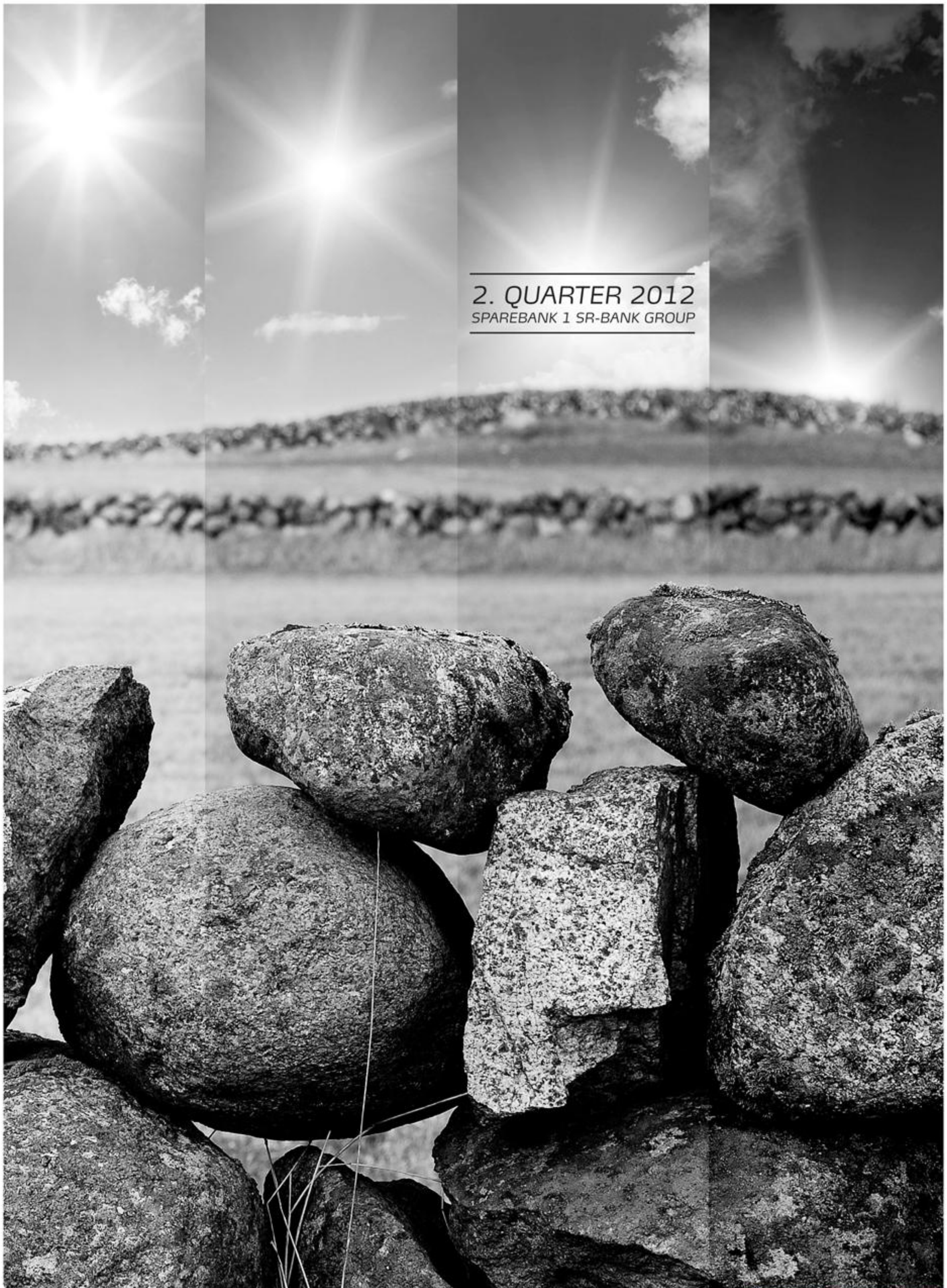


2. QUARTER 2012

SPAREBANK 1 SR-BANK GROUP

SpareBank 1 SR-BANK

Q2 2012

- Profit before tax: NOK 405 million (NOK 416 million)
- Profit after tax: NOK 303 million (NOK 305 million)
- Return on equity after tax: 11.8 % (12.6 %)
- Profit per share: NOK 1.19 (NOK 1.51)
- Net interest income: NOK 413 million (NOK 427 million)
- