model for default classification of retail market customers. In this connection, all historic data have been updated to ensure full comparability over time.

The quality of the retail market portfolio is very good.

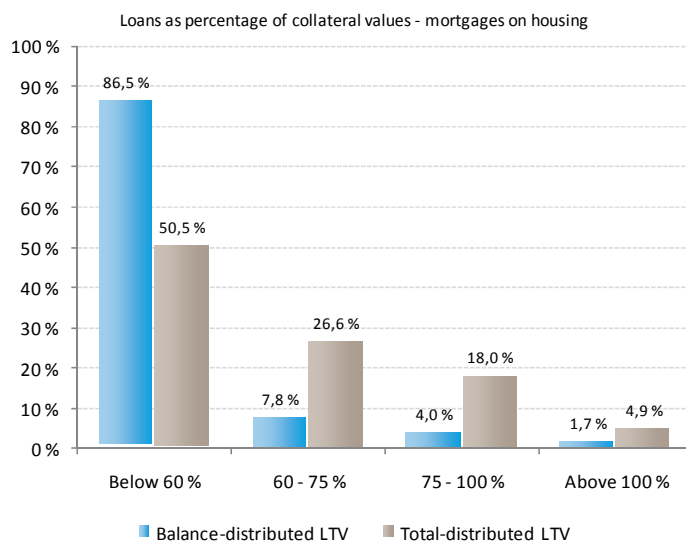
Trends are characterised by ongoing stability, where the low risk profile is maintained. This implies that the considerable growth that has taken place over time has not impaired the quality of the portfolio.

Most of the portfolio is secured by way of mortgages on real estate, and LTV is for the most part moderate. This implies that potential losses are limited so long as the values are not substantially impaired.

The figures include the portfolio transferred to SpareBank 1 Boligkreditt AS

Loans as a percentage of the collateral value – LTV

The loan to collateral value ratio is moderate in general



The loan to collateral value ratio is moderate in general.

Less than 6% of the exposure exceeds 75% of the collateral value.

There have been no significant changes in the LTV values over the past quarter.

The LTV is calculated based on the market value of the collateral. In the case of the balance-distributed LTV, for loans that exceed 60% of the collateral's market value, the excess amount is distributed among the other intervals. In the case of the total-distributed LTV the entire loan is allocated to one and the same interval.

The figures include the portfolio transferred to SpareBank 1 Boligkreditt AS.

Further information regarding risk capital management can be found in Pillar III report, see www.srbank.no under "Investor Relations".

2.8 Risk profile in bond portefolio

Bond portefolio by category

Category	Market value MNOK	Share	Of which, securities classified to amortised cost MNOK
Norwegian state/municipal	2 569	15 %	77
Foreign covered bonds	372	2 %	0
Norwegian covered bonds	12 446	71 %	9 325
Norwegian bank/finance	774	4 %	160
Foreign bank/finance	723	4 %	573
Other Norwegian bonds	145	1 %	100
Industry	394	2 %	0
Total	17 423	100 %	10 235

Risk profile in bond portefolio

Risk categories	Rating	Market value NOK million	Percentage Total
Swap facility	AAA	9 324	54 %
Very low risk	AAA, AA+, AA and AA-	6 271	36 %
Low risk	A+, A and A-	1 121	6 %
Moderate risk	BBB+, BBB and BBB-	353	2 %
High risk	BB+, BB and BB-	170	1 %
Very high risk	B+ and lower	184	1 %
Total		17 423	100 %

Treasury - bonds

Risk categories	Rating	Market value NOK million	Percentage Treasury
Swap facility	AAA	9 324	55 %
Very low risk	AAA, AA+, AA and AA-	6 241	37 %
Low risk	A+, A and A-	1 121	7 %
Moderate risk	BBB+, BBB and BBB-	317	2 %
High risk	BB+, BB and BB-	24	0 %
Very high risk	B+ and lower	0	0 %
Total		17 026	45 %

Trading/Sales - bonds

Risk categories	Rating	Market value NOK million	Percentage Trading
Very low risk	AAA, AA+, AA and AA-	30	8 %
Low risk	A+, A and A-	0	0 %
Moderate risk	BBB+, BBB and BBB-	36	9 %
High risk	BB+, BB and BB-	147	37 %
Very high risk	B+ and lower	184	46 %
Total		396	100 %

2.9 Capital adequacy

Basel II was introduced in Norway from 1 January 2007. Figure 2.8 shows the methods used by SpareBank 1 SR-Bank. Using IRB demands high standards regarding organisation, competence, risk-models and risk-management systems.

Interim regulations have been issued by Finanstilsynet (The Financial Supervisory Authority of Norway). From 2009, a reduction (from the earlier capital adequacy rules – Basel I) of the risk-weighted basis of calculation of 20% was allowed, while the corresponding figure for 2008 was 10%. “Transitional arrangements” in Table 2.8.2 illustrates this effect.

