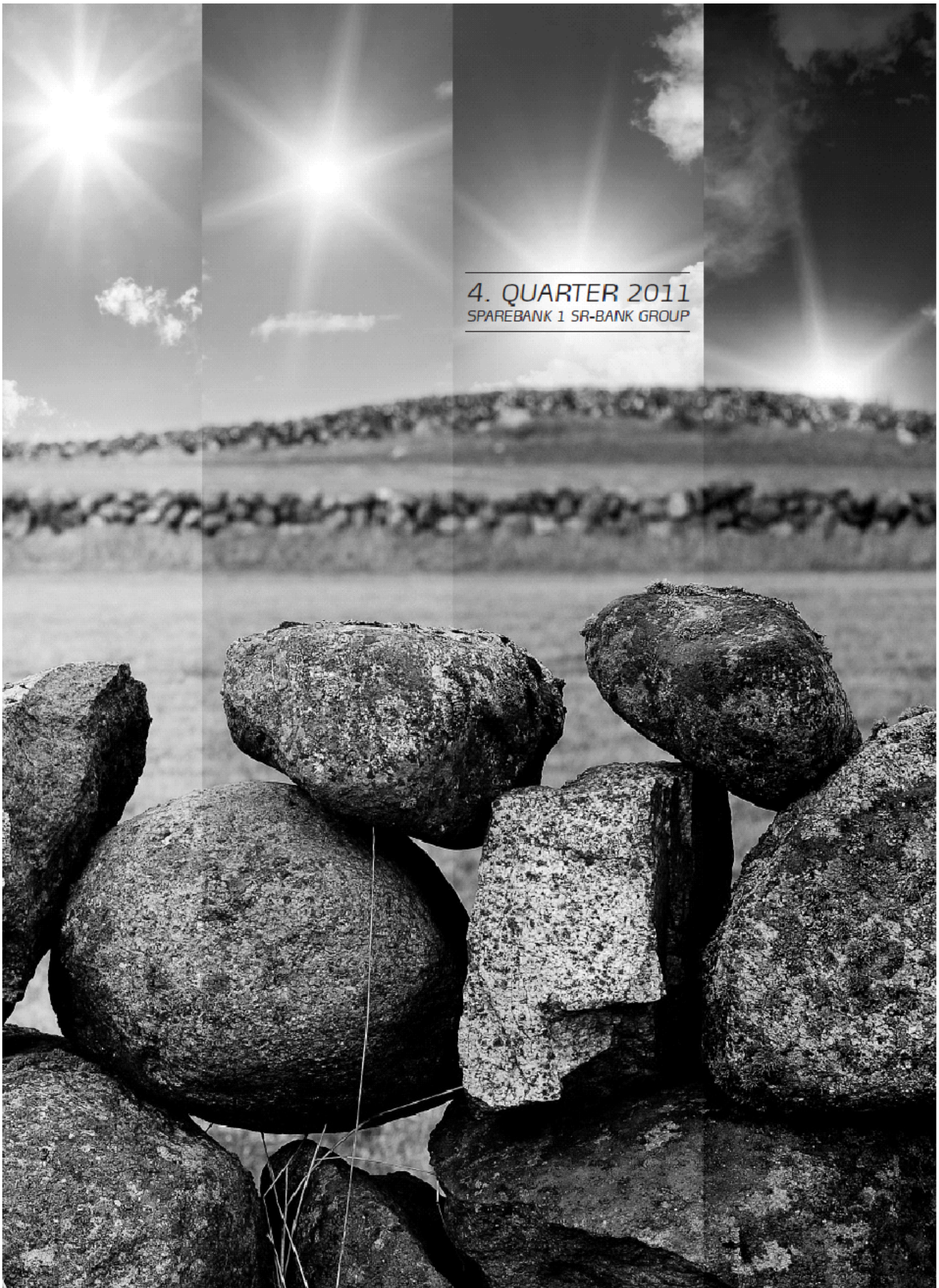

4. QUARTER 2011
SPAREBANK 1 SR-BANK GROUP

Robust operations and good customer growth in 2011

4th quarter 2011

- Pre-taxprofit: NOK 490 million (NOK 414 million)
- Net profit for the period: NOK 337 million (NOK 381 million)
- Return on equity after tax: 13.9% (16.9%)
- Earnings per equity certificate/share: NOK 1.73 (NOK 1.94)
- Net interest income: NOK 448 million (NOK 442 million)
- Net commissions and other operating income: NOK 305 million (NOK 283 million)
- Net income from financial investments: NOK 111 million (NOK 183 million)
- Operating costs: NOK 329 million (NOK 423 million)
- Impairment losses on loans: NOK 45 million (NOK 71 million)

(Q4 2010 in brackets)

Preliminary annual accounts 2011

- Pre-taxprofit: NOK 1,495 million (NOK 1,614 million*)*
- Net profit for theperiod: NOK 1,081 million (NOK 1,317 million)
- Return on equity after tax: 11.2% (15.5%)
- Earnings per equity certificate/share: NOK 5.42 (NOK 6.84)
- The Board proposes a dividend of NOK 1.50 (NOK 2.75) per share.
- Net interest income: NOK 1,756 million (NOK 1,742 million)
- Net commissions and other operating income: NOK 1,192 million (NOK 1,101 million)
- Net income from financial investments: NOK 319 million (NOK 571 million)
- Operating costs: NOK 1,633 million (NOK 1,566 million)
- Impairment losses on loans: NOK 139 million (NOK 234 million)
- Growth in lending (including loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) over the past 12 months: 11.2% (11.6%)
- Growth in deposits over the past 12 months: 5.4% (11.8%)
- Core capital adequacy: 10.6% (10.2%)
- Pure core capital adequacy: 8.3% (8.7%)

(Full year 2010 in brackets)

Profit

The Group's pre-tax profit was NOK 1,495 million in 2011, compared with NOK 1,614 million in 2010. The return on equity after tax for 2011 was 11.2% (15.5%).

Net interest income totalled NOK 1,756 million in 2011, compared with NOK 1,742 million in 2010. Net commissions and other operating income rose from NOK 1,101 million in 2010 to NOK 1,192 million in 2011. Net income from financial investments totalled NOK 319 million in 2011, compared with NOK 571 million in 2010.

Operating costs totalled NOK 1,633 million in 2011, compared with NOK 1,566 million in 2010. Costs were affected by a number of factors in 2011, including the modified pension schemes, the merger with Kvinnherad Sparebank and a higher level of activity in EiendomsMegler 1 SR-Eiendom AS. The underlying growth in costs was around 5%.

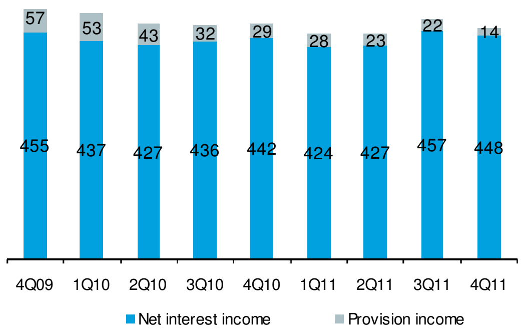
Impairment losses on loans totalled NOK 139 million in 2011, compared with NOK 234 million in 2010. Good credit quality in the retail and corporate markets kept impairment losses on loans at a moderate level.

Seen in isolation, SpareBank 1 SR-Bank Group's pre-tax profit for Q4 2011 was NOK 490 million, compared with NOK 414 million for Q4 2010. The improved profit was primarily due to pension-related items and lower net losses, which compensate for lower net income from financial investments. The net profit for the period was NOK 337 million (NOK 381 million) for Q4 2011, which represents a return on equity after tax of 13.9% (16.9%). The tax expense in Q4 2011 was relatively high due to the correction of previous provisions.

Net interest income

The Group's net interest income in 2011 amounted to NOK 1,756 million (NOK 1,742 million). Net interest income must be seen in the context of commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. At year-end 2011 the bank had sold NOK 45.3 billion (NOK 26.2 billion) to these companies, and commissions totalled NOK 87 million (NOK 156 million). Total net interest income and commissions fell by a total of NOK 55 million compared with the corresponding period last year. The margins in the home mortgage loan market declined as a result of higher funding costs, strong competition and the delay associated with interest rate changes due to customer notice periods.

The graph below shows the quarterly development in net interest income and commissions (in million NOK):



Net commissions and other operating income

Net commissions and other operating income amounted to NOK 1,192 million (NOK 1,101 million) in 2011.

