1. QUARTER 2012
SPAREBANK 1 SR-BANK GROUP

SpareBank 1 SR-BANK

Q1 2012

- Profit before tax: NOK 393 million (NOK 336 million)
- Profit after tax: NOK 316 million (NOK 265 million)
- Return on equity after tax: 12.9% (11.2%)
- Profit per share: NOK 1.58 (NOK 1.32)
- Net interest income: NOK 401 million (NOK 424 million)
- Net commission and other income: NOK 302 million (NOK 281 million)
- Net income from financial investments: NOK 202 million (NOK 128 million)
- Operating expenses: NOK 478 million (NOK 446 million)
- Impairment losses on loans: NOK 34 million (NOK 51 million)
- Total lending growth over the last 12 months: 10.3% (12.5%)
- Growth in deposits over past 12 months: 7.1 % (17.5 %)
- Core capital ratio: 10.5 % (10.2 %)
- Pure core capital cover: 8.2 % (8.8 %)

(Figures for Q1 2011 are shown in parentheses)

Profit

Group profit before tax was NOK 393 million for Q1 2012, compared to NOK 336 million for Q1 2011. Return on equity after tax was 12.9% (11.2%)

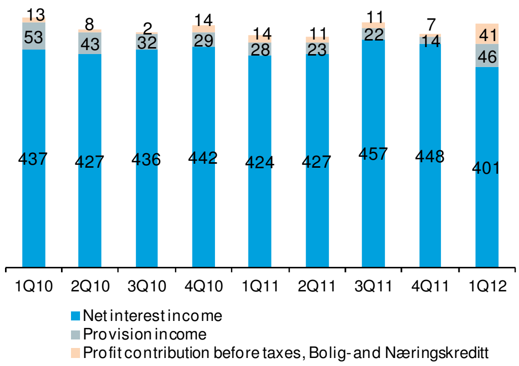
Net interest income was NOK 401 million for Q1 2012, compared to NOK 424 million for Q1 2011. Net commission and other income were NOK 281 million for Q1 2011, compared to NOK 302 million for Q1 2012. Net income from financial investments was NOK 202 million for Q1 2012, compared to NOK 128 million for Q1 2011. Operating costs were NOK 478 million for Q1 2012, compared to NOK 446 million for Q1 2011.

Impairment losses on loans totalled NOK 34 million in Q1 2012, compared with NOK 51 million in Q1 2011. High credit quality on the retail and corporate markets has contributed to continued moderate impairment losses on loans.

Net interest income

The group's net interest income in Q1 2012 amounted to NOK 401 million (NOK 424 million). Net interest income must be seen in relation to commission income and profit contributions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. At the end of Q1 2012, the bank received commission on loan portfolios equivalent to NOK 48.9 billion (NOK 30.7 billion) from these companies. Commission income amounted to NOK 46 million (NOK 28 million) for Q1 2012, whilst profit contributions before tax were NOK 41 million (NOK 14 million). Year to date, net interest and commission income and profit contributions before tax increased by a total of NOK 22 million, compared with the same period last year.

The graph below shows quarterly trends in net interest income, commission income and profit contributions before tax in the credit businesses (NOK million).



Net commission and other income

Net commission and other income were NOK 302 million (NOK 281 million) for Q1 2012.

Net commission income was NOK 202 million (NOK 183 million) for Q1 2012. The increase on last year is mainly attributable to increased commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. There were relatively small movements in other commission income from Q1 2011 to Q1 2012.

Other operating income amounted to NOK 100 million in Q1 2012 (NOK 98 million). This is mainly accounted for by income from estate agency.

Net income from financial investments

Net income from financial investment was NOK 202 million (NOK 128 million) for Q1 2012. NOK 68 million (NOK 17 million) of this amount was capital gains on securities and NOK 31 million (NOK 54 million) was capital gains on interest rate and currency trading. Furthermore, income from ownership interest was NOK 100 million (NOK 51 million) and dividends represented NOK 3 million (NOK 6 million).

Gains on securities of NOK 68 million for Q1 2012 are derived from a gain of NOK 15 million from the portfolio of shares and equity capital shares and a gain of NOK 54 million from the interest portfolio. The group is not directly nor indirectly exposed to European or US government debt.

Income from ownership interest of NOK 100 million (NOK 51 million) in Q1 2012 mainly includes profit shares from SpareBank 1 Gruppen, SpareBank 1 Boligkreditt, Bank 1 Oslo Akershus and BN Bank. The profit share from SpareBank 1 Gruppen was NOK 48 million (NOK 28 million) Q1 2012 (of which NOK 9 million derives from correction of the profits for 2011). The profit share in SpareBank 1 Boligkreditt comprised NOK 28 million (NOK 8 million), Bank 1 Oslo Akershus NOK 11 million (NOK 3 million), of which NOK 4 million derives from correction of the profits for 2011. The profit share in BN Bank was NOK 9 million (NOK 3 million), whilst NOK 2 million (NOK 7 million) was posted as a result of the difference between projected and posted equity capital.

Operating expenses

The group's operating expenses totalled NOK 478 million in Q1 2012. This represents an increase of NOK 32 million (7.2%) in relation to Q1 2011. Personnel costs increased by NOK 20 million (7.8%) to NOK 275 million, whilst other costs increased by NOK 12 million (6.3%) to NOK 203 million.

The increase in costs mainly lies in the parent bank, and is due to a combination of an increase in personnel in the Corporate Market Division and general rises in pay and costs.

The cost ratio for the group, measured as costs as a percentage of income, was 52.8% (53.5%) at the end of Q1 2012.

Credit risk and portfolio development

The market area is marked by a high level of activity and low unemployment. Along with continuous focus on risk management, this contributes to maintaining the good credit quality of the portfolio in line with overall group targets.

Credit quality in the corporate market portfolio is deemed to be good. Quality in the retail market portfolio is deemed to be very good, with trends influenced by stability where the low risk profile is maintained. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to security value. This implies that potential losses are limited as long as the values are not significantly impaired.

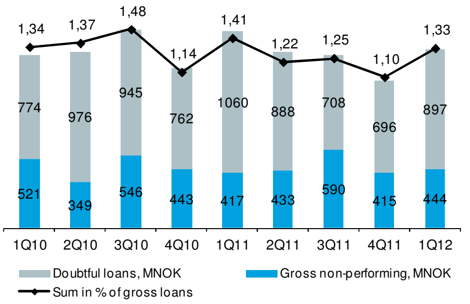
Impairment losses on loans and defaults

In Q1 2012, the group recorded net impairment losses on loans of NOK 34 million in Q1 2011 (NOK 51 million). This corresponds to impairment in percentage of gross lending of 0.13 (0.19). Group impairment was reduced by NOK 30 million (NOK 29 million) for Q1 2012.

Gross defaults on loans comprised NOK 444 million at the end of Q1 2012, compared to NOK 417 million at the end of Q1 2011. This corresponds to 0.44% (0.40**%**) of gross lending. Other problem commitments (not defaulted) comprised NOK 897 million (NOK 1,060 million). This corresponds to 0.89% of gross lending (1.01%). The total of defaulted loans and other problem commitments comprised NOK 1,341 million at the end of Q1 2012, compared to NOK 1,477 million at the end of Q1 2011. In terms of gross lending, this is a reduction over the past 12 months from 1.41% to 1.33%.

The degree of allocation for defaulted loans and other problem commitments was 27% (31%) and 39% (32%) respectively at the end of Q1 2012.

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

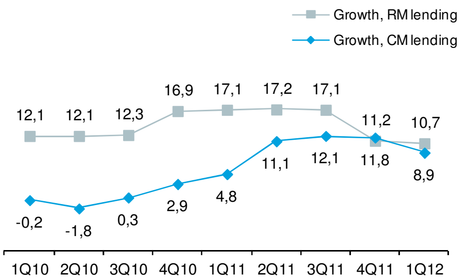


Loans to and deposits from customers

Gross lending comprised NOK 149.4 billion (NOK 135.4 billion) at the end of Q1 2012, and includes lending totalling NOK 48.9 billion (NOK 30.7 billion) in SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Gross lending growth over the last 12 months was 10.3% (12.5%). The group's retail market loans totalled 63.2% (62.5%) of the total loans at the end of Q1 2012.

The following graph shows trends in lending growth for the retail and corporate market divisions (growth was influenced by the group receiving approx. NOK 4 billion in lending through the merger with Kvinnherad Sparebank on 1 November 2010):

12 month lending growth (%)



Deposits from customers rose by 7.1% (17.5%) over the past 12 months to NOK 67.1 billion (NOK 62.7 billion). Deposits from the corporate market and public sector comprised 52.5% (53.9%) of group customer deposits at the end of Q1 2012.

In addition to ordinary customer deposits, the group had NOK 12.1 billion (NOK 12.9 billion) under management at the end of Q1 2012, primarily through SR-Forvaltning and ODIN funds.

At the end of Q1 2012, the deposit-to-loan ratio was 66.8% (59.8%). At the end of Q1 2012 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 110.0% (99.9%) for the parent bank and 106.4% (99.5%) on a consolidated basis.

Business areas

Retail Market Division

The contribution of the Retail Market Division before impairment on lending was NOK 200 million Q1 2012, compared to NOK 185 million year to date last year. The improvement is mainly due to growth in net interest income through increased lending and deposit volumes and low rise in costs.

Over the last 12 months, Retail Market Division deposits have increased by 11.3% and lending by 10.7%. This growth is the result of general market growth, a long-term focus on qualified advisory services and a strong brand name.

Customer growth continues for retail customers and small businesses, despite heavy competition. Net commissions (excluding income related to SpareBank 1 Boligkreditt) in Q1 2012 are lower than last year, as a result of no-fee payment services and lower stock market/management commissions at the start of the year.

Focus on broader provision of advice gives growth in product sales, especially within the savings and placings area. The broader focus will be strengthened further in future, in combination with focus on digital banking services.

Q1 2012 saw a calmer housing market at the start of the year. However, the level of activity grew in the latter part of the quarter. Impairments on lending and the proportion of non-performing loans continues to be low.

Corporate Market Division

The Corporate Market Division's contribution before impairment on lending was NOK 203 million Q1 2012. This is NOK 38 million higher than the same time last year. Cost growth due to an increase in personnel is more than offset by mainly higher contributions from deposits and lending.

Commercial activity is stable, but there is still fierce competition on the market. Over the past 12 months, the lending volume in the Division increased by 8.9% at the same time as deposits increased by 2.5%.

We are working actively with across-the-board sales of the group's products, and the product contribution is improving. Commissions and other income have increased by 16.9% over the last 12 months.

Net individual impairments of NOK 63 million were posted in Q1 2012, compared to NOK 32 million at the same point last year. The overall loss level for the division is under the long-term projected average. The underlying quality of the portfolio continued to be good, and the proportion of defaults is low.

Capital Market Division

SR-Markets had revenues of NOK 72 million (NOK 58 million) in Q1 2012. The majority of the revenues continue to come from customer transactions with interest and currency instruments. The Corporate Finance department placed its main focus on development of projects which will be completed in Q2 2012 or later.

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

Profit before tax will be NOK 14 million for Q1 2012, compared to NOK 12 million for Q1 2011. The improvement is mainly due to increase cost-effectiveness.

So far this year, the housing market has been influenced by a relative shortage of property for sale. In Bergen, Stavanger and Kristiansand, total turnover showed approx. 15% fewer transactions than for the same period last year. There is a shortage of property for sale in Bergen and Stavanger, whilst supply is higher than demand in Kristiansand.

In Q1 2012, the company handled 1,710 properties, a reduction of approx. 5% from Q1 last year. The flow of existing properties is satisfactory, whilst the flow of new build projects shows a reduction compared to last year, but is expected to grow.

Activity on the commercial property market is high, reflecting the level of activity within the oil-related business. There is good activity within the transaction market, and demand for modern office premises in Stavanger is good. The development for the management and operation of commercial buildings is also satisfactory, with an increasing supply of customers.

The strong market position was maintained in Q1 2012 and the company's total market share showed a weak increase.

SpareBank 1 SR-Finans AS

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

The company achieved pre-tax profit for Q1 2012 of NOK 26 million compared to a loss of NOK 18 million Q1 2011. The improvement is primarily due to taking an impairment on a loan in Q1 2011 of NOK 40 million, which was reversed in Q2 2011. Profit before impairment was NOK 27 million (NOK 24 million). Total assets showed a consistent increase over the last year, and at the end of Q1 2012 stood at NOK 5,556 million (NOK 4,974 million).

New sales in Q1 2012 show a positive trend within leasing and car loans. Total new sales were worth NOK 517 million (NOK 439 million), an increase of 18% on the same period last year. A satisfactory order reserve and low default level mean good prospects for 2012.

SR-Forvaltning AS

SR-Forvaltning is a securities business, with a concession for active funds management.

Profit before tax was NOK 5 million for Q1 2012, compared to NOK 6 million for Q1 2011. The company managed NOK 6,3 billion at the end of Q1 2012. This is an increase of around NOK 400 million from the level at the start of the year.

SR-Investering AS

SR-Investering is intended to contribute to long-term value creation, through investment in business in the group's market segment. The company invests in retail equity and companies in the SME segment that require capital for development and growth.

In Q1 2012, the profit before tax was NOK 2 million (NOK 15 million). At the end of Q1, SR-Investering had total investments of NOK 152 million and residual commitments linked to the same of NOK 110 million.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt have concessions as mortgage lenders, issuing bonds with preferential rights (OMF) in home loans and commercial property portfolios bought from the owning banks. The companies are owned by the savings banks that make up the SpareBank 1 Alliance, and they are helping to ensure that the owner banks have access to stable and long-term funding at competitive rates.

SpareBank 1 Boligkreditt had total lending volume at the end of Q1 2012 of NOK 140.4 billion, of which NOK 48.3 billion was home loans bought from SpareBank 1 SR-Bank. The bank has a holding in the company of 34.4%, updated annually in line with the volume sold at the end of the year.

SpareBank 1 Næringskreditt had total lending volume at the end of 2011 of NOK 9.0 billion, of which NOK 0.6 billion was home loans bought from SpareBank 1 SR-Bank. The bank owns a 30.7% share in the company.

Funding

The massive liquidity injects from the European Central Bank (ECB) have had a positive effect on the finance markets, causing a liquidity-driven rise. The fact that the EU reached agreement on a rescue fund of EUR 700 billion also helped improve market conditions. European bank shares, bonds with low credit rating, volatile currencies in developing countries and government bonds in the countries in crisis in southern Europe have all increased in value in Q1, after near collapse in the last two quarters of 2011.