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

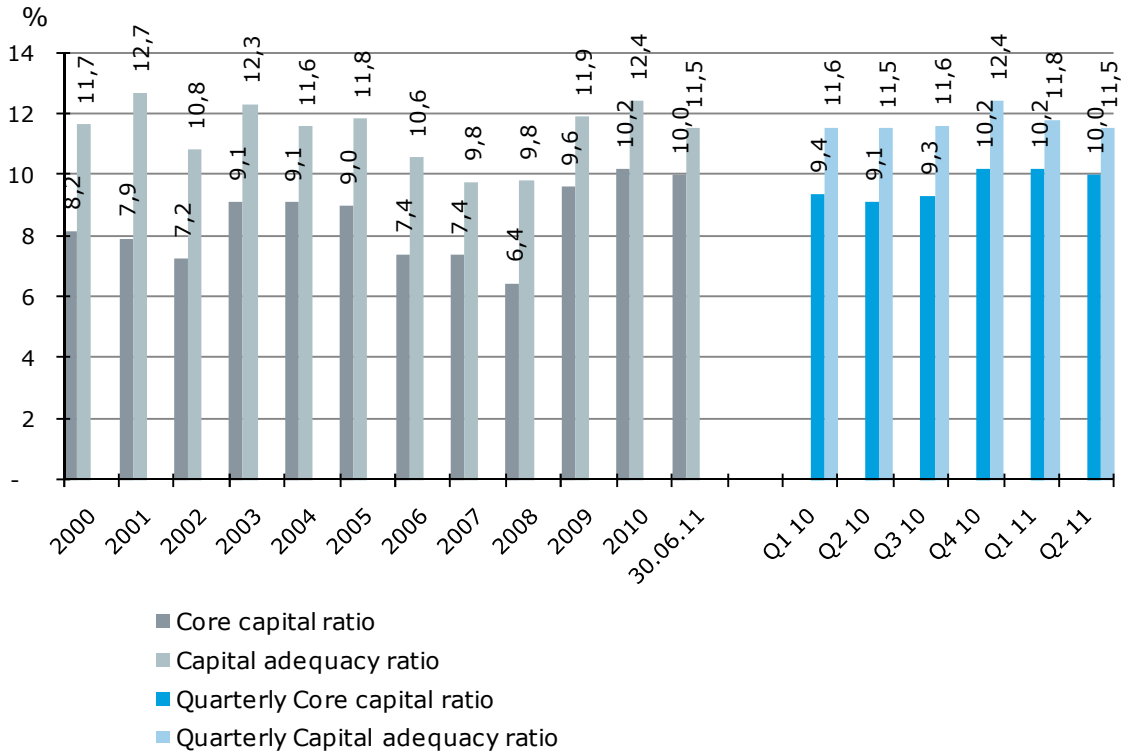
Figure 2.8: Methods used for calculating capital adequacy

Basel III - proposals for new capital requirements

The Basel Committee recently published concrete proposals for new capital requirements to be implemented in the years 2013 to 2018 ("Basel III"). The European Commission recently published its proposal for follow up within the EU in the form of a revised Capital Requirements Directive (CRDIV). Stricter requirements will in future be placed on financial institutions' capital adequacy to bring it more into line with the risk borne by such institutions and with the costs inflicted on society by financial crisis. Qualitative and quantitative requirements are also being introduced on financial institutions' liquidity to ensure that they have sufficient liquidity available in a crisis-like situation to honour their obligations in the short term and ensure funding that assures stability in the longer term.

SpareBank 1 SR-Bank is already in compliance with the basic Tier 1 capital requirements in the proposed Basel III. However, the new additional requirement of a capital conservation buffer of 2.5 per cent with effect from 2016-2018 will entail a new obligation for banks in Norway as elsewhere.

Core capital and capital adequacy ratio



MNOK	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010
Equity certificates	3 183	3 183	3 183	3 023	3 023
- Own equity certificates	-3	-3	-3	-3	-3
Premium reserve	625	625	625	456	456
Equalisation reserve	1 256	1 284	1 175	669	652
Allocated to dividend	-	-	336	-	-
Savings bank's reserve	2 525	2 541	2 477	2 182	2 171
Share premium reserve	55	55	55	20	20
Endowment fund	351	370	372	214	221
Reserve for unrealised gains	43	43	43	127	127
Other equity	1 179	1 177	1 139	947	954
Total book equity	9 214	9 275	9 402	7 635	7 621
Deferred taxes, goodwill and other intangible assets	-78	-79	-77	-82	-54
Fund for unrealized gains, available for sale	-2	-2	-2	-1	-1
Deduction for allocated dividends	-	-	-336	-	-
50% deduction for subordinated capital in other financial institutions	-31	-23	-21	-31	-32
50% deduction for expected losses on IRB, net of write-downs	-318	-278	-268	-302	-311
50% capital adequacy reserve	-665	-657	-645	-578	-570
Share of other equity in ownership interests	-	-	-	37	-
Year-to-date profit included in core capital (50%)	285	133	-	468	318
Hybrid Tier 1 bonds	1 355	1 365	1 389	1 287	1 272
Total core capital	9 760	9 734	9 442	8 433	8 243
<i>Supplementary capital in excess of core capital</i>					
Perpetual subordinated capital	340	346	783	783	818
Non-perpetual subordinated capital	2 114	2 113	2 191	2 145	2 204
50% deduction for subordinated capital in other financial institutions	-31	-23	-21	-31	-32
50% deduction for expected losses on IRB, net of write-downs	-318	-278	-268	-302	-311
50 % capital adequacy reserve	-665	-657	-645	-578	-570
Total supplementary capital	1 440	1 501	2 040	2 017	2 109
Net subordinated capital	11 200	11 235	11 482	10 450	10 352

Table 2.8.1: Capital overview

MNOK	30 June 2011	31 March 2011	31 Dec. 2010	30 Sept. 2010	30 June 2010
Specialised lending exposure	2 010	1 930	1 953	1 925	1 976
Other corporations exposure	2 214	2 183	2 042	1 881	1 940
SME exposure	36	38	38	34	34
Retail mortgage exposure	675	675	680	676	656
Other retail exposure	81	77	87	64	73
Equity investments	-	-	-	-	-
Total credit risk IRB	5 016	4 903	4 800	4 580	4 679
Debt risk	111	115	116	87	99
Equity risk	40	42	34	19	31
Currency risk	-	-	-	-	-
Operational risk	408	408	374	374	374
Transitional arrangements	580	541	566	568	439
Exposures calculated using the standardised approach	1 734	1 711	1 617	1 710	1 700
Deductions	-111	-109	-107	-97	-96
Minimum requirements subordinated capital	7 778	7 611	7 400	7 241	7 226
Capital adequacy ratio	11,52 %	11,81 %	12,41 %	11,55 %	11,46 %
Core capital ratio	10,04 %	10,23 %	10,21 %	9,32 %	9,13 %
Supplementary capital ratio	1,48 %	1,58 %	2,21 %	2,23 %	2,33 %

Table 2.8.2: Capital requirements

3. Business areas

3.1 Business segments - Financial performance

Extracts from income statement, per 30.06.11

	SpareBank 1 SR-Bank Group Q2 11											
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*	
	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10
<i>MNOK</i>												
Net interest income	232	239	180	187	8	5	3	2	38	41	-34	-47
Net commission and other income	90	84	49	38	56	43	121	105	-3	-2	12	27
Net return on investment securities	0	0	0	0	-4	6	0	0	0	0	77	166
Operating expenses	121	113	37	32	14	12	100	85	11	10	113	171
Operating contribution before losses	201	210	192	193	46	42	24	21	24	29	-58	-25
Losses on loans and guarantees	14	1	33	38	0	0	0	0	-35	8	1	-10
Operating contribution before tax	187	209	159	155	46	42	24	21	59	21	-59	-15
Gross loans to customers excl. Boligkreditt	54 314	48 185	48 396	43 959	0	0	0	0	5 206	5 117	-2	-449
Deposits from customers	31 403	27 510	33 681	28 782	0	0	0	0	0	1	-102	-156

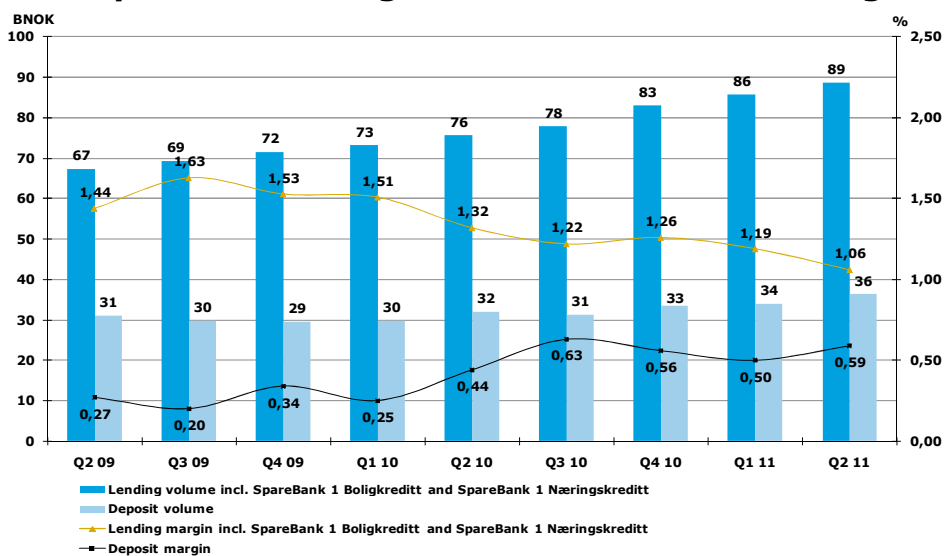
* Includes SR-Forvaltnin and, SR-Investering

3.2 Retail Market

Financial performance in the retail market segment

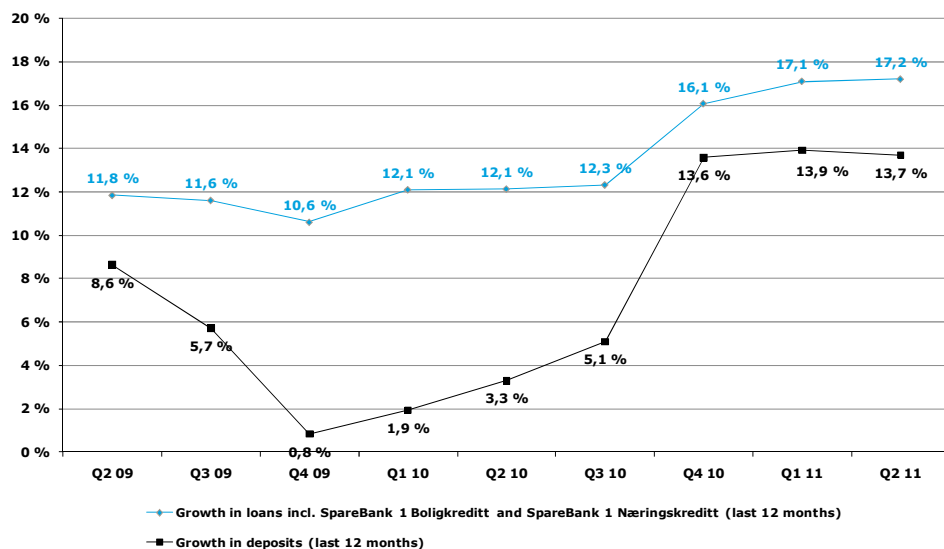
MNOK	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Net interest income	232	242	245	242	239	474	488	975
Net other operating income	90	91	88	83	84	181	164	335
Total income	322	333	333	325	323	655	652	1 310
Total operating expenses	121	148	159	131	113	269	238	528
Operating contribution before losses	201	185	174	194	210	386	414	782
Losses on loans and guarantees	14	6	-1	6	1	20	2	7
Operating contribution before tax	187	179	175	188	209	366	412	775

Development in average volume and interest margin*



*Definition margin: Average customer interest minus 3 months average nibor

Growth in loans and deposits

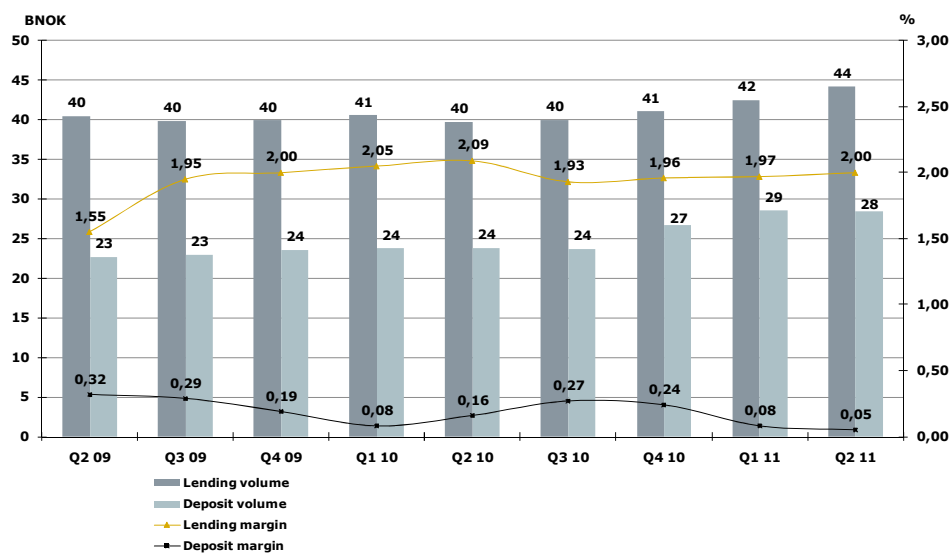


3.3 Corporate Market

Financial performance in the corporate market segment

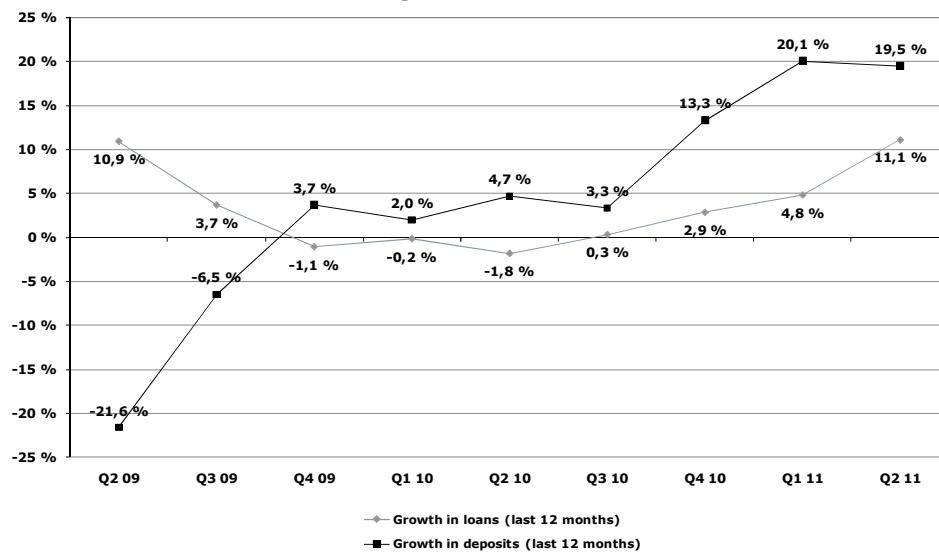
MNOK	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Net interest income	180	170	182	175	187	350	357	714
Net other operating income	49	41	43	44	38	90	76	163
Total income	229	211	225	219	225	440	433	877
Total operating expenses	37	46	51	40	32	83	72	163
Operating contribution before losses	192	165	174	179	193	357	361	714
Losses on loans and guarantees	33	32	59	30	38	65	76	165
Operating contribution before tax	159	133	115	149	155	292	285	549

Development in average volume and interest margin*



*Definition margin: Difference between average customer interest rate and 3 months average nibor

Growth in loans and deposits



3.4 Capital Market

The Capital market division was established as a separate division in the spring of 2007. The aim was to reinforce and to develop and establish products and services that generate earnings from activities other than traditional banking activities. These other earnings are important to increase the group's earnings opportunities beyond the usual banking activities and give the group a more diversified basis of income. The Capital market division is organised in four speciality areas: Trade/Sales/Operations, Corporate Finance, Business development/acquisition and Asset Management.

Financial performance in the capital market segment

<i>MNOK</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Net interest income	8	4	7	5	5	12	9	21
Net other operating income	52	51	28	40	49	103	90	158
Total income	60	55	35	45	54	115	99	179
Total operating expenses	14	14	13	9	12	28	18	40
Operating contribution before losses	46	41	22	36	42	87	81	139
Losses on loans and guarantees	0	0	0	0	0	0	0	0
Operating contribution before tax	46	41	22	36	42	87	81	139

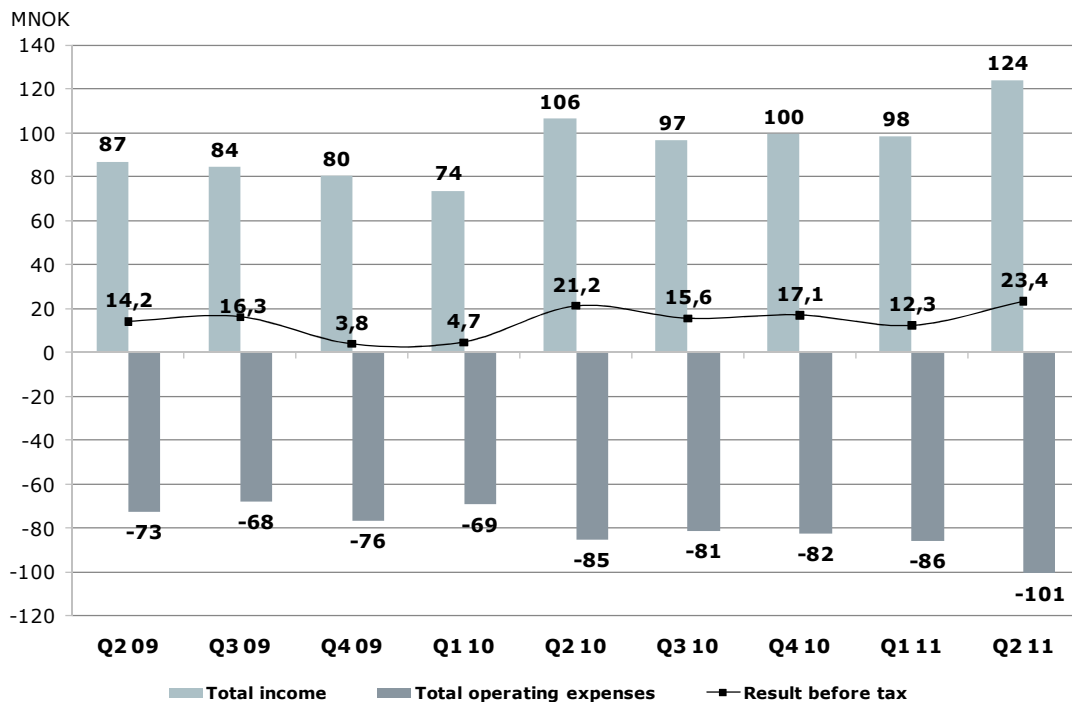
3.5 Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

EiendomsMegler 1 SR-Eiendom AS, which is fully owned by SpareBank 1 SR-Bank, is our region's market leader and the largest company in the nationwide EiendomsMegler 1 chain. This chain is the largest chain of real estate agents in Norway. Per 30.06.2011, the company sold 3,851 properties from its 30 real estate offices in Rogaland, Agder and Hordaland. The activities cover commercial real estate, holiday homes, housing rental and new-builds and used homes.

Financial performance

MNOK	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Interest income	3	2	2	2	2	4	3	7
Other income	122	97	97	95	105	218	177	369
Total income	124	98	100	97	106	222	180	376
Personal expenses	59	52	47	51	49	111	92	190
Other expenses	42	34	35	30	36	76	63	128
Total operating expenses	101	86	82	81	85	187	154	318
Result before tax	23	12	17	16	21	36	26	59

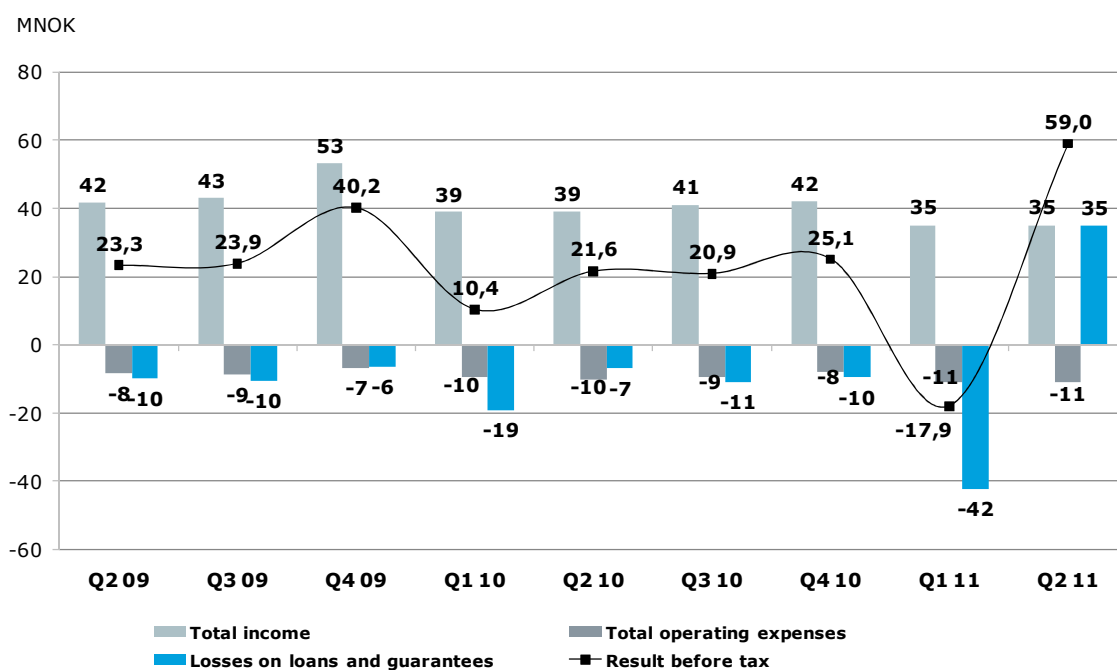


SpareBank 1 SR-Finans AS

SpareBank 1 SR-Finans AS is the leading leasing company in Rogaland with approximately NOK 5.0 billion in total assets. Its main products are leasing to trade and industry and car loans to private customers. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Interest income	38	38	45	42	41	75	83	169
Other income	-2	-2	-2	-1	-2	-5	-5	-6
Total income	35	35	42	41	39	71	78	163
Personal expenses	7	7	4	6	7	14	13	23
Other expenses	4	4	4	3	4	7	7	15
Total operating expenses	11	11	8	9	10	22	20	38
Ordinary operating profit	25	24	35	32	29	49	58	125
Loss on loans, guarantees etc.	-35	42	10	11	7	7	26	47
Result before tax	59	-18	25	21	22	41	32	78

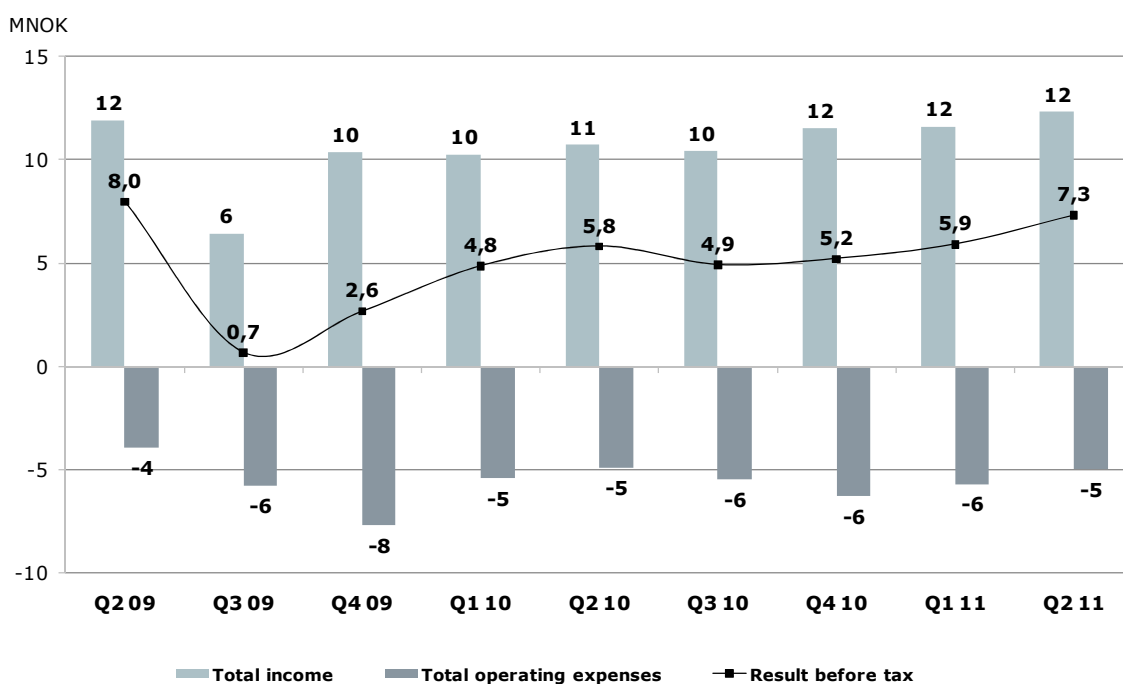


SR-Forvaltning ASA

SR-Forvaltning ASA is a securities firm with a licence to provide asset management services. The company's objective is to be a local alternative with a high level of expertise in financial management. The company manages portfolios for SpareBank 1 SR-Bank and SpareBank 1 SR-Bank's pension fund, in addition to portfolios for about 3,200 external customers. The external customer base is made up of pension funds, public and private enterprises and affluent private individuals. Total assets amount to approximately NOK 6.4 billion as per 30.06.2011. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Interest income	0	0	0	0	0	0	1	1
Other income	12	11	11	10	11	23	21	42
Total income	12	12	12	10	11	24	21	43
Personal expenses	4	5	6	4	4	8	7	17
Other expenses	1	1	1	1	1	3	3	5
Total operating expenses	5	6	6	6	5	11	10	22
Result before tax	7	6	5	5	6	13	11	21

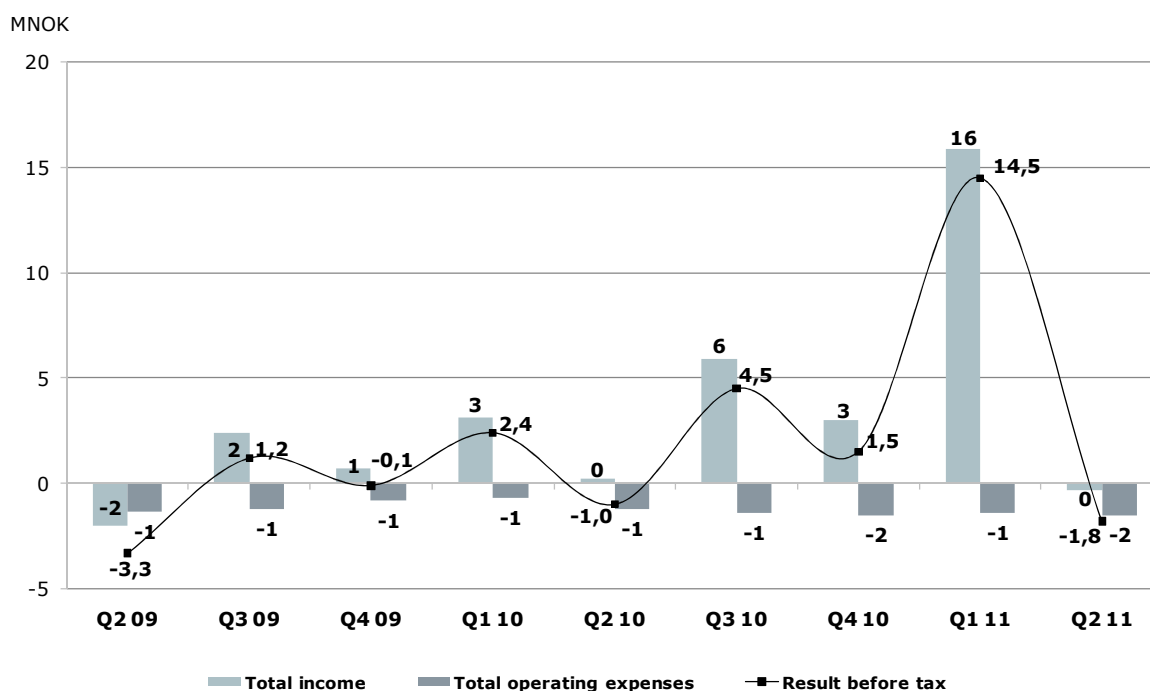


SR-Investering AS

SR-Investering AS' objective is to contribute to long-term value creation by investing in trade and industry in the group's market area. The company invests primarily in private equity funds and small and medium-sized companies that have a need for capital to develop and grow further. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q1 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	30.06 2011	30.06 2010	31.12 2010
Interest income	0,5	0,4	0,4	0,4	0,4	0,9	0,7	1,5
Other income	0	0	1,4	0,3	-	0,5	-	1,8
Net return on investment securities	-1,1	15,3	1,2	5,2	-0,2	14,2	2,6	9,0
Total income	-0,3	15,9	3,0	5,9	0,2	15,6	3,3	12,3
Personal expenses	1,3	1,3	1,3	1,3	1,1	2,6	1,6	4,2
Other expenses	0,2	0,1	0,2	0,1	0,1	0,3	0,3	0,5
Total operating expenses	1,5	1,4	1,5	1,4	1,2	2,9	1,9	4,7
Result before tax	-1,8	14,5	1,5	4,5	-1,0	12,7	1,4	7,6



4. Norwegian Economic Outlook

Since before the summer, the situation in the international economy has deteriorated on both sides of the Atlantic. Sovereign debt problems in the euro zone periphery and slowing growth in the US economy has caused a renewed financial turmoil. Nevertheless, it is important to bear in mind that overall global growth expectations are still quite robust. In June IMF estimated a global GDP-growth of 4.3% and 4.5% in 2011 and 2012, respectively. We believe that the Norwegian economy will continue to grow. Private consumption, which accounts for about 50% of GDP, will still be an important contributor to domestic growth. This depends on our view that unemployment will remain low and only rise marginally, even if economic conditions will deteriorate further internationally. Norges Bank will keep interest rates low. Even though growth might moderate somewhat, due to lower demand from the euro zone and the US, we consider the Norwegian economy to keep up momentum.

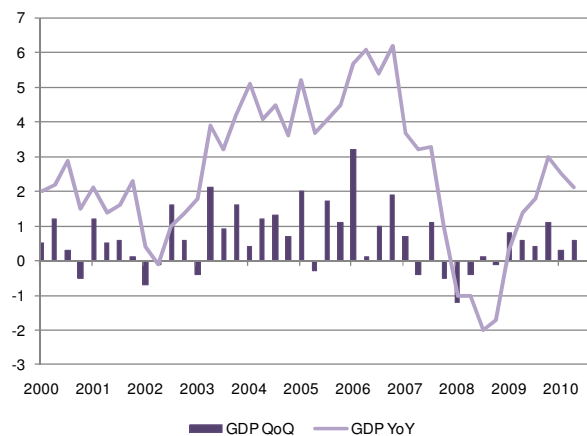
Fundamentals are strong, but dependent on global development

As stated above, the Norwegian economy seems to be maintaining its momentum. Nevertheless, it is important to remember that Norway has a small and open economy that is dependent on export of commodities such as oil and gas. Norway is also vulnerable to increased risk aversion abroad, when considering that the Oslo Stock Exchange generally follows the American Stock Exchange and that our money market is not a market in NOK, but a swap market through the USD. These are risk factors that may affect the Norwegian economy, if the situation were to deteriorate.

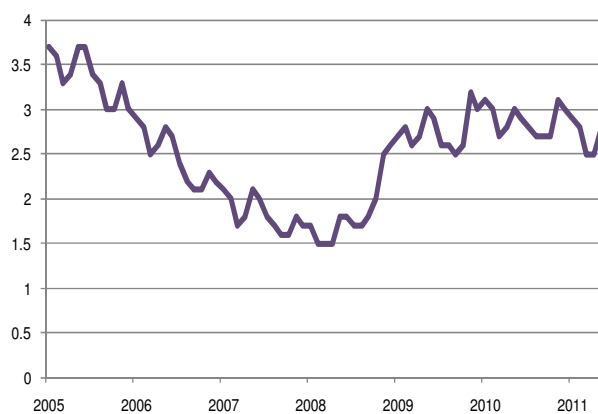
Summary market outlook

We do not believe in a new recession, although we cannot ignore the probability. However, we are prepared for a prolonged period of low growth on both sides of the Atlantic. We estimate this period may extend up to 24 months. The financial turmoil has increased, both in fixed income, equity and currency markets. We believe this will continue, however our baseline scenario is not a crisis of the magnitude of 2008-2009. The reversal of the high risk premiums might provide good business opportunities.