Net commissions totalled NOK 763 million (NOK 725 million) in 2011. Excluding commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, this represents an increase of NOK 107 million compared with 2010. Higher income from the facilitation of projects, as a result of good interaction between SR-Markets and the Corporate Market Division, as well as higher commissions from insurance and guarantees, are the primary reasons for this growth in income.

Other operating income totalled NOK 429 million in 2011 (NOK 376 million). This was primarily income from real estate brokering.

Net income from financial investments

The net income from financial investments was NOK 319 million (NOK 571 million) in 2011. NOK 48 million of this amount was capital losses on securities (capital gains of NOK 146 million) and NOK 137 million (NOK 111 million) was capital gains on interest rate and currency trading. In addition, income from ownership interests totalled NOK 209 million (NOK 267 million) and dividends totalled NOK 21 million (NOK 47 million).

The high net income from financial investments in 2010 was partly due to the merger between Nordito AS and PBS AS, which produced an effect on earnings totalling NOK 96 million, consisting of NOK 51 million in capital gains and NOK 45 million in dividends. In addition, the value of the bank's ownership interest in the merged company, Nets Holding AS, was increased by NOK 67 million in 2010. The total effect of this on earnings in 2010 was NOK 163 million.

Capital losses on securities of NOK 48 million in 2011 consisted of a loss of NOK 35 million on the equity and equity certificate portfolio and a loss of NOK 13 million on the fixed income portfolio. The Group is neither directly nor indirectly exposed to European or US government debt.

Income from ownership interests totalling NOK 209 million (NOK 267 million) in 2011 was primarily due 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 96 million (NOK 166 million) in 2011. The share of the profit of BN Bank was NOK 36 million (NOK 33 million). In addition, NOK 28 million (NOK 7 million) was recognised as income as the difference between BN Bank's estimated and book equity. The share of the profit of SpareBank 1 Boligkreditt was NOK 24 million (NOK 25 million), SpareBank 1 Næringskreditt NOK 7 million (NOK 2 million), Bank 1 Oslo NOK 15 million (NOK 37 million) and Samspar Bankinvest NOK 2 million.

Operating costs

The Group's operating costs totalled NOK 1,633 million in 2011. This is an increase from NOK 1,566 million in 2010. Personnel costs were reduced by NOK 42 million to NOK 828 million, and other costs increased by NOK 109 million to NOK 805 million.

Both last year's and this year's costs were affected by pension-related items. There was a net reversal related to contractual pension (AFP) provisions amounting to NOK 106 million in 2010. In 2011, the modified pension schemes accounted for a reduction of NOK 224 million in costs (non-recurring effects). Excluding these pension-related items personnel costs were increased by NOK 76 million from 2010 to 2011.

A large proportion of the Group's increase in costs can be attributed to the merger with Kvinnherad Sparebank and increased costs in EiendomsMegler 1 SR-Eiendom AS related to acquisitions and a higher level of activity. An increased level of activity in the parent bank's divisions also resulted in higher costs. The underlying growth in costs from 2010 to 2011 was approx. 5%.

The Group's cost/income ratio, costs measured as a percentage of income, was 50.0% (45.9%) in 2011.

Credit risk and portfolio performance

The Group's risk profile remains unchanged. The market area enjoyed a high level of activity and low unemployment. In combination with a continuous focus on risk management, this helps to maintain the portfolio's good credit quality in accordance with the Group's overall goal.

The quality of the corporate market portfolio is considered good and stable. The quality of the retail market portfolio is very good. It development is characterised by stability and its low risk profile has been maintained. Most of the portfolio is secured by mortgages on real estate, and the LTV is, for the most part, moderate. This indicates limited potential losses as long as the values are not significantly impaired.

Impairment losses on loans and defaults

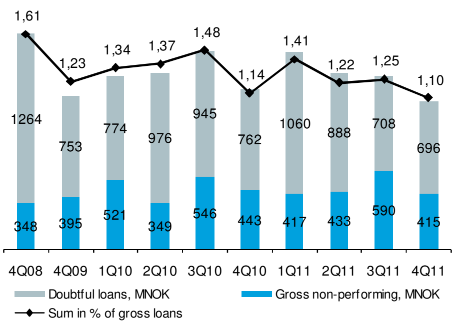
The Group recognised NOK 139 million (NOK 234 million) in net impairment losses on loans in 2011. This corresponds to impairment losses as a percentage of gross loans of 0.13% (0.23%).

For Q4 2011 the Group recognised NOK 45 million (NOK 71 million) in net impairment losses on loans. Of this NOK 21 million was collective impairment losses. Total (balance sheet) collective impairment losses provisions amounted to NOK 362 million (NOK 357 million) at year-end 2011.

Gross non-performing commitments totalled NOK 415 million at year-end 2011, compared with NOK 443 million at year-end 2010. This corresponds to 0.41% (0.42%) of gross loans. The portfolio of performing problem loans totalled NOK 696 million (NOK 762 million). This corresponds to 0.69% of gross loans (0.72%). Non-performing loans and problem commitments combined totalled NOK 1,111 million at year-end 2011, which is a reduction from NOK 1,205 million year-end 2010. In terms of gross loans, this is a reduction over the past 12 months from 1.14% to 1.10%.

The loan loss provision ratios for non-performing and other impaired commitments were 33% (30%) and 41% (35%), respectively, at year-end 2011.

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

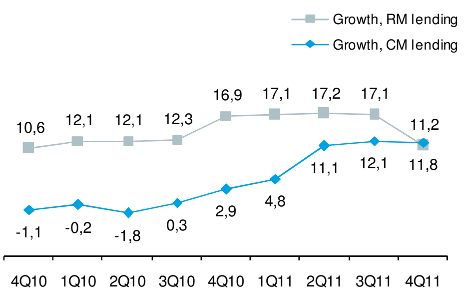


Loans to and deposits from customers

Gross loans amounted to NOK 146.7 billion (NOK 132.0 billion) at year-end 2011 and this includes a total of NOK 45.3 billion (NOK 26.2 billion) that has been sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Gross loans grew by 11.2% (11.6%) over the past 12 months.

The Group's retail market loans totalled 63.1% (62.6%) of the total loans at year-end 2011. The following graph shows the lending growth trend for the retail and corporate market divisions (the growth was affected by the Group acquiring loans of around NOK 4.0 billion through the merger with Kvinnherad Sparebank on 1 November 2010):

12 month lending growth (%)



Deposits from customers have risen by 5.4% (11.8%) over the past 12 months to NOK 64.0 billion (NOK 60.8 billion). Deposits from the corporate market accounted for 50.9% (52.8%) of the Group's customer deposits at year-end 2011.

In addition to ordinary customer deposits, the Group had NOK 11.2 billion (NOK 12.5 billion) under management at year-end 2011, primarily through SR-Forvaltning and ODIN.

At year-end 2011, the deposit coverage ratio was 63.2% (57.4%) At year-end 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 104.1% (101.7%) for the parent bank and 102.5% (99.9%) on a consolidated basis.

Business areas

Retail market division

The retail market division's profit contribution before impairment losses on loans amounted to NOK 747 million in 2011. Higher funding costs and strong competition are the primary reasons why the contribution before impairment losses on loans is NOK 43 million lower than in 2010.

Over the past 12 months, the division has increased its lending by 11.2% at the same time as deposits increased by 9.6%. This growth is the result of general market growth, a long-term focus on qualified advisory services and a strong brand.

Good net customer growth continues at the same rate as in 2010, both in the private market and for small businesses. Home mortgage loans continue to perform well due to a high level of activity in the market and the Group's strong distribution model. Impairment losses on loans and the percentage of non-performing loans are still low.

Commissions (excluding income related to SpareBank 1 Boligkreditt) increased by NOK 45 million in 2011 compared with 2010. The greatest increase is related to insurance commissions and portfolio commissions within the savings and investment area. The continued good growth in product sales is a result 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 advisers. A well-functioning customer call centre also contributed to higher sales and a better level of customer service, especially with regard to general insurance.

Corporate market division

The corporate market division's profit contribution before impairment losses on loans amounted to NOK 762 million in 2011. This is NOK 34 million higher than in 2010.

The level of activity in business and industry is good, but there is strong competition in the market. Over the past 12 months, the lending volume in the division increased by 11.8% at the same time as deposits increased by 3.0%. The lending margin is under pressure, but remained relatively stable in 2011.

The division is working actively with across-the-board sales of the Group's products, and the product contribution is improving. Commissions and other operating income increased by NOK 47 million in 2011.

The portfolio quality is good. Losses of NOK 83 million were recognised in 2011, compared with NOK 164 million in 2010. The percentage of non-performing loans is still low.

Capital market division

SR-Markets had income of NOK 213 million (NOK 180 million) in 2011. Most of this income still came from customer trading in interest rate and foreign exchange instruments. Overall, the bond portfolio achieved a profit of NOK 5 million (NOK 23 million) in 2011 following growth towards the end of Q4. The corporate finance division organised and completed several major projects in 2011, and the division's income more than doubled compared with 2010. The division increased its staffing levels substantially towards the end of 2011 and is thus well positioned for further growth. The newly established broker desk for equity trading ended its first full year of operation with a positive result.

The division's areas of expertise are complementary to traditional banking operations, and the Group's resources in securities activities and management.

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

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a profit before tax of NOK 91 million (NOK 59 million). The earnings improvement was due to factors such as recognising previous provisions as income due to modification of the company's pension schemes.

The company sold 7,502 properties in 2011 compared with 7,183 in 2010. In total the company has sold properties worth NOK 20.8 billion (NOK 17.6 billion) in 2011.

Activity in the housing market was weaker than expected towards the end of 2011. However, the outlook for the company's market area in 2012 is regarded as good, with high employment and low interest rates expected.

The market for sales of commercial properties is being affected by the uncertainty in the financial markets, and a wait-and-see attitude is expected in the market in 2012 as well. The rental market is good and expected to remain so in 2012 as well.

The company maintained its strong market position in 2011. New offices were established on Karmøy and Stord in Q4 2011, and a special division for commercial property was established in Kristiansand.

SpareBank 1 SR-Finans AS

The company's principal activities are lease financing for corporate customers and secured car loans.

The company achieved a profit before tax of NOK 100 million (NOK 78 million) in 2011. The earnings improvement was primarily due to lower impairment losses. The profit before impairment losses was NOK 117 million (NOK 125 million). Total assets have grown steadily over the past year and amounted to NOK 5,404 million (NOK 5,005 million) at year-end 2011.

New sales were good in 2011 in both car loans and leasing, and the outlook for 2012 is good with growing orders in hand and low non-performance.

SR-Forvaltning AS

SR-Forvaltning AS is a securities firm licensed to provide discretionary asset management services.

The profit before tax was NOK 27 million (NOK 21 million) in 2011. The company had assets of NOK 5.9 billion under management at year-end 2011. This is a reduction of around NOK 300 million from the level at the start of the year.

SR-Investering AS

SR-Investering AS's object is to contribute to the long-term creation of value through investments in business 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.

The profit before tax was NOK 11 million (NOK 7 million) in 2011. At year-end 2011, SR-Investering AS had total investments of NOK 143 million and related residual commitments of NOK 112 million.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

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

At year-end 2011, SpareBank 1 Boligkreditt AS had made loans totalling NOK 128.6 billion, NOK 44.7 billion of which were loans that had been bought from SpareBank 1 SR-Bank. The bank's ownership interest in the company is 34.4%. This interest is adjusted annually based on the bank's share of the sold volume at the start of the year.

At year-end 2011, SpareBank 1 Næringskreditt AS had made loans totalling NOK 8.9 billion, NOK 0.6 billion of which were loans that had been bought from SpareBank 1 SR-Bank. The bank's ownership interest in the company is 30.7%.

Funding

The euro crisis and uncertainty surrounding the solvency of European banks resulted in periodic disruption in the interbank market in Europe, and European banks have partly had to depend on the European Central Bank for access to adequate funding. It appears that the actors prefer to place their surplus liquidity with the central bank instead of lending to each other as normal. This increases credit mark-ups in the money market meaning all the actors are faced with less available credit and higher borrowing costs. This uncertainty, combined with adaptations to the new regulatory requirements (EBA and Basel III), has contributed to the market, in general, demanding a very high risk mark-up, even for Norwegian banks with little or no direct exposure to the unrest.

Like the other banks, SpareBank 1 SR-Bank's borrowing costs for long-term funding were at a significantly higher level in 2011 than they were prior to the financial crisis. Like most of the major banks, SpareBank 1 SR-Bank has intensified its work on adapting to the new regulatory requirements by acquiring more long-term funding and increasing holdings of very liquid assets. This adaptation, and the lasting high credit mark-up in the money market may result in higher lending rates for bank customers in the future.

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 loans and commercial property mortgages, respectively. SpareBank 1 SR-Bank essentially covered its funding requirements in 2011 through the sale of loan portfolios to these companies. SpareBank 1 Næringskreditt AS completed its first bond issue in the Norwegian market in June 2011, which helps further reinforce and diversify the Group's long-term funding opportunities. 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 by the two mortgage companies.

The liquidity situation at the end of March 2011 was good. SpareBank 1 SR-Bank seeks to achieve a good, even maturity structure for funding and believes it is important to having a good relationship with a large number of Norwegian and international investors and banks. At year-end 2011, SpareBank 1 SR-Bank's liquidity buffer was NOK 18.2 billion. The level of the liquidity buffer indicates the bank could survive for 22 months without access to external funding.

On 21 June 2011, the Ministry of Finance granted permission for SpareBank 1 SR-Bank to convert from a savings bank to a public limited company (limited savings bank) and to create a savings bank foundation under specific, detailed conditions. The conversion and establishment of the Savings Bank Foundation SR-Bank was implemented with effect from 1 January 2012. One important goal of the conversion is to strengthen the Group's access to equity and long-term market financing.

Capital adequacy

At year-end 2011, the Group's core capital adequacy was 10.6% (10.2%) and capital adequacy was 11.4% (12.4%). Solvency was strengthened in Q4 2011 by raising additional Tier 1 capital of NOK 1,000 million and issuing subordinated loans totalling NOK 750 million. The Group's pure core capital adequacy (excl. additional Tier 1 capital) was 8.3% at year-end 2011.

Around NOK 400 million was charged against equity in 2011 due to greater pension obligations. The pension obligations have increased due to changes in conditions, primarily falling interest rates. Following the transition to IFRS, SpareBank 1 SR-Bank has chosen to recognise pension obligations on a current basis at fair value, so any estimate discrepancies are recognised directly against equity.

In the autumn of 2009, the authorities decided to postpone the final transition to the IRB rules from 1 January 2010 to 1 January 2012. The Norwegian authorities have subsequently proposed that the transitional rule stating that the capital requirement using internal methods cannot be less than 80% of the capital requirement under Basel I ("the floor") be continued until 2015. All of the capital adequacy figures above take account of this transitional rule.

SpareBank 1 SR-Bank is in a solid financial position and is a market leader in the region in Norway enjoying the strongest growth. In addition to retained earnings, the Board proposes that equity be strengthened through issues worth up to NOK 1.63 billion.The proposed capital raising exercise will strengthen the Group's ability to continue meeting the financial needs of its customers in a proactive manner, as well as adjusting to the requirement of 9% pure core capital by 30 June 2012. There is also a certain degree of regulatory uncertainty with regard to possibly increased capital requirements from supervisory authorities prior to the final clarification and implementation of Basel III, and the proposed capital raising exercise will help strengthen the Group's capital adequacy ahead of possible changes.

It is proposed that the increase in capital consist of two issues: 1) a public rights issue of NOK 1.5 billion. A guarantee consortium has been established to ensure full subscription of the issue. The subscription period has been set as 18 May 2012 to 1 June 2012. Shares will be allocated on 7 June 2012 and payment for allocated shares on around 10 June 2012; 2) a private placement with employees of the Group of up to NOK 100,000 per employee, corresponding to up to NOK 130 million.

The issues will be carried out in parallel and depend on a final decision in an extraordinary general meeting on 9 May 2012.

Bank's equity certificates/shares

The bank's equity certificates (ROGG) were priced at NOK 40.70 as at 31 December 2011. This was the same price as at 30 September 2011. The Oslo Børs Benchmark Index rose by 10.5% in the same period. In Q4 2011, the turnover of ROGG corresponded to 3.4% (3.3%) of the total number of issued certificates.

At the end of Q4 2011, the bank had 11,887 (12,031) registered equity certificate holders. The percentage owned by foreigners was 9.6% (9.7%), while 46.8% (47.5%) was owned by investors from Rogaland, the Agder counties and Hordaland. The 20 largest owners controlled 40.3% (43.0%) of the equity certificates at the end of Q4 2011. The bank’s holdings of its own certificates totalled 133,248. Group employees owned 3.5% of the equity certificates at year-end 2011.

The conversion of SpareBank 1 SR-Bank from an equity certificate bank to a public limited company (ASA) was implemented with effect from 2012. The last trading day for ROGG was 30 December 2011. From and including 2 January 2012, the ticker on Oslo Børs was changed to SRBANK.

The Savings Bank Foundation SR-Bank was established as part of the conversion and at the time of conversion received 72,176,308 shares. The number of shares corresponded to the proportional ownership of the former primary capital fund represented in SpareBank 1 SR-Bank. At the time of the conversion, former owners of ROGG received compensation of one share for each equity certificate they owned. This amounted to 127,313,631 shares. Following the conversion a total of 199,489,669 shares have been issued.

The following tables list the 20 largest shareholders as at 2 January 2012:

	Number	%
Savings Bank Foundation SR-Bank	72,176,308	36.2%
Gjensidige Forsikring ASA	20,713,065	10.4%
SpareBank 1 Foundation Kvinnherad	6,069,934	3.0%
Odin Norge	3,598,122	1.8%
Odin Norden	3,091,553	1.5%
Clipper AS	1,685,357	0.8%
Frank Mohn AS	1,666,142	0.8%
Estate of the late Trygve Stangeland	1,632,048	0.8%
JPMorgan Chase Bank, UK	1,598,223	0.8%
Varma Mutual Pension Insurance, Finland	1,496,091	0.7%
State Street Bank & Trust, USA	1,080,213	0.5%
Trygves Holding AS	1,070,939	0.5%
SHB Stockholm Clients Account, Sweden	1,070,000	0.5%
Fidelity Low-Priced Stock Fund, USA	1,061,327	0.5%
Westco AS	1,030,091	0.5%
Køhlergruppen AS	1,000,000	0.5%
Forsand Municipal Authority	769,230	0.4%
Tveteraas Finans AS	722,000	0.4%
Solvang Shipping AS	701,034	0.4%
Leif Inge Slethei AS	672,772	0.3%
Total 20 largest	122,904,449	61.6%

Accounting policies

SpareBank 1 SR-Bank prepares its parent company and consolidated accounts in accordance with the IFRS regulations. For 2011, the IFRS consolidated accounts show a profit after tax of NOK 1,081 million and the IFRS parent company accounts show a profit after tax of NOK 936 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 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.

Allocation of the profit for 2011

It is the parent's company profit as at 31 December 2011 that is the point of departure for distribution of the dividend. The parent company's available profit for the 2011 accounting year was NOK 936 million or NOK 4.69 per share (taking into account the number of shares as of 2 January 2012, after conversion to a public limited company and the establishment of the Savings Bank Foundation SR-Bank). In line with SpareBank 1 SR-Bank's dividend policy the various circumstances are taken into consideration when proposing dividends, with special emphasis on capital strength and core capital adequacy. The Board of Directors of SpareBank 1 SR-Bank proposes a dividend of NOK 1.50 per share. This represents a dividend rate of 32%. The Board proposes the following allocations for the 2011 accounting year:

	Million NOK
Parent company's net profit for the period	936
Transferred from the fund for valuat differences	0
Available	936
Dividend (NOK 1.50 per share)	299
Retained earnings	637
Total	936

Outlook

Uncertainty concerning the debt situation in a number of euro countries has grown since summer 2011. There is still considerable unrest in the international financial markets at the start of 2012. Unrest in the European banking sector is affecting Norway through the Norwegian banking system's need to cover some of its funding needs internationally. Meanwhile, the Norwegian economy is robust, and, as a result of higher liquidity reserves, more long-term funding and greater financial strength, Norwegian banks are overall well equipped to handle the ongoing market unrest.

A high oil price, major new oil finds, and increasing house building are expected to contribute to a good level of activity in the country and region, and continued positive growth for the region's businesses and population is assumed, with continued low unemployment.The Group is in a strong financial position and is a market leader in the region in Norway enjoying the strongest growth. The planned capital raising exercise will strengthen the Group's ability to continue meeting the financial needs of its customers in a proactive manner.

The level of uncertainty is still high and if Norwegian business and industry are affected to a greater extent by an international recession, this may contribute to higher losses and a reduction in the demand for credit in the future. However, SpareBank 1 SR-Bank has good liquidity and is focusing on efficient operations and diversified income from many products and service areas. SpareBank 1 SR-Bank has a good basis for further strengthening its market position through its high level of customer satisfaction. Positive underlying performance is therefore expected in the business areas in 2012. The credit quality of the Group's loan portfolio is good, and non-performing loans and impairment losses on loans are expected to remain relatively low in the future.

Stavanger, 7 February 2012

The Board of Directors of SpareBank 1 SR-Bank ASA

Quarterly financial statements

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Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	2011 MNOK	%	2010 MNOK	%	2009 MNOK	%
Net interest income	1.756	*1,31*	1.742	*1,35*	1.676	*1,35*
Net commission and other income	1.192	*0,89*	1.101	*0,85*	998	*0,80*
Net return on investment securities	319	*0,24*	571	*0,44*	705	*0,57*
Total income	**3.267**	***2,44***	**3.414**	***2,65***	**3.379**	***2,72***
Total operating expenses	**1.633**	***1,22***	**1.566**	***1,22***	**1.579**	***1,27***
Profit before losses	**1.634**	***1,22***	**1.848**	***1,43***	**1.800**	***1,45***
Impairment losses on loans and guarantees	139	*0,10*	234	*0,18*	368	*0,30*
Profit before tax	**1.495**	***1,12***	**1.614**	***1,25***	**1.432**	***1,15***
Tax expense	414	*0,31*	297	*0,23*	321	*0,26*
Profit after tax from continuing operations	**1.081**	***0,81***	**1.317**	***1,02***	**1.111**	***0,89***

	2011	2010	2009
PROFITABILITY			
Return on equity [1]	11,2 %	15,5 %	17,5 %
Cost ratio [2]	50,0 %	45,9 %	46,7 %
BALANCE SHEET			
Gross loans to customers	101.368	105.792	93.473
Gross loans to customers including SpareBank 1 Boligkredi	146.697	131.953	118.227
Deposits from customers	64.042	60.770	54.336
Deposit-to-loan ratio	63,2 %	57,4 %	58,1 %
Growth in loans	-4,2 %	13,2 %	-6,6 %
Growth in loans incl Boligkreditt	11,2 %	11,6 %	5,3 %
Growth in deposits	5,4 %	11,8 %	2,4 %
Average total assets	133.629	128.830	124.283
Total assets	131.142	134.778	124.909
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3]	0,13	0,23	0,38
Non-performing commitments as a percentage of gross loar	0,41	0,42	0,42
Other doubtful commitments as a percentage of gross loans	0,69	0,72	0,81
SOLIDITY			
Capital adequacy ratio	11,4	12,4	11,9
Core capital ratio	10,6	10,2	9,6
Core capital	10.846	9.442	8.130
Net equity and subordinated loan capital	11.681	11.482	10.029
Minimum subordinated capital requirement	8.167	7.400	6.767
BRANCHES AND STAFF			
Number of branches	53	54	51
Number of employees (annualised)	1.213	1.163	1.093

EQUITY CERTIFICATES	2011	2010	2009	2008	2007
Equity certificate ratio	63,8 %	63,2 %	62,9 %	56,1 %	54,9 %
Market price	40,70	57,00	50,00	27,08	55,21
Market capitalisation	5.182	7.257	6.047	2.434	4.702
Book equity per EC (including dividends) (group)	48,75	47,45	42,07	37,23	37,64
Book equity per EC (including dividends) (parent bank)	42,81	41,80	36,85	32,06	34,02
Earnings per EC (group) [4]	5,42	6,84	6,88	3,00	6,54
Dividends per EC	1,50	2,75	1,75	0,83	3,96
Price / Earnings per EC	7,51	8,33	7,27	9,03	8,44
Price / Book equity (group)	0,83	1,20	1,19	0,73	1,47
Price / Book equity (parent bank)	0,95	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				
2009	**Q4 10**	**Q4 11**	**2010**	**2011**	**Income statement (MNOK)**		**2011**	**2010**	**Q4 11**	**Q4 10**	**2009**
4.821	1.241	1.339	4.655	5.132	Interest income		5.287	4.820	1.378	1.282	5.015
3.346	842	933	3.087	3.543	Interest expense		3.531	3.078	930	840	3.339
1.475	399	406	1.568	**1.589**	**Net interest income**		**1.756**	1.742	448	442	1.676
718	183	206	743	791	Commission income		834	796	211	194	760
-86	-18	-18	-70	-74	Commission expenses		-71	-71	-12	-15	-87
11	9	1	10	5	Other operating income		429	376	106	104	325
643	174	189	683	**722**	**Net commission and other income**		**1.192**	1.101	305	283	998
22	0	1	54	20	Dividend income		21	47	1	0	23
244	0	0	214	269	Income from investment in associates		209	267	67	94	298
390	88	40	249	70	Net gains/losses on financial instruments		89	257	43	89	384
656	88	41	517	**359**	**Net income on investment securities**		**319**	571	111	183	705
2.774	661	636	2.768	**2.670**	**Total income**		**3.267**	3.414	864	908	3.379
666	157	70	632	604	Personnel expenses	14	828	870	100	223	881
310	97	98	318	357	Administrative expenses		410	362	111	109	346
250	63	91	217	274	Other operating expenses		395	334	118	91	352
1.226	317	259	1.167	**1.235**	**Total operating expenses**		**1.633**	1.566	329	423	1.579
1.548	344	377	1.601	**1.435**	**Operating profit before losses**		**1.634**	1.848	535	485	1.800
333	61	45	187	121	Losses on loans and guarantees	2, 3 and 4	139	234	45	71	368
1.215	283	332	1.414	**1.314**	**Operating profit before tax**		**1.495**	1.614	490	414	1.432
273	24	124	288	378	Tax expense		414	297	153	33	321
942	259	208	1.126	**936**	**Profit after tax**	12	**1.081**	1.317	337	381	1.111
942	259	208	1.126	**936**	Attributable to majority interests		**1.081**	1.317	337	381	1.109
0	0	0	0	**0**	Attributable to minority interests		**0**	0	0	0	2
					Other comprehensive income						
942	259	208	1.126	936	Profit after tax		1.081	1.317	337	381	1.111
-143	171	-78	-49	-291	Unrecognised actuarial gains and losses		-346	-73	-93	179	-139
40	-47	22	14	82	Deferred tax concerning changed estimates/pension plan changes		97	20	26	-51	39
0	1	0	1	0	Change in value of financial assets available for sale		0	1	0	1	0
0	0	0	0	0	Share of profit associated companies and joint ventures		-19	-12	-10	0	-1
-103	125	-56	-34	-209	**Other comprehensive income**		-268	-64	-77	129	-101
839	384	152	1.092	727	**Total comprehensive income**		813	1.253	260	510	1.010
					Total comprehensive income						
839	384	152	1.092	727	Attributable to majority interests		813	1.253	260	510	1.008
0	0	0	0	0	Attributable to minority interests		0	0	0	0	2

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		
31.12.09	**31.12.10**	**31.12.11**	**Balance sheet (MNOK)**		**31.12.11**	**31.12.10**	**31.12.09**
781	1.235	263	Cash and balances with central banks		263	1.235	781
5.747	5.611	5.391	Balances with credit institutions		723	1.273	1.301
88.301	100.069	95.278	Net loans to customers	8	100.588	105.033	92.824
22.558	18.736	19.846	Certificates, bonds and other fixed-income securities	13	19.850	18.742	22.582
2.444	3.247	3.728	Financial derivatives	10	3.716	3.241	2.438
441	541	491	Shares, ownership stakes and other securities		632	661	439
23	92	84	Business available for sale		84	93	23
2.253	2.448	3.352	Investment in associates		4.389	3.499	3.127
574	694	716	Investment in subsidiaries		0	0	0
639	801	657	Other assets	5	897	1.001	1.394
123.761	133.474	**129.806**	**Total assets**	12	**131.142**	134.778	124.909
8.854	7.361	4.785	Balances with credit institutions		4.782	7.359	8.852
8.832	8.832	7.395	Public sector deposits regarding the covered bonds swap agreement		7.395	8.832	8.832
54.512	60.939	64.214	Deposits from customers	7	64.042	60.770	54.336
37.523	40.307	36.338	Listed debt securities	11	36.338	40.307	37.523
1.576	2.212	2.010	Financial derivatives	10	2.010	2.212	1.576
1.522	1.416	1.515	Other liabilities	6	1.843	1.752	1.846
3.871	4.144	4.975	Additional Tier 1 and Tier 2 capital instruments	11	4.975	4.144	3.871
116.690	125.211	**121.232**	**Total liabilities**		**121.385**	125.376	116.836
3.023	3.183	3.183	Equity certificates		3.183	3.183	3.023
-9	-3	-3	Holding of own equity certificates		-3	-3	-9
458	625	625	Premium reserve		625	625	458
759	1.175	1.448	Dividend equalisation reserve		1.448	1.175	759
212	336	191	Proposed dividend		191	336	212
2.241	2.477	2.631	Savings bank's reserve		2.631	2.477	2.241
20	55	55	Share premium reserve		55	55	20
240	372	293	Endowment fund		293	372	240
0	0	108	Proposed dividend Sparebankstiftelsen SR-Bank		108	0	0
127	43	43	Fund for unrealised gains		43	43	127
0	0	0	Other equity		1.183	1.139	1.002
0	0	0	Profit/loss at period end		0	0	0
7.071	8.263	**8.574**	**Total equity**		**9.757**	9.402	8.073
123.761	133.474	**129.806**	**Total liabilities and equity**	12	**131.142**	134.778	124.909

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
Issue expenses						-1			-1
Adjusted equity accosiates								-47	-47
Grants from endowment fund					-79				-79
Profit after tax									1.081
Unrecognised actuarial gains and losses after tax			-77			-132		-40	-249
Share of profit associated companies and joint ventures									0
Other comprehensive income			-77			-132	0	-40	-249
Total comprehensive income									**813**
Equity as of 31.12.2011	**3.180**	**625**	**2.400**	**55**	**293**	**1.042**	**43**	**1.052**	**9.771**

Equity certificate ratio

Parent bank

(Amounts in NOK million)	**31.12.2011**	31.12.2010
Equity cerificates	3.180	3.180
Dividend equalisation reserve	1.448	1.175
Premium reserve	625	625
A. The equitye certificate owners' capital	**5.253**	4.980
Savings bank's reserve	2.631	2.477
Share premium reserve	55	55
Endowment fund	293	372
B. The savings bank's reserve	**2.979**	2.904
Fund for unrealised gains	43	43
Equity excl proposed dividend	**8.275**	7.927
Equity certificate ratio (A/(A+B))	**63,8 %**	63,2 %

Cash flow statement

Parent bank				Group		
31.12.2009	31.12.2010	31.12.2011	Cash flow statement	31.12.2011	31.12.2010	31.12.2009
1.215	1.414	**1.314**	Profit before tax	**1.495**	1.614	1.432
0	0	**0**	Income from ownership interests	**-209**	-267	-298
0	0	**-185**	Change in pension obligation over profit and loss	**-224**	0	0
-8	-8	**0**	Gain on disposal of non-financial assets	**0**	-10	-8
65	62	**68**	Write-down on non-financial assets	**79**	72	69
333	187	**121**	Losses on loans	**139**	234	368
-9	-221	**-291**	Taxes paid	**-307**	-223	-22
1.596	1.434	**1.027**	**Transferred from the year's activity**	**973**	1.420	1.541
6.695	-11.846	**4.779**	Change in gross lending to customers	**4.424**	-12.319	6.598
84	242	**-5**	Change in receivables from credit institutions	**317**	134	26
829	6.427	**3.275**	Change in deposits from customers	**3.272**	6.434	1.286
7.396	0	**-1.437**	Public sector deposits regarding the covered bonds swap agreement	**-1.437**	0	7.396
-2.318	-1.493	**-2.576**	Change in debt to credit institutions	**-2.577**	-1.493	-2.318
-13.468	3.822	**-1.110**	Change in certificates and bonds	**-1.108**	3.840	-13.451
-2.313	1.285	**-505**	Other accruals	**-418**	1.438	-2.042
-1.499	-129	**3.448**	**A Net cash flow from operations**	**3.446**	-546	-964
-67	-119	**-82**	Change in tangible fixed assets	**-103**	477	-686
16	10	**0**	Proceeds from sale of fixed assets	**0**	10	16
-1.294	-415	**-876**	Change in shares and ownership stakes	**-861**	-594	-1.209
-1.345	-524	**-958**	**B Net cash flow, investments**	**-964**	-107	-1.879
3.029	10.756	**2.032**	Debt raised by issuance of securities	**2.032**	10.756	3.029
-7.789	-9.427	**-6.350**	Repayments - issuance of securities	**-6.350**	-9.427	-7.789
786	0	**1.750**	Additional capital instruments issued	**1.750**	0	786
-641	0	**-783**	Repayments - additional capital instruments	**-783**	0	-641
1.228	160	**0**	Issue equity capital certificates	**0**	160	1.228
-75	-212	**-336**	Dividend to equity capital certificate holders	**-336**	-212	-75
-3.462	1.277	**-3.687**	**C Net cash flow, financing**	**-3.687**	1.277	-3.462
-6.306	624	**-1.197**	**A+B+C Net cash flow during the period**	**-1.205**	624	-6.305
7.260	954	**1.578**	Cash and cash equivalents as at 1 January	**1.586**	962	7.267
954	1.578	**381**	Cash and cash equivalents as at 31 March	**381**	1.586	962
-6.306	624	**-1.197**	**Net cash flow during the period**	**-1.205**	624	-6.305
			Cash and cash equivalents specified			
781	1.235	**263**	Cash and balances with central banks	**263**	1.235	781
173	343	**118**	Balances with credit institutions	**118**	351	181
954	1.578	**381**	**Cash and cash equivalents**	**381**	1.586	962

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.

Notes to the financial statements

(in MNOK)

Note 1 *Accounting principles*

1.1 Basis for preparation

The 4th quarter 2011 interim financial statements of Sparebank 1 SR-Bank are for the 4th quarter and preliminery annual account 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 are recognised as equity in the period before 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		
31.12.09	31.12.10	31.12.11		31.12.11	31.12.10	31.12.09
-21	15	**9**	Change in individual impairment losses provisions for the period	**16**	38	-12
81	14	**3**	Change in collective impairment loss provisions for the period	**5**	24	91
17	6	**6**	Amortised cost	**6**	6	17
220	167	**62**	Actual loan losses on commitments for which provisions have been made	**66**	175	227
52	19	**64**	Actual loan losses on commitments for which no provision has been made	**74**	30	63
0	0	**7**	Change in assets taken over for the period	**7**	0	0
-16	-34	**-30**	Recoveries on commitments previously written-off	**-35**	-39	-18
333	187	**121**	The period's net losses / (reversals) on loans and advances	**139**	234	368

Note 3 *Provisions for impairment losses on loans*

Parent bank				Group		
31.12.09	31.12.10	31.12.11		31.12.11	31.12.10	31.12.09
324	303	**346**	Provisions for Individual impairment losses at start of period	**402**	337	349
0	35	**0**	Taken over from Kvinnherad	**0**	35	0
99	66	**30**	Increases in previous provisions for individual impairment losses	**32**	67	99
-113	-71	**-96**	Reversal of provisions from previous periods	**-108**	-83	-126
197	187	**138**	New provisions for individual impairment losses	**158**	229	226
16	-7	**1**	Amortised cost	**1**	-8	16
		-62	Actual loan losses during the period for which provisions for individual	**-65**		
-220	-167	**-62**	impairment losses have been made previously	**-65**	-175	-227
303	346	**357**	Provisions for Individual impairment losses at period end	**420**	402	337
272	181	**126**	Net losses	**140**	200	289

Note 4 *Non-performing and problem commitments*

Parent bank				Group		
31.12.09	31.12.10	31.12.11		31.12.11	31.12.10	31.12.09
			Non-performing loans and advances			
355	408	**384**	Gross non-performing loans above 90 days	**415**	443	395
88	117	**123**	Provisions for Individual impairment losses	**138**	134	104
267	291	**261**	Net non-performing loans and advances	**277**	309	291
25 %	29 %	**32 %**	Loan loss provision ratio	**33 %**	30 %	26 %
			Other problem commitments			
696	656	**587**	Problem commitments	**696**	762	753
215	229	**234**	Provisions for Individual impairment losses	**282**	268	233
481	427	**353**	Net other problem commitments	**414**	494	520
31 %	35 %	**40 %**	Loan loss provision ratio	**41 %**	35 %	31 %

Note 5 *Other assets*

Parent bank				Group		
31.12.09	**31.12.10**	**31.12.11**		**31.12.11**	**31.12.10**	**31.12.09**
0	0	**0**	Intangible assets	**54**	60	40
0	0	**0**	Deferred tax assets	**0**	0	0
309	366	**380**	Tangible fixed assets	**401**	392	935
330	435	**277**	Other assets	**442**	549	419
639	801	**657**	**Total other assets**	**897**	1.001	1.394

Note 6 *Other liabilities*

Parent bank				Group		
31.12.09	**31.12.10**	**31.12.11**		**31.12.11**	**31.12.10**	**31.12.09**
194	167	**156**	Accrued expenses and prepaid revenue	**229**	249	254
91	64	**296**	Deferred tax	**329**	138	162
548	523	**586**	Provision for accrued expenses and liabilities	**704**	622	629
689	662	**477**	Other liabilities	**581**	743	801
1.522	1.416	**1.515**	**Total other liabilities**	**1.843**	1.752	1.846

Note 7 *Customer deposits by sectors and industry*

Parent bank				Group		
31.12.09	**31.12.10**	**31.12.11**		**31.12.11**	**31.12.10**	**31.12.09**
893	969	**1.019**	Agriculture/forestry	**1.019**	969	893
101	132	**161**	Fishing/Fish farming	**161**	132	101
1.022	1.080	**1.233**	Mining/extraction	**1.233**	1.080	1.022
1.245	1.378	**942**	Industry	**942**	1.378	1.245
1.850	3.190	**1.418**	Power and water supply/building and construction	**1.418**	3.190	1.850
1.855	1.848	**1.977**	Commodity trade, hotel and restaurant business	**1.977**	1.848	1.855
1.334	1.391	**1.149**	Foreign trade shipping, pipeline transport and other transport activities	**1.149**	1.391	1.334
3.998	4.075	**4.600**	Real estate business	**4.600**	4.075	3.969
6.703	7.213	**8.234**	Service industry	**8.234**	7.044	6.556
10.281	10.947	**11.996**	Public sector and financial services	**11.824**	10.947	10.281
29.282	32.223	**32.729**	**Total corporate sector**	**32.557**	32.054	29.106
25.180	28.683	**31.445**	Retail customers	**31.445**	28.683	25.180
50	33	**40**	Accrued interests corporate sector and retail customers	**40**	33	50
54.512	60.939	**64.214**	**Total deposits**	**64.042**	60.770	54.336

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.09	**31.12.10**	**31.12.11**		**31.12.11**	**31.12.10**	**31.12.09**
2.915	3.208	**3.528**	Agriculture/forestry	**3.773**	3.430	3.139
556	292	**311**	Fishing/Fish farming	**416**	365	607
2.104	2.168	**2.618**	Mining/extraction	**2.728**	2.236	2.178
2.289	1.929	**1.087**	Industry	**1.686**	2.591	2.970
1.386	2.957	**3.123**	Power and water supply/building and construction	**4.022**	3.882	2.315
2.507	2.167	**2.064**	Commodity trade, hotel and restaurant business	**2.487**	2.504	2.856
5.302	5.756	**6.173**	Foreign trade shipping, pipeline transport and other transport activities	**6.553**	6.127	5.667
21.934	21.868	**23.586**	Real estate business	**23.749**	22.105	21.622
4.423	4.036	**5.664**	Service industry	**6.827**	5.011	5.535
245	509	**796**	Public sector and financial services	**1.068**	726	460
43.661	44.890	**48.950**	**Total corporate sector**	**53.309**	48.977	47.349
44.950	55.516	**46.547**	Retail customers	**47.593**	56.492	45.847
97	87	**150**	Unallocated (excess value fixed interest loans and amort. lending fees)	**150**	76	102
175	236	**303**	Accrued interests corporate sector and retail customers	**316**	247	175
88.883	100.729	**95.950**	**Gross loans**	**101.368**	105.792	93.473
-295	-346	**-355**	- Individual impairment losses provisions	**-418**	-402	-329
-287	-314	**-317**	- Collective impairment losses provisions	**-362**	-357	-320
88.301	100.069	**95.278**	**Net loans**	**100.588**	105.033	92.824

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 the Financial Supervisory Authority of Norway, giving IRB-banks full effect of the reduced ca requirements from 2015 and onwards.