However, there are signs that the upswing is in danger of slowing down. The stock markets have fallen after Q1, partly because of increased fears for the government's financial situation in Spain, lower growth in China and relatively weak employment figures in the USA. The interest on long-term Spanish and Italian government debt has risen strongly because of fears of deep cutbacks and tax increases which can lead to an even greater drop in BNP, this increasing government debt as a percentage of BNP.

In line with other banks, SpareBank 1 SR-Bank's borrowing costs for long-term financing have generally been at a high level in 2011 and 2012. SpareBank 1 SR-Bank had good access to new financing during the quarter, and as with most of the major banks, continues to work on adapting to the new regulatory requirements by more cautious financing and increasing holdings of highly liquid assets. This process and the continuing high credit mark-up on the money markets can mean increased borrowing interest rates for bank customers in the future.

An important instrument for long-term funding is the issuance of covered bonds. The bonds are issued by the jointly-owned SpareBank 1 alliance companies, SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, where they are given security against their portfolios of home and commercial property mortgages respectively. 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 Q1 2012 was good. SpareBank 1 SR-Bank seeks to achieve an even maturity structure for funding and attaches importance to having a good relationship with a large number of Norwegian and international investors and banks. SpareBank 1 SR-Bank's liquidity buffer was NOK 19.7 billion at the end of the quarter. The level of the liquidity buffer ensures that the bank can maintain normal operation for 25 months without any external financing.

Conversion to an ordinary public limited company and founding of Sparebankstiftelsen SR-Bank were completed with effect from 1 January 2012. An important objective of conversion is to strengthen the group's access to equity, and long-term market financing.

Capital adequacy

At the end of Q1 2012, core capital adequacy for the group was 10.5% (10.2%) and capital adequacy was 11.0% (11.8%). Pure core capital adequacy (excluding Hybrid Tier 1 securities) was 8.2% (8.8%) for the group as at 31 March 2012.

In the autumn of 2009, the authorities resolved to postpone the final switch to IRB rules from 1 January 2010 to 1 January 2012. The Norwegian authorities later proposed that the transition rule on capital requirement for use of internal methods cannot be less than 80% of that according to Basel I ("the floor") should be continued until 2015. However, the authorities appointed a Nordic committee on 9 March

2012 to assess various aspects of Basel III/CRD IV and the imminent introduction of these rules into national law, including possible cooperation between the Nordic countries on implementation. All capital adequacy figures above allow for this transition rule.

SpareBank 1 SR-Bank has a solid financial status, and a leading position in the country's strongest growth area. The Board proposed on 7 February 2012 that equity should be strengthened through emissions up to NOK 1.63 billion. This proposed capital inflow will boost the group's ability to continue to meet the financing needs of customers offensively, and to adapt to the requirement for 9% pure core capital adequacy by 30 June 2012. There is also some regulatory uncertainty linked to a possibly higher capital requirement from the supervisory authorities up to final clarification and implementation of Basel III/CRD IV. The proposed capital increase will help strengthen the group's solvency ahead of possible changes.

The increase in capital is proposed to consist of two emissions: 1) Public preferential rights emission of NOK 1.5 billion. A guarantee consortium has been established to ensure full subscription of the issue. The subscription period is set to 18 May 2012 - 1 June 2012. Allocation of shares will be performed 7 June 2012, and payment of allocated shares around 10 June 2012: 2) Targeted emission to group employees of up to NOK 100,000 per employee, equivalent to up to NOK 130 million.

The emissions will be performed in parallel, providing a final resolution is passed at an extraordinary annual general meeting on 9 May 2012.

The bank's shares

The conversion of SpareBank 1 SR-Bank from an equity capital bank to a public limited company (ASA) was performed with effect from 2012. The final registration date for ROGG was 30.12.2011. As from 2 January 2012, the ticker at the Oslo Stock Exchange will be changed to SRBANK.

Sparebankstiftelsen SR-Bank was founded as part of the conversion, and at the time of conversion received 72,176,308 shares. The number of shares corresponded to the breakdown of shareholders in the former primary capital represented in SpareBank 1 SR-Bank. The former owners of ROGG received 1 share as remuneration for each equity capital certificate they owned at the time of conversion. This amounted to 127,313,361 shares. The total number of share issued after conversion was 199,489,669.

The share price for bank shares (SRBANK) was NOK 41.00 at the end of Q1 2012. This was an increase of 0.7% from the end of 2011. The main Oslo Stock Exchange index rose by 10.8% in the same period. Trading of SRBANK in Q1 2012 corresponded to 9.0% (3.0%) of all shares issued.

There were 12,198 (12,116) shareholders in SRBANK at the end of Q1 2012. The proportion owned by foreign companies and individuals was 5.5%, whilst 62.9% were resident in Rogaland, the Agder counties and Hordaland. The 20 biggest shareholders accounted for 59.1% of the shares at the end of Q1 2012. The bank's own shareholding comprised 270,988 shares. Group employees accounted for 2.2% of the shares at the end of Q1 2012.

The table below shows the 20 biggest shareholders as at 31 March 2012:

	Quantity	%
Savings Bank Foundation SR-Bank	61,676,308	30.9%
Gjensidige Forsikring BA	20,713,065	10.4%
SpareBank 1 Foundation Kvinnherad	6,069,934	3.0%
Folketrygdfondet	4,554,921	2.3%
Odin Norge	4,262,184	2.1%
Frank Mohn AS	4,202,587	2.1%
Odin Norden	3,222,064	1.6%
Clipper AS	1,685,357	0.8%
JPMorgan Chase Bank, UK	1,598,223	0.8%
Maaseide Promotion AS	1,100,000	0.6%
Olav Stangeland	1,039,034	0.5%
Westco AS	1,030,091	0.5%
SHB Stockholm Clients Account, Sweden	1,009,500	0.5%
Køhlergruppen AS	1,000,000	0.5%
Varma Mutual Pension Insurance, Finland	976,091	0.5%
Fidelity Low-Priced Stock Fund, USA	911,327	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	117,915,722	59.1%

Accounting policies

SpareBank 1 SR-Bank prepares its parent company and consolidated accounts in accordance with the IFRS regulations. As at 31 March 2012, the IFRS consolidated accounts show a profit after tax of NOK 316 million and the IFRS parent company accounts show a profit after tax of NOK 212 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 capital method is not permitted in the IFRS 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 2012 that is the point of departure for allocation of the profit.

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

Outlook

The uncertainty concerning the debt situation in a number of the Eurozone countries increased during the summer of 2011, and influenced the financial markets in the latter half of the year. The massive injections of liquidity from the European Central Bank (ECB) helped stabilise the markets in Q1 2012. At the start of Q2 2012, however, there was once again unrest on the international finance markets, because of record-high risk surcharges on Spanish government debt. Unrest in the European bank sector can permeate to Norway via the needs of the Norwegian bank sector to cover part of its financing requirements internationally. SpareBank 1 SR-Bank has good liquidity, and has already covered a large element of its financing requirements for 2012 in Q1.

If the region's commercial sector is hit to a greater degree than to date by continued international setbacks, it can contribute to reduced demand for credit in the future. Focus on effective management and diversified revenue flows from multiple product and service areas will, however, make the group less dependent on net interest revenues. The credit quality of the group's lending portfolios is deemed to be good, and defaults and impairments on loans is expected to be relatively low in the future.

The high price of oil, major new oil finds and increased home-building are expected to contribute to good activity in the country and region in the future, and form the basis of continued positive development for the region's commercial and population development with sustained low unemployment. The group has a solid financial status, and a leading position in the country's strongest growth area. The planned capital expansion in Q2 2012 will strengthen the group's continued ability to meet the financing needs of our customers offensively.