Still growth in the mainland economy



Unemployment rate is low (%)



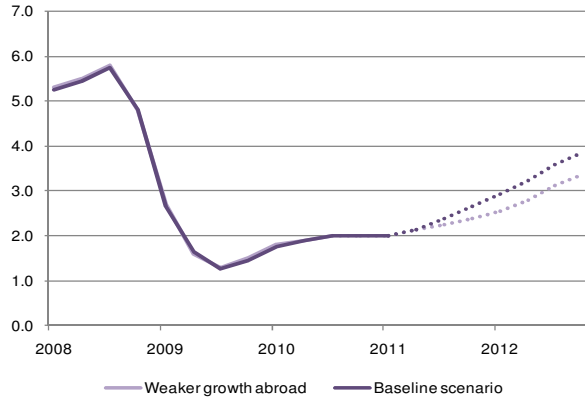
Source: Norges Bank, Statistics Norway, Bloomberg, SpareBank 1 Markets

Fiscal and monetary policy in Norway

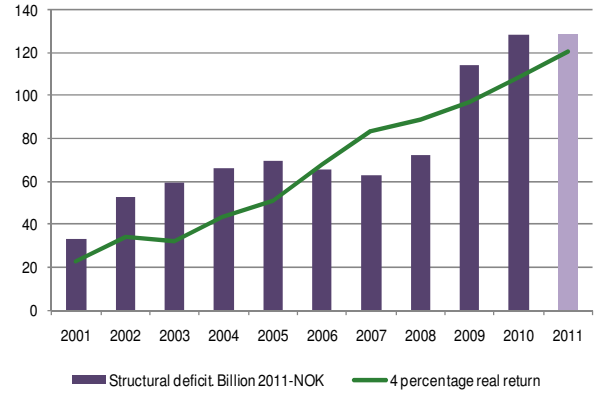
Norges Bank expected in June (Monetary Policy Report 2/2011) that the mainland economy will increase 3.0% and 3.75% in 2011 and 2012, respectively. Also SSB forecasted in June a pronounced upturn ahead, and expected a GDP growth of 3.2% and 4.0% in 2011 and 2012, respectively. Although these forecasts might be revised down, the Norwegian outlook is still quite robust. Due to high income from exports of commodities such as oil and gas, the Norwegian government enjoys a fiscal freedom that many of its counterparts in the euro zone do not. The Norwegian Government Pension Fund Global is approximately NOK 3,000bn, and the government is supposed to spend the real return of 4% over time. This makes it possible to run a structural deficit of approximately NOK 135bn in 2011, which corresponds to 12.1% of the total budget.

The dovish communication from the Federal Reserve and promise to keep interest rates at exceptionally low until mid 2013, together with expectations of a more dovish tune from ECB in the future, makes it difficult for Norges Bank to follow their baseline scenario for the key policy rate from June. The graph in the left corner shows the baseline scenario and the alternative scenario given weaker growth abroad. In the last interest rate meeting Norges Bank decided to keep the key policy rate unchanged at 2.25%. Norges Bank said that the decision must be seen against the background of the recent market turmoil and clear signs of weaker growth abroad. In addition the money market premium is higher than expected by Norges Bank. We believe that Norges Bank will keep interest rates low for an extended period and don't expect any hike in the key policy rate the next six months.

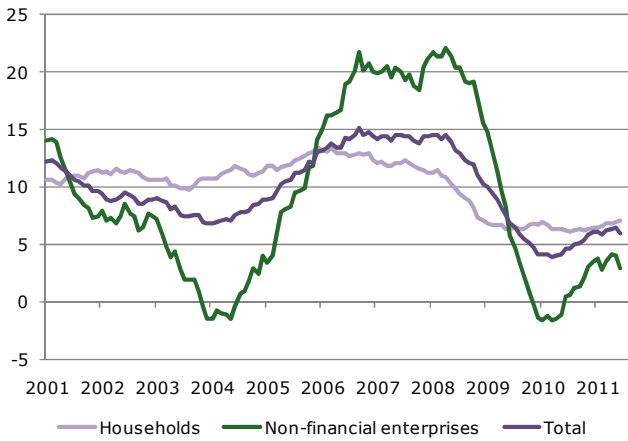
Projected key policy rate will probably be revised down



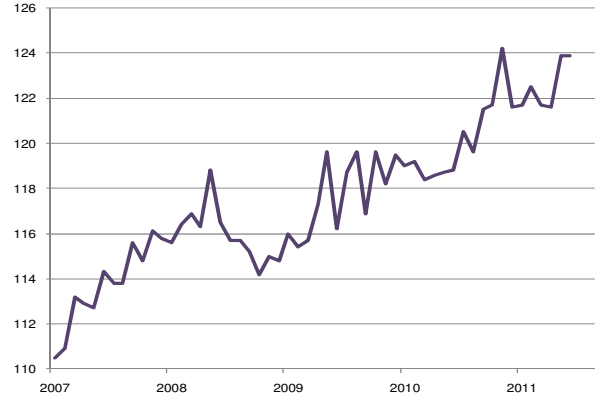
The government's use of "oil money" (NOKbn)



Credit growth is still under control



Retail Sales is on a positive trend



Source: Norges Bank, National Budget 2011, Statistics Norway, SpareBank 1 Markets