Parent bank				Group		
31.12.09	31.12.10	**31.12.11**		**31.12.11**	31.12.10	31.12.09
3.023	3.183	**3.183**	Equity certificates	**3.183**	3.183	3.023
-9	-3	**-3**	- Own equity certificates	**-3**	-3	-9
458	625	**625**	Premium reserve	**625**	625	458
759	1.175	**1.448**	Equalisation reserve	**1.448**	1.175	759
212	336	**299**	Allocated to dividend	**299**	336	212
2.241	2.477	**2.631**	Savings bank's reserve	**2.631**	2.477	2.241
20	55	**55**	Share premium reserve	**55**	55	20
240	372	**293**	Endowment fund	**293**	372	240
127	43	**43**	Reserve for unrealised gains	**43**	43	127
0	0	**0**	Other equity	**1.183**	1.139	1.002
7.071	8.263	**8.574**	**Total book equity**	**9.757**	9.402	8.073
			Core capital			
0	0	**0**	Deferred taxes, goodwill and other intangible assets	**-71**	-77	-42
-1	-2	**-2**	Fund for unrealized gains, available for sale	**-2**	-2	-1
-212	-336	**-299**	Deduction for allocated dividends	**-299**	-336	-212
-367	-373	**-421**	50% deduction for subordinated capital in other financial institutions	**-21**	-21	-17
-327	-268	**-250**	50% deduction for expected losses on IRB, net of write-downs	**-255**	-268	-337
0	0	**0**	50 % capital adequacy reserve	**-665**	-645	-552
1.210	1.268	**2.273**	Additional Tier 1 capital	**2.402**	1.389	1.218
7.374	8.552	**9.875**	**Total core capital**	**10.846**	9.442	8.130
		0				
			Supplementary capital in excess of core capital			
760	783	**0**	Perpetual Tier 2 capital	**0**	783	760
8	0	**0**	Tier 2 capital - excess of 15% additional Tier 1 capital	**0**	0	0
1.763	1.961	**1.565**	Non-perpetual additional capital	**1.776**	2.191	2.045
-367	-373	**-421**	50% deduction for investment in capital instruments in other financial instituti	**-21**	-21	-17
-327	-268	**-250**	50% deduction for expected losses on IRB, net of write-downs	**-255**	-268	-337
0	0	**0**	50 % capital adequacy reserve	**-665**	-645	-552
1.837	2.103	**894**	**Total supplementary capital**	**835**	2.040	1.899
9.211	10.655	**10.769**	**Net subordinated capital**	**11.681**	11.482	10.029
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
2.045	1.953	**2.060**	Specialised lending exposure	**2.060**	1.953	2.045
1.752	2.034	**2.104**	Other corporations exposure	**2.104**	2.042	1.755
30	35	**33**	SME exposure	**37**	38	33
416	477	**393**	Retail mortage exposure	**758**	680	614
86	86	**75**	Other retail exposure	**78**	87	93
0	340	**464**	Equity investments	**0**	0	0
4.329	4.925	**5.129**	**Total credit risk IRB**	**5.037**	4.800	4.540
82	122	**97**	Debt risk	**94**	116	82
47	34	**47**	Equity risk	**47**	34	47
0	0	**0**	Currency risk	**0**	0	0
252	295	**331**	Operational risk	**408**	374	320
0	0	**0**	Transitional arrangements	**861**	566	264
703	605	**625**	Exposures calculated using the standardised approach	**1.830**	1.617	1.605
-58	-60	**-67**	Deductions	**-110**	-107	-91
5.355	5.921	**6.162**	**Minimum requirements subordinated capital**	**8.167**	7.400	6.767
				0		
13,76 %	14,40 %	**13,98 %**	Capital adequacy ratio	**11,44 %**	12,41 %	11,86 %
11,02 %	11,55 %	**12,82 %**	Core capital ratio	**10,62 %**	10,21 %	9,61 %
2,74 %	2,84 %	**1,16 %**	Supplementary capital ratio	**0,82 %**	2,21 %	2,25 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount 31.12.11	Fair value at 31.12.11 Assets	Liabilities
Currency instruments			
Currency forward contracts	3.470	52	79
Currency swaps	13.817	193	325
Currency options	80	0	0
Total currency instruments	17.367	245	404
Interest rate instruments			
Interest rate swaps(including cross-currency)	99.699	1.357	1.253
Other interest rate contracts	1.000	0	2
Total interest rate instruments	100.699	1.357	1.255
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	24.697	1.680	131
Total hedging / Interest rate instruments	24.697	1.680	131
Accrued interests			
Accrued interests		434	220
Total accrued interests		434	220
Total currency and interest rate instruments			
Total currency instruments	17.367	245	404
Total interest rate instruments	125.396	3.037	1.386
Total accrued interests		434	220
Total	142.763	3.716	2.010

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

Note 11 Issuance of unsecured debt and additional capital instruments

Debt raised through issuance of securities	31.12.09	31.12.10	31.12.11
Certificates, nominal amount	0	0	0
Bonds, nominal amount	36.527	38.900	34.593
Adjustments	776	1.043	1.340
Accrued interests	220	364	405
Total debt raised through issuance of securities	37.523	40.307	36.338

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 31.12.11
Certificates, nominal amount	0	0	0	0	0
Bonds, nominal amount	38.900	2.032	-6.350	11	34.593
Adjustments	1.043	0	0	297	1.340
Accrued interests	364	0	0	41	405
Total debt raised through issuance of securities	40.307	2.032	-6.350	349	36.338

Additional Tier 1 and Tier 2 capital instruments	31.12.09	31.12.10	31.12.11
Non-perpetual additional Tier 2 capital, nominal amount	1.763	1.961	2.575
Perpetual additional Tier 2 capital, nominal amount	761	783	0
Additional Tier 1 capital, nominal amount	1.219	1.268	2.273
Adjustments	106	107	90
Accrued interests	22	25	37
Total additional Tier 1 and Tier 2 capital instruments	3.871	4.144	4.975

Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 31.12.10	Issued 2011	Past due/ redeemed 2011	FX rate- and other changes 2011	Balance as at 31.12.11
Non-perpetual additional Tier 2 capital, nominal amount	1.961			-136	2.575
Perpetual additional Tier 2 capital, nominal amount	783			0	0
Additional Tier 1 capital, nominal amount	1.268			5	2.273
Adjustments	107			-17	90
Accrued interests	25			12	37
Total additional Tier 1 and Tier 2 capital instruments	4.144	0	0	-136	4.975

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

Note 12 *Segment reporting*

Management has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, the capital market and subsidiaries of considerable siginificance. The Bank's own investment activities are not a separate reportable segment and they appear under the item "Not alloc." together with activities that cannot be allocated to the retail market, corporate market, capital market or subisidiaries of considerable significance. The figures for the business areas are based on internal management reports. Here, the commission income from SpareBank1 Boligkreditt and SpareBank1 Næringskreditt are posted under "Net interest income" internally, whereas in the official accounts this is posted under "Net commissions and other income"

	SpareBank 1 SR-Bank Group 31.12.11								
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	948	738	32	9	160	1	2	-46	**1.843**
Net commission and other income	380	209	170	426	-7	45	3	-120	**1.105**
Net return on investment securities	0	0	12	0	0	0	10	297	**319**
Operating expenses	580	185	67	345	35	18	4	399	**1.633**
Operating profit before losses	747	762	147	91	117	27	11	-269	**1.634**
Losses on loans and guarantees	36	83	0	0	17	0	0	3	**139**
Operating profit before tax	**711**	**679**	**147**	**91**	**100**	**27**	**11**	**-271**	**1.495**
Balance sheet (in MNOK)									
Loans to customers	49.655	45.147	0	0	5.420	0	0	1.146	**101.368**
Individual loss provisions	-109	-246	0	0	-63	0	0	0	**-418**
Group loss provisions	-17	-300	0	0	-45	0	0	0	**-362**
Other assets	0	0	683	309	92	51	197	29.221	**30.554**
Total assets	**49.529**	**44.601**	**683**	**309**	**5.404**	**51**	**197**	**30.367**	**131.142**
Deposits from customers	36.694	23.525	0	0	0	0	0	3.823	**64.042**
Other debt	0	0	683	260	4.922	37	16	51.424	**57.343**
Total debt	36.694	23.525	683	260	4.922	37	16	55.247	**121.385**
Equity	0	0	0	49	482	14	181	9.031	**9.757**
Total debt and equity	**36.694**	**23.525**	**683**	**309**	**5.404**	**51**	**197**	**64.278**	**131.142**
Loans sold to Sp1 Boligkreditt and Sp1 Næringskreditt	**44.624**	**705**							**45.329**

	SpareBank 1 SR-Bank Group 31.12.10								
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	983	720	29	7	169	1	1	-11	**1.899**
Net commission and other income	335	163	135	369	-6	42	2	-96	**944**
Net return on investment securities	0	0	16	0	0	0	9	546	**571**
Operating expenses	528	154	40	317	38	22	5	462	**1.566**
Operating profit before losses	790	729	140	59	125	21	7	-23	**1.848**
Losses on loans and guarantees	7	165	0	0	47	0	0	15	**234**
Operating profit before tax	**783**	**564**	**140**	**59**	**78**	**21**	**7**	**-38**	**1.614**
Balance sheet (in MNOK)									
Loans to customers	58.430	40.694	0	0	5.065	0	0	1.603	**105.792**
Individual loss provisions	-54	-292	0	0	-56	0	0	0	**-402**
Group loss provisions	-18	-296	0	0	-43	0	0	0	**-357**
Other assets	0	0	625	231	39	46	187	28.617	**29.745**
Total assets	**58.358**	**40.106**	**625**	**231**	**5.005**	**46**	**187**	**30.220**	**134.778**
Deposits from customers	33.478	21.745	0	0	0	0	0	5.547	**60.770**
Other debt	0	0	625	194	4.565	34	7	59.181	**64.606**
Total debt	33.478	21.745	625	194	4.565	34	7	64.728	**125.376**
Equity	0	0	0	37	440	12	180	8.733	**9.402**
Total debt and equity	**33.478**	**21.745**	**625**	**231**	**5.005**	**46**	**187**	**73.461**	**134.778**
Loans sold to Sp1 Boligkreditt and Sp1 Næringskreditt	**25.840**	**321**							**26.161**