Stavanger, 2 May 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

	31.3.12		31.3.11		2011	
MAIN FIGURES	**MNOK**	**%**	**MNOK**	**%**	**MNOK**	**%**
Net interest income	401	*1,21*	424	*1,28*	1.756	*1,31*
Net commission and other income	302	*0,91*	281	*0,85*	1.192	*0,89*
Net return on investment securities	202	*0,61*	128	*0,39*	319	*0,24*
Total income	**905**	***2,74***	**833**	***2,52***	**3.267**	***2,44***
Total operating expenses	**478**	***1,45***	**446**	***1,35***	**1.633**	***1,22***
Profit before losses	**427**	***1,29***	**387**	***1,17***	**1.634**	***1,22***
Impairment losses on loans and guarantees	34	*0,10*	51	*0,15*	139	*0,10*
Profit before tax	**393**	***1,19***	**336**	***1,02***	**1.495**	***1,12***
Tax expense	77	*0,23*	71	*0,22*	414	*0,31*
Profit after tax from continuing operations	**316**	***0,96***	**265**	***0,80***	**1.081**	***0,81***

	31.3.12	31.3.11	2011
PROFITABILITY			
Return on equity [1]	12,9 %	11,2 %	11,2 %
Cost ratio [2]	52,8 %	53,5 %	50,0 %
BALANCE SHEET			
Gross loans to customers	100.463	104.771	101.368
Gross loans to customers including SB1 Boligkreditt og Næring	149.363	135.433	146.697
Deposits from customers	67.108	62.662	64.042
Deposit-to-loan ratio	66,8 %	59,8 %	63,2 %
Growth in loans	-4,1 %	8,6 %	-4,2 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	10,3 %	12,5 %	11,2 %
Growth in deposits	7,1 %	17,5 %	5,4 %
Average total assets	132.949	133.916	133.629
Total assets	134.683	132.555	131.142
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3]	0,13	0,19	0,13
Non-performing commitments as a percentage of gross loans	0,44	0,40	0,41
Other doubtful commitments as a percentage of gross loans	0,89	1,01	0,69
SOLIDITY			
Capital adequacy ratio	11,0	11,8	11,4
Core capital ratio	10,5	10,2	10,6
Core capital	10.960	9.734	10.846
Net equity and subordinated loan capital	11.425	11.235	11.681
Minimum subordinated capital requirement	8.333	7.611	8.167
BRANCHES AND STAFF			
Number of branches	53	54	53
Number of employees (annualised)	1.207	1.175	1.213

Shares	**31.3.12**	**2011**	**2010**	**2009**	**2008**
Market price	41,00	40,70	57,00	50,00	27,08
Market capitalisation	8.179	5.182	7.257	6.047	2.434
Book equity per share(including dividends) (group)	49,10	48,75	47,45	42,07	37,23
Book equity per share (including dividends) (parent bank)	42,60	42,81	41,80	36,85	32,06
Earnings per share (group) [4]	1,58	5,42	6,84	6,88	3,00
Dividends per share	n.a.	1,50	2,75	1,75	0,83
Price / Earnings per share	6,49	7,51	8,33	7,27	9,03
Price / Book equity (group)	0,84	0,83	1,20	1,19	0,73
Price / Book equity (parent bank)	0,96	0,95	1,36	1,36	0,84
Equity certificate ratio [4]	n.a.	63,8 %	63,2 %	62,9 %	56,1 %

[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] *Issued equity certificates were converted to shares on January 2nd 2012.*

SpareBank 1 SR-Bank does not have any forward cover contracts or other circumstances that can dilute earning per share.

Income statement

Parent bank				Note	Group		
2011	**Q1 11**	**Q1 12**	**Income statement (MNOK)**		**Q1 12**	**Q1 11**	**2011**
5.132	1.220	1.286	Interest income		1.327	1.257	5.287
3.543	835	929	Interest expense		926	833	3.531
1.589	385	357	**Net interest income**		401	424	1.756
791	189	210	Commission income		222	202	834
-74	-18	-19	Commission expenses		-20	-19	-71
5	2	1	Other operating income		100	98	429
722	173	192	**Net commission and other income**		302	281	1.192
20	6	3	Dividend income		3	6	21
269	0	31	Income from investment in associates		100	51	209
70	47	96	Net gains/losses on financial instruments		99	71	89
359	53	130	**Net income on investment securities**		202	128	319
2.670	611	679	**Total income**		905	833	3.267
604	191	211	Personnel expenses	14	275	255	828
357	87	91	Administrative expenses		106	100	410
274	63	68	Other operating expenses		97	91	395
1.235	341	370	**Total operating expenses**		478	446	1.633
1.435	270	309	**Operating profit before losses**		427	387	1.634
121	9	32	Losses on loans and guarantees	2, 3 and 4	34	51	139
1.314	261	277	**Operating profit before tax**		393	336	1.495
378	70	65	Tax expense		77	71	414
936	191	212	**Profit after tax**	12	316	265	1.081
			Other comprehensive income				
936	191	212	Profit after tax		316	265	1.081
-291	241	9	Unrecognised actuarial gains and losses		19	284	-346
82	-67	-3	Deferred tax concerning changed estimates/pension plan changes		-5	-79	97
0	0	0	Change in value of financial assets available for sale		0	0	0
0	0	0	Share of profit associated companies and joint ventures		0	0	-19
-209	174	6	**Other comprehensive income**		14	205	-268
727	365	218	**Total comprehensive income**		330	470	813
			Earnings per share (group)		**1,58**	1,32	5,42

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		
31.12.11	**31.03.11**	**31.03.12**	**Balance sheet (MNOK)**		**31.03.12**	**31.03.11**	**31.12.11**
263	936	218	Cash and balances with central banks		218	936	263
5.391	5.767	5.947	Balances with credit institutions		1.142	1.445	723
95.278	99.051	94.221	Net loans to customers	8	99.662	103.973	100.588
19.846	17.821	21.808	Certificates, bonds and other fixed-income securities	13	21.817	17.827	19.850
3.728	2.727	3.966	Financial derivatives	10	3.955	2.724	3.716
491	584	501	Shares, ownership stakes and other securities		644	712	631
84	92	84	Business available for sale		85	93	85
3.352	2.634	3.785	Investment in associates		4.891	3.745	4.389
716	682	716	Investment in subsidiaries		0	0	0
657	863	2.001	Other assets	5	2.269	1.100	897
129.806	131.157	**133.247**	**Total assets**	12	**134.683**	132.555	131.142
4.785	5.222	3.796	Balances with credit institutions		3.791	5.221	4.782
7.395	8.832	7.395	Public sector deposits regarding the covered bonds swap agreement		7.395	8.832	7.395
64.214	62.810	67.258	Deposits from customers	7	67.108	62.662	64.042
36.338	39.007	38.447	Listed debt securities	11	38.447	39.007	36.338
2.010	1.400	2.081	Financial derivatives	10	2.081	1.400	2.010
1.515	1.582	2.189	Other liabilities	6	2.485	1.878	1.843
4.975	4.015	3.595	Additional Tier 1 and Tier 2 capital instruments	11	3.595	4.015	4.975
121.232	122.868	**124.761**	**Total liabilities**		**124.902**	123.015	121.385
3.183	3.183	4.987	Equity certificates		4.987	3.183	3.183
-3	-3	-7	Holding of own equity certificates		-7	-3	-3
625	625	1.506	Premium reserve		1.506	625	625
299	0	0	Proposed dividend		0	0	299
43	43	43	Fund for unrealised gains		43	43	43
0	0	1.745	Other equity		2.936	1.177	1.183
1.448	1.284	0	Dividend equalisation reserve		0	1.284	1.448
2.631	2.541	0	Savings bank's reserve		0	2.541	2.631
55	55	0	Share premium reserve		0	55	55
293	370	0	Endowment fund		0	370	293
0	191	212	Profit/loss at period end		316	265	0
8.574	8.289	**8.486**	**Total equity**		**9.781**	9.540	9.757
129.806	131.157	**133.247**	**Total liabilities and equity**	12	**134.683**	132.555	131.142

Statement of changes in equity

SpareBank 1 SR-Bank Group

(Amounts in NOK million)	Share-capital	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 31.12.2010		3.180	625	2.477	55	372	1.511	43	1.139	9.402
Dividend 2010, resolved in 2011							-336			-336
Issue expenses							-1		5	4
Adjusted equity accosiates									-47	-47
Grants from endowment fund						-79				-79
Profit after tax				339			597		145	1.081
Unrecognised actuarial gains and losses after tax				-77			-132		-40	-249
Share of profit associated companies and joint ventures									-19	-19
Other comprehensive income				-77			-132		-59	-268
Total comprehensive income				262			465		86	813
Equity as of 31.12.2011		**3.180**	**625**	**2.739**	**55**	**293**	**1.639**	**43**	**1.183**	**9.757**
Stock bank conversion	4.984	-3.180	882	-2.739	-55	-293	-1.639	0	2.040	0
Equity as of 01.01.2012	**4.984**	**0**	**1.507**	**0**	**0**	**0**	**0**	**43**	**3.223**	**9.757**

(Amounts in NOK million)	Share-capital	Premium reserve	Other equity	Reserve for unrealised gains	Total equity
Equity as of 01.01.2012	**4.984**	**1.507**	**3.223**	**43**	**9.757**
Dividend 2011, resolved in 2012			-299		-299
Sale of own shares	-4		-2		-6
Profit after tax			316		316
Unrecognised actuarial gains and losses after tax			14		14
Share of profit associated companies and joint ventures					0
Other comprehensive income			14		14
Total comprehensive income			330		330
Equity as of 31.03.2012	**4.980**	**1.507**	**3.252**	**43**	**9.782**

Cash flow statement

Parent bank				Group		
31.12.2011	**31.03.2011**	**31.03.2012**	**Cash flow statement**	**31.03.2012**	**31.03.2011**	**31.12.2011**
1.314	261	**277**	Profit before tax	**393**	336	1.495
0	0	**0**	Income from ownership interests	**-100**	-51	-209
-185	0	**0**	Change in pension obligation over profit and loss	**0**	0	-224
0	0	**0**	Gain on disposal of non-financial assets	**0**	0	0
68	17	**17**	Write-down on non-financial assets	**19**	19	80
121	9	**32**	Losses on loans	**34**	51	139
-291	-93	**-28**	Taxes paid	**-53**	-95	-307
1.027	194	**298**	**Transferred from the year's activity**	**293**	260	974
4.779	1.023	**1.036**	Change in gross lending to customers	**905**	1.021	4.424
-5	-40	**-315**	Change in receivables from credit institutions	**-185**	-64	317
3.275	1.871	**3.044**	Change in deposits from customers	**3.066**	1.892	3.272
-1.437	0	**0**	Public sector deposits regarding the covered bonds swap agreement	**0**	0	-1.437
-2.576	-2.139	**-989**	Change in debt to credit institutions	**-991**	-2.138	-2.577
-1.110	915	**-1.962**	Change in certificates and bonds	**-1.967**	915	-1.108
-505	-826	**-2.510**	Other accruals	**-2.454**	-816	-412
3.448	998	**-1.398**	**A Net cash flow from operations**	**-1.333**	1.070	3.453
-82	-16	**-6**	Change in tangible fixed assets	**-7**	-16	-103
0	0	**0**	Proceeds from sale of fixed assets	**0**	0	0
-876	-217	**-443**	Change in shares and ownership stakes	**-514**	-297	-861
-958	-233	**-449**	**B Net cash flow, investments**	**-521**	-313	-964
2.032	50	**8.581**	Debt raised by issuance of securities	**8.581**	50	2.032
-6.350	-998	**-6.538**	Repayments - issuance of securities	**-6.538**	-998	-6.350
1.750	0	**0**	Additional capital instruments issued	**0**	0	1.750
-783	0	**0**	Repayments - additional capital instruments	**0**	0	-783
0	0	**0**	Issue equity capital certificates	**0**	0	0
-336	0	**0**	Dividend to equity capital certificate holders	**0**	0	-336
-3.687	-948	**2.043**	**C Net cash flow, financing**	**2.043**	-948	-3.687
-1.197	-183	**196**	**A+B+C Net cash flow during the period**	**189**	-191	-1.198
1.578	1.578	**381**	Cash and cash equivalents as at 1 January	**388**	1.586	1.586
381	1.395	**577**	Cash and cash equivalents as at 31 March	**577**	1.395	388
-1.197	-183	**196**	**Net cash flow during the period**	**189**	-191	-1.198
			Cash and cash equivalents specified			
263	936	**218**	Cash and balances with central banks	**218**	936	263
118	459	**359**	Balances with credit institutions	**359**	459	125
381	1.395	**577**	**Cash and cash equivalents**	**577**	1.395	388

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 1st quarter 2012 interim financial statements of Sparebank 1 SR-Bank ASA are for the three months ending 31 march 2012. 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. The group's accounting principles and calculation methods are essentially unchanged compared to the financial statements for 2011. The principles mentioned below should be viewed in context to the principles discussed in the financial statments for 2011.

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

Currently, Sparebank 1 SR-Bank has two types of pension schemes.

Defined benefits schemes

All Group companies have pension schemes linked to the Group's own pension fund. The agreements are secured through payments to the pension fund, and are determined by periodic calculations carried out by an actuary. A defined benefit plan is a pension scheme that entitles the insured to a defined future benefit on reaching retirement age, normally fixed by factors such as age, number of years of service and salary. The liability recorded in the balance sheet in respect of a defined benefit plan is the present value of the defined liability reduced by the fair value of pension assets. Independent actuaries calculate the liability relating to the defined benefit plan annually. The present value of future defined benefits is calculated by discounting future payments using the interest rate for Norwegian government bonds adjusted for differences in maturity dates.

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

The defined benefits plan was closed for new members with effect from April 1th 2011.

Defined contribution schemes

In the case of defined contribution plans, the company pays a contribution to an insurance company. The company has no further payment obligations after the subscriptions have been paid. The subscriptions are recorded as a wage cost. Any pre-paid subscription is recorded as an asset (pension asset) to the extent that the subscription can be refunded or reduces future subscription payments.

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.

1.14 Estimates

The preparation of consolidated financial statements, leads to management making estimates, evaluations and assumptions that affect the way the application of accounting principles and thus the reported amounts of assets, liabilities, revenues and expenses. Critical estimates and discalimers are described more detailed in note 4 in the financial statements 2011.

1.15 Financial risk management

For a further reference to financial risk management please see note 3 in the financial statements 2011.

Note 2 *Losses on loans and guarantees*

Parent bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
9	27	**52**	Change in individual impairment losses provisions for the period	**51**	69	16
3	-29	**-30**	Change in collective impairment loss provisions for the period	**-30**	-29	5
6	0	**2**	Amortised cost	**3**	0	6
62	14	**10**	Actual loan losses on commitments for which provisions have been made	**11**	15	66
64	1	**0**	Actual loan losses on commitments for which no provision has been made	**2**	1	74
7	7	**0**	Change in assets taken over for the period	**0**	7	7
-30	-11	**-2**	Recoveries on commitments previously written-off	**-3**	-12	-35
121	9	**32**	The period's net losses / (reversals) on loans and advances	**34**	51	139

Note 3 *Provisions for impairment losses on loans*

Parent bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
346	346	**357**	Provisions for Individual impairment losses at start of period	**420**	402	402
30	14	**34**	Increases in previous provisions for individual impairment losses	**34**	14	32
-96	-28	**-47**	Reversal of provisions from previous periods	**-51**	-37	-108
138	53	**75**	New provisions for individual impairment losses	**79**	105	158
1	-1	**1**	Amortised cost	**1**	1	1
		-10	Actual loan losses during the period for which provisions for individual	**-11**		
-62	-14	**-10**	impairment losses have been made previously	**-11**	-15	-65
357	370	**410**	Provisions for Individual impairment losses at period end	**472**	470	420
126	16	**10**	Net losses	**13**	16	140

Note 4 *Non-performing and problem commitments*

Parent bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
			Non-performing loans and advances			
384	364	**409**	Gross non-performing loans above 90 days	**444**	417	415
123	106	**101**	Provisions for Individual impairment losses	**119**	131	138
261	258	**308**	Net non-performing loans and advances	**325**	286	277
32 %	29 %	**25 %**	Loan loss provision ratio	**27 %**	31 %	33 %
			Other problem commitments			
587	887	**793**	Problem commitments	**897**	1.060	696
234	264	**309**	Provisions for Individual impairment losses	**353**	339	282
353	623	**484**	Net other problem commitments	**544**	721	414
40 %	30 %	**39 %**	Loan loss provision ratio	**39 %**	32 %	41 %

Note 5 *Other assets*

Parent bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
0	0	**0**	Intangible assets	**50**	59	54
0	0	**0**	Deferred tax assets	**0**	0	0
380	365	**369**	Tangible fixed assets	**389**	390	401
277	498	**1.632**	Other assets	**1.830**	651	442
657	863	**2.001**	**Total other assets**	**2.269**	1.100	897

Note 6 Other liabilities

Parent bank				Group		
31.12.11	**31.03.11**	**31.03.12**		**31.03.12**	**31.03.11**	**31.12.11**
157	203	**190**	Accrued expenses and prepaid revenue	**256**	274	228
296	130	**298**	Deferred tax	**334**	213	329
586	279	**577**	Provision for accrued expenses and liabilities	**684**	327	705
476	970	**1.124**	Other liabilities	**1.211**	1.064	581
1.515	1.582	**2.189**	**Total other liabilities**	**2.485**	1.878	1.843

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.11	**31.03.11**	**31.03.12**		**31.03.12**	**31.03.11**	**31.12.11**
1.019	1.020	**1.131**	Agriculture/forestry	**1.131**	1.020	1.019
161	171	**187**	Fishing/Fish farming	**187**	171	161
1.233	1.016	**1.175**	Mining/extraction	**1.175**	1.016	1.233
942	1.141	**939**	Industry	**939**	1.141	942
1.418	3.510	**1.256**	Power and water supply/building and construction	**1.256**	3.510	1.418
1.977	1.638	**1.936**	Commodity trade, hotel and restaurant business	**1.936**	1.638	1.977
1.149	1.591	**855**	Foreign trade shipping, pipeline transport and other transport activities	**855**	1.591	1.149
4.600	4.235	**4.897**	Real estate business	**4.897**	4.235	4.600
8.234	7.126	**8.058**	Service industry	**8.058**	6.978	8.234
11.996	12.300	**14.768**	Public sector and financial services	**14.618**	12.301	11.824
32.729	33.748	**35.202**	**Total corporate sector**	**35.052**	33.601	32.557
31.445	28.794	**31.711**	Retail customers	**31.711**	28.794	31.445
40	268	**345**	Accrued interests corporate sector and retail customers	**345**	267	40
64.214	62.810	**67.258**	**Total deposits**	**67.108**	62.662	64.042

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.11	**31.03.11**	**31.03.12**		**31.03.12**	**31.03.11**	**31.12.11**
3.528	3.245	**3.581**	Agriculture/forestry	**3.826**	3.537	3.773
311	255	**324**	Fishing/Fish farming	**428**	296	416
2.618	2.302	**2.597**	Mining/extraction	**2.707**	2.392	2.728
1.087	2.168	**1.255**	Industry	**1.867**	2.762	1.686
3.123	3.126	**3.316**	Power and water supply/building and construction	**4.203**	4.057	4.022
2.064	2.482	**2.037**	Commodity trade, hotel and restaurant business	**2.473**	2.839	2.487
6.173	6.218	**5.781**	Foreign trade shipping, pipeline transport and other transport activities	**6.199**	6.562	6.553
23.586	22.259	**23.619**	Real estate business	**23.775**	22.497	23.749
5.664	4.100	**6.084**	Service industry	**7.291**	5.038	6.827
796	300	**1.153**	Public sector and financial services	**1.407**	516	1.068
48.950	46.455	**49.747**	**Total corporate sector**	**54.176**	50.496	53.309
46.547	52.975	**44.755**	Retail customers	**45.842**	53.971	47.593
150	3	**117**	Unallocated (excess value fixed interest loans and amort. lending fees)	**121**	2	150
303	273	**296**	Accrued interests corporate sector and retail customers	**324**	302	316
95.950	99.706	**94.915**	**Gross loans**	**100.463**	104.771	101.368
-355	-370	**-407**	- Individual impairment losses provisions	**-469**	-470	-418
-317	-285	**-287**	- Collective impairment losses provisions	**-332**	-328	-362
95.278	99.051	**94.221**	**Net loans**	**99.662**	103.973	100.588

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 got permission from Kredittilsynet to use internal rating methods (Internal Rating Based Approach) 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, where IRB banks will not get the full effect of reduced regulatory capital requirements until further notice.

Parent bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
3.183	3.183	**4.987**	Equity certificates	**4.987**	3.183	3.183
-3	-3	**-7**	- Own equity certificates	**-7**	-3	-3
625	625	**1.506**	Premium reserve	**1.506**	625	625
1.448	1.284	**0**	Equalisation reserve	**0**	1.284	1.448
299	0	**0**	Allocated to dividend	**0**	0	299
2.631	2.541	**0**	Savings bank's reserve	**0**	2.541	2.631
55	55	**0**	Share premium reserve	**0**	55	55
293	370	**0**	Endowment fund	**0**	370	293
43	43	**43**	Reserve for unrealised gains	**43**	43	43
0	0	**1.745**	Other equity	**2.936**	1.177	1.183
8.574	8.098	**8.274**	**Total book equity**	**9.465**	9.275	9.757
			Core capital			
0	0	**0**	Deferred taxes, goodwill and other intangible assets	**-66**	-79	-71
-2	-2	**-2**	Fund for unrealized gains, available for sale	**-2**	-2	-2
-299	0	**0**	Deduction for allocated dividends	**0**	0	-299
-421	-381	**-420**	50% deduction for subordinated capital in other financial institutions	**-21**	-23	-21
-250	-276	**-264**	50% deduction for expected losses on IRB, net of write-downs	**-271**	-278	-255
0	0	**0**	50 % capital adequacy reserve	**-680**	-657	-665
0	95	**106**	Year-to-date profit included in core capital (50%)	**158**	133	0
2.273	1.243	**2.249**	Additional Tier 1 capital	**2.377**	1.365	2.402
9.875	8.777	**9.943**	**Total core capital**	**10.960**	9.734	10.846
		0				
			Supplementary capital in excess of core capital			
0	346	**0**	Perpetual Tier 2 capital	**0**	346	0
0	0	**0**	Tier 2 capital - excess of 15% additional Tier 1 capital	**0**	0	0
1.565	1.892	**1.221**	Non-perpetual additional capital	**1.437**	2.113	1.776
-421	-381	**-420**	50% deduction for investment in capital instruments in other financial institutions	**-21**	-23	-21
-250	-276	**-264**	50% deduction for expected losses on IRB, net of write-downs	**-271**	-278	-255
0	0	**0**	50 % capital adequacy reserve	**-680**	-657	-665
894	1.581	**537**	**Total supplementary capital**	**465**	1.501	835
10.769	10.358	**10.480**	**Net subordinated capital**	**11.425**	11.235	11.681
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
2.060	1.930	**2.100**	Specialised lending exposure	**2.100**	1.930	2.060
2.104	2.173	**2.260**	Other corporations exposure	**2.260**	2.183	2.104
33	35	**32**	SME exposure	**38**	38	37
393	452	**377**	Retail mortage exposure	**786**	675	758
75	76	**72**	Other retail exposure	**76**	77	78
464	368	**529**	Equity investments	**0**	0	0
5.129	5.034	**5.370**	**Total credit risk IRB**	**5.260**	4.903	5.037
97	119	**99**	Debt risk	**95**	115	94
47	42	**49**	Equity risk	**49**	42	47
0	0	**0**	Currency risk	**0**	0	0
331	331	**366**	Operational risk	**447**	408	408
0	0	**0**	Transitional arrangements	**757**	541	861
625	631	**646**	Exposures calculated using the standardised approach	**1.837**	1.711	1.830
-67	-61	**-67**	Deductions	**-112**	-109	-110
6.162	6.096	**6.463**	**Minimum requirements subordinated capital**	**8.333**	7.611	8.167
				0		
13,98 %	13,59 %	**12,97 %**	Capital adequacy ratio	**10,97 %**	11,81 %	11,44 %
12,82 %	11,52 %	**12,31 %**	Core capital ratio	**10,52 %**	10,23 %	10,62 %
1,16 %	2,07 %	**0,66 %**	Supplementary capital ratio	**0,45 %**	1,58 %	0,82 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount 31.03.12	Fair value at 31.03.12 Assets	Liabilities
Currency instruments			
Currency forward contracts	2.982	38	80
Currency swaps	16.336	231	76
Currency options	41	0	0
Total currency instruments	19.359	269	156
Interest rate instruments			
Interest rate swaps(including cross-currency)	97.163	1.163	1.174
Other interest rate contracts	1.000	0	2
Total interest rate instruments	98.163	1.163	1.176
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	30.438	1.891	250
Total hedging / Interest rate instruments	30.438	1.891	250
Accrued interests			
Accrued interests		632	499
Total accrued interests		632	499
Total currency and interest rate instruments			
Total currency instruments	19.359	269	156
Total interest rate instruments	128.601	3.054	1.426
Total accrued interests		632	499
Total	147.960	3.955	2.081

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	31.12.11	31.03.11	31.03.12
Certificates, nominal amount	0	0	0
Bonds, nominal amount	34.593	38.042	36.204
Adjustments	1.340	641	1.834
Accrued interests	405	324	409
Total debt raised through issuance of securities	36.338	39.007	38.447

Change in debt raised through issuance of securities	Balance as at 31.12.11	Issued 2012	Past due/ redeemed 2012	FX rate- and other changes 2012	Balance as at 31.03.12
Certificates, nominal amount	0	0	0	0	0
Bonds, nominal amount	34.593	8.581	-6.538	-432	36.204
Adjustments	1.340	0	0	494	1.834
Accrued interests	405	0	0	4	409
Total debt raised through issuance of securities	36.338	8.581	-6.538	66	38.447

Additional Tier 1 and Tier 2 capital instruments	31.12.11	31.03.11	31.03.12
Non-perpetual additional Tier 2 capital, nominal amount	2.575	1.892	1.221
Perpetual additional Tier 2 capital, nominal amount	0	760	0
Additional Tier 1 capital, nominal amount	2.273	1.243	2.249
Adjustments	90	76	77
Accrued interests	37	44	48
Total additional Tier 1 and Tier 2 capital instruments	4.975	4.015	3.595

Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 31.12.11	Issued 2012	Past due/ redeemed 2012	FX rate- and other changes 2012	Balance as at 31.03.12
Non-perpetual additional Tier 2 capital, nominal amount	2.575			0	1.221
Perpetual additional Tier 2 capital, nominal amount	0			0	0
Additional Tier 1 capital, nominal amount	2.273			-24	2.249
Adjustments	90	0	0	-13	77
Accrued interests	37			11	48
Total additional Tier 1 and Tier 2 capital instruments	4.975	0	0	-26	3.595

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.

	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	214	207	15	2	41	0	0	-78	**401**
Net commission and other income	137	49	14	99	-2	11	0	-6	**302**
Net return on investment securities	0	0	43	0	0	0	3	156	**202**
Operating expenses	151	53	18	87	12	6	1	150	**478**
Operating profit before losses	200	203	54	14	27	5	2	-78	**427**
Losses on loans and guarantees	0	63	0	0	1	0	0	-30	**34**
Operating profit before tax	**200**	**140**	**54**	**14**	**26**	**5**	**2**	**-48**	**393**
Balance sheet (in MNOK)									
Loans to customers	47.947	45.591	0	0	5.550	0	0	1.375	**100.463**
Individual loss provisions	-76	-331	0	0	-62	0	0	0	**-469**
Group loss provisions	-19	-268	0	0	-45	0	0	0	**-332**
Other assets	0	0	661	301	114	54	198	33.693	**35.021**
Total assets	**47.852**	**44.992**	**661**	**301**	**5.557**	**54**	**198**	**35.068**	**134.683**
Deposits from customers	37.776	29.250	0	0	0	0	0	82	**67.108**
Other debt	0	0	611	252	5.075	40	7	51.809	**57.794**
Total debt	37.776	29.250	611	252	5.075	40	7	51.891	**124.902**
Equity	0	0	0	49	482	14	191	9.045	**9.781**
Total debt and equity	**37.776**	**29.250**	**611**	**301**	**5.557**	**54**	**198**	**60.936**	**134.683**
Loans sold to SB1 Boligkreditt and Næringskreditt	**48.206**	**694**							**48.900**

	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	212	170	6	1	37	0	1	-3	**424**
Net commission and other income	121	41	13	97	-2	12	0	-1	**281**
Net return on investment securities	0	0	38	0	0	0	15	75	**128**
Operating expenses	148	46	14	86	11	6	1	134	**446**
Operating profit before losses	185	165	43	12	24	6	15	-63	**387**
Losses on loans and guarantees	6	32	0	0	42	0	0	-29	**51**
Operating profit before tax	**179**	**133**	**43**	**12**	**-18**	**6**	**15**	**-34**	**336**
Balance sheet (in MNOK)									
Loans to customers	56.031	42.209	0	0	5.066	0	0	1.465	**104.771**
Individual loss provisions	-58	-312	0	0	-99	0	0	-1	**-470**
Group loss provisions	-16	-269	0	0	-43	0	0	0	**-328**
Other assets	0	0	600	237	49	51	198	27.447	**28.582**
Total assets	**55.957**	**41.628**	**600**	**237**	**4.973**	**51**	**198**	**28.911**	**132.555**
Deposits from customers	33.938	28.512	0	0	0	0	0	212	**62.662**
Other debt	0	0	600	200	4.533	39	18	54.963	**60.353**
Total debt	33.938	28.512	600	200	4.533	39	18	55.175	**123.015**
Equity	0	0	0	37	440	12	180	8.871	**9.540**
Total debt and equity	**33.938**	**28.512**	**600**	**237**	**4.973**	**51**	**198**	**64.046**	**132.555**
Loans sold to SB1 Boligkreditt and Næringskreditt	**30.376**	**286**							**30.662**

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 were 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 were reclassified as "loans and receivables".

Reclassification was 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 1.7.2008	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 [1)]	2.350	0	0	2.350
Receivables [1)]	578	0	0	578
Total certificates and bonds	**5.969**	**0**	**0**	**5.969**

As at. 31.03.2012	Group			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass.effect	Fair value
At fair value through profit and loss	13.389	0	0	13.389
Held to maturity	538	0	2	540
Covered Bonds [2)]	7.801	0	0	7.801
Accrued interests	89	0	0	89
Total certificates and bonds	**21.817**	**0**	**2**	**21.819**

	Group		
Bonds reclassified as receivable and hold to maturity	**31.12.11**	**31.03.11**	**31.03.12**
Book value	715	1.217	538
Nominal value	723	1.230	544
Observable market value	707	1.220	540

[1)] Net urealised losses written back as at 1st July 2008 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.

[2)] Receiveables includes 7.801 million NOK of covered bonds used in the swap agreement with the Ministry of Finance.

Note 14 Pension

Sparebank 1 SR-Bank has two types of pension schemes - defined benefits schemes and defined contribution scheme. For further details on the calculation of the pension obligation and assumptions please refer to note 2 above or note 33 in the annual accounts 2011.

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 SpareBank 1 SR-Bank 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 SpareBank 1 SR-Bank have not been able to obtain sufficient information to make reliable calculations prior to publishing the accounts for Q1 2012, 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.

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 were 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 are 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.
Paid-up policies will be issued for pension rights earned up until 31 December 2011.

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 and loss**	**224**

Note 15 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 16 Events after the balance sheet date

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.
In addition to the public right issue, the board of directors proposes a directed share issue to employees of the Group of up to NOK 100,000 per employee, equivalent to up to 130 MNOK. Proposed issue is to be decided at the Extraordinary General Meeting 9th May 2012.

QUARTERLY INCOME STATEMENT	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SpareBank 1 SR-Bank Group, MNOK	**2012**	**2011**	**2011**	**2011**	**2011**	**2010**	**2010**	**2010**	**2010**
Interest income	1.327	1.378	1.362	1.290	1.257	1.282	1.231	1.185	1.122
Interest expense	926	930	905	863	833	840	795	758	685
Net interest income	**401**	**448**	**457**	**427**	**424**	**442**	**436**	**427**	**437**
Commission income	222	211	200	221	202	194	189	206	207
Commission expenses	-20	-12	-21	-19	-19	-15	-20	-16	-20
Other operating income	100	106	102	123	98	104	95	104	73
Net commission and other income	**302**	**305**	**281**	**325**	**281**	**283**	**264**	**294**	**260**
Dividend income	3	1	1	13	6	0	1	46	0
Income from investment in associates	100	67	33	58	51	94	70	54	49
Net gains/losses on financial instrument valued at fair value	99	43	-27	2	71	89	66	72	30
Net return on investment securities	**202**	**111**	**7**	**73**	**128**	**183**	**137**	**172**	**79**
Total income	**905**	**864**	**745**	**825**	**833**	**908**	**837**	**893**	**776**
Personnel expenses	275	100	273	200	255	223	250	244	153
Administrative expenses	106	111	99	100	100	109	82	90	81
Other operating expenses	97	118	90	96	91	91	76	89	78
Total operating expenses	**478**	**329**	**462**	**396**	**446**	**423**	**408**	**423**	**312**
Operating profit before impairment losses	**427**	**535**	**283**	**429**	**387**	**485**	**429**	**470**	**464**
Impairment losses on loans and guarantees	34	45	30	13	51	71	43	51	69
Operating profit before tax	**393**	**490**	**253**	**416**	**336**	**414**	**386**	**419**	**395**
Tax expense	77	153	79	111	71	33	86	81	97
Net profit	**316**	**337**	**174**	**305**	**265**	**381**	**300**	**338**	**298**
Profitability									
Return on equity per quarter	12,9 %	13,9 %	7,2 %	12,6 %	11,2 %	16,9 %	14,3 %	16,5 %	14,8 %
Cost percentage	52,8 %	38,1 %	62,0 %	48,0 %	53,5 %	46,6 %	48,7 %	47,4 %	40,2 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	100.463	101.368	103.930	107.914	104.771	105.792	100.289	96.812	96.481
Deposits from customers	67.108	64.042	64.323	64.982	62.662	60.770	55.703	56.137	53.323
Total assets	134.683	131.142	132.965	134.715	132.555	134.778	129.524	128.653	126.508
Average total assets	132.949	132.392	134.579	133.469	133.916	133.557	128.799	127.627	124.888
Growth in loans over last 12 months	-4,1 %	-4,2 %	3,6 %	11,5 %	8,6 %	13,2 %	8,0 %	-0,7 %	-1,6 %
Growth in deposits over last 12 months	7,1 %	5,4 %	15,5 %	15,8 %	17,5 %	11,8 %	3,7 %	3,1 %	-0,9 %
Losses and non-performing commitments									
Impairment losses ratio	0,13	0,18	0,11	0,05	0,19	0,28	0,17	0,21	0,29
Non-performing commitments as a percentage of total loans	0,44	0,41	0,57	0,40	0,40	0,42	0,54	0,36	0,54
Other doubtful commitments as a percentage of total loans	0,89	0,69	0,68	0,82	1,01	0,72	0,94	1,01	0,80
Solidity									
Capital adequacy ratio	11,0	11,4	11,2	11,5	11,8	12,4	11,6	11,5	11,6
Core capital ratio	10,5	10,6	9,6	10,0	10,2	10,2	9,3	9,1	9,4
Core capital	10.960	10.846	9.523	9.760	9.734	9.442	8.433	8.243	8.196
Net equity and subordinated loan capital	11.425	11.681	11.114	11.200	11.235	11.482	10.450	10.352	10.112
Minimum subordinated capital requirement	8.333	8.167	7.921	7.778	7.611	7.400	7.241	7.226	7.001
Shares									
Market price at end of quarter	41,00	40,70	40,70	51,50	57,00	57,00	53,00	46,10	48,80
Number of shares issued, millions	199,49	127,31	127,31	127,31	127,31	127,31	120,93	120,93	120,93
Earnings per share, NOK (annualised)	1,58	1,73	0,86	1,51	1,32	1,94	1,56	1,76	1,55
Price/earnings per share	6,49	5,88	11,83	8,53	10,80	7,35	8,49	6,55	7,87