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	Group			
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. 31.12.11	Group			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass.effect	Fair value
At fair value through profit and loss	11.210	0	0	11.210
Held to maturity	715	-2	-6	707
Covered Bonds **)	7.802	0	0	7.802
Receivables	0	0	0	0
Accrued interests	123	0	0	123
Total certificates and bonds	**19.850**	**-2**	**-6**	**19.842**

As at. 31.12.11	Group		
Bonds reclassified as receivable and hold to maturity	**31.12.09**	**31.12.10**	**31.12.11**
Book value	2.284	1.324	715
Nominal value	2.314	1.341	723
Observable market value	2.278	1.324	707

*) 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 Pension

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.

Contractual pension (AFP)

The law on State support to the AFP Scheme was passed on 19 February 2010.
The act had accounting effect for 2010 and for companies that publish interim accounts it iwas 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 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
28	Other AFP obligations	28
96	**Change in AFP obligation over profit and l**	**106**

Pension scheme

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 that are included in the actuarial gains or losses and have been charged against equity is :

	Parent bank	Estimate discrepancies	Group
Q1 2011	186	Effect of change in assumptions concerning pension adjustment	223
	186		**223**

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 were members of the defined benefit scheme before the scheme closed on 1 April 2011 could voluntarily choose to convert to the defined contribution scheme up until 1 July 2011. 185 employees chose to convert to the defined contribution scheme.

In December 2011, the board of EiendomsMegler 1 SR-Eiendom AS adopted additional changes to the company's pension scheme. The board ruled that the company will switch to an obligatory defined-contribution pension plan during the first quarter of 2012.

The effect of these changes were included in the estimated pension obligations for Q2 and Q4 2011.
The effect on profits recorded as a consequence of the reduction in the current pension scheme in 2011 was:

	Parent bank	Impact on profit	Group
Q2 2011	48	Settlement as per reduction	57
Q4 2011		Settlement as per reduction EiendomsMegler 1 SR-Eiendom	20
Q4 2011	137	Effect of settlement	147
	185	**Change in pension obligation over profit a**	**224**

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.

After the recorded gain there has been changes in the value of the shares in Nets AS based on a new valuation with the amount of :

	Parent bank	Impact on profit	Group
Q4 2010	67	Revaluation	67
Q1 2011	0	Revaluation	0
Q2 2011	-12,9	Write down	-12,9
Q3 2011	12	Revaluation	12
Q4 2011	1	Revaluation	1
	67,1	**Total change in value Nets AS**	**67,1**

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

Conversion of SpareBank 1 SR-Bank from a saving bank to a limited liability company (ASA) was implemented with effect from 2012. The Savings Bank Foundation SR-Bank was established as a part of the conversion and received at the convertion time 72,2 million shares. Total number of shares issued after the conversion is 199,5 million.

The board of directors of SpareBank 1 SR-Bank ASA suggests to improve the equity with up to NOK 1,5 billion through a public rights issue of ordinary shares. The issue is garanteed by the largest share holders in the company and by companies in the SpareBank 1 Alliance.

SpareBank 1 SR-Bank chose on 6 February 2012 to redeem a subordinated loan at par value. Outstanding value is NOK 450 million. Calldate is 20.3.2012. The Financial Supervisory Authority of Norway has approved the redemption.

QUARTERLY INCOME STATEMENT	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
SpareBank 1 SR-Bank Group, MNOK	**2011**	**2011**	**2011**	**2011**	**2010**	**2010**	**2010**	**2010**	**2009**
Interest income	1.378	1.362	1.290	1.257	1.282	1.231	1.185	1.122	1.107
Interest expense	930	905	863	833	840	795	758	685	652
Net interest income	**448**	**457**	**427**	**424**	**442**	**436**	**427**	**437**	**455**
Commission income	211	200	221	202	194	189	206	207	219
Commission expenses	-12	-21	-19	-19	-15	-20	-16	-20	-20
Other operating income	106	102	123	98	104	95	104	73	86
Net commission and other income	**305**	**281**	**325**	**281**	**283**	**264**	**294**	**260**	**285**
Dividend income	1	1	13	6	0	1	46	0	17
Income from investment in associates	67	33	58	51	94	70	54	49	128
Net gains/losses on financial instrument valued at fair value	43	-27	2	71	89	66	72	30	64
Net return on investment securities	**111**	**7**	**73**	**128**	**183**	**137**	**172**	**79**	**209**
Total income	**864**	**745**	**825**	**833**	**908**	**837**	**893**	**776**	**949**
Personnel expenses	100	273	200	255	223	250	244	153	223
Administrative expenses	111	99	100	100	109	82	90	81	92
Other operating expenses	118	90	96	91	91	76	89	78	123
Total operating expenses	**329**	**462**	**396**	**446**	**423**	**408**	**423**	**312**	**438**
Operating profit before impairment losses	**535**	**283**	**429**	**387**	**485**	**429**	**470**	**464**	**511**
Impairment losses on loans and guarantees	45	30	13	51	71	43	51	69	74
Operating profit before tax and minority interests	**490**	**253**	**416**	**336**	**414**	**386**	**419**	**395**	**437**
Tax expense	153	79	111	71	33	86	81	97	107
Minority interests	0	0	0	0	0	0	0	0	0
Net profit	**337**	**174**	**305**	**265**	**381**	**300**	**338**	**298**	**330**
Profitability									
Return on equity per quarter	13,9 %	7,2 %	12,6 %	11,2 %	16,9 %	14,3 %	16,5 %	14,8 %	18,2 %
Cost percentage	38,1 %	62,0 %	48,0 %	53,5 %	46,6 %	48,7 %	47,4 %	40,2 %	46,2 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	101.368	103.930	107.914	104.771	105.792	100.289	96.812	96.481	93.473
Deposits from customers	64.042	64.323	64.982	62.662	60.770	55.703	56.137	53.323	54.336
Total assets	131.142	132.965	134.715	132.555	134.778	129.524	128.653	126.508	124.909
Average total assets	132.392	134.579	133.469	133.916	133.557	128.799	127.627	124.888	123.755
Growth in loans over last 12 months	-4,2 %	3,6 %	11,5 %	8,6 %	13,2 %	8,0 %	-0,7 %	-1,6 %	-6,6 %
Growth in deposits over last 12 months	5,4 %	15,5 %	15,8 %	17,5 %	11,8 %	3,7 %	3,1 %	-0,9 %	2,4 %
Losses and non-performing commitments									
Impairment losses ratio	0,18	0,11	0,05	0,19	0,28	0,17	0,21	0,29	0,32
Non-performing commitments as a percentage of total loans	0,41	0,57	0,40	0,40	0,42	0,54	0,36	0,54	0,42
Other doubtful commitments as a percentage of total loans	0,69	0,68	0,82	1,01	0,72	0,94	1,01	0,80	0,81
Solidity									
Capital adequacy ratio	11,4	11,2	11,5	11,8	12,4	11,6	11,5	11,6	11,9
Core capital ratio	10,6	9,6	10,0	10,2	10,2	9,3	9,1	9,4	9,6
Core capital	10.846	9.523	9.760	9.734	9.442	8.433	8.243	8.196	8.130
Net equity and subordinated loan capital	11.681	11.114	11.200	11.235	11.482	10.450	10.352	10.112	10.029
Minimum subordinated capital requirement	8.167	7.921	7.778	7.611	7.400	7.241	7.226	7.001	6.767
Equity certificates									
Market price at end of quarter	40,70	40,70	51,50	57,00	57,00	53,00	46,10	48,80	50,00
Number of certificates issued, millions	127,31	127,31	127,31	127,31	127,31	120,93	120,93	120,93	120,93
Earnings per EC, NOK (annualised)	1,73	0,86	1,51	1,32	1,94	1,56	1,76	1,55	1,95
Price/earnings per EC	5,88	11,83	8,53	10,80	7,35	8,49	6,55	7,87	6,41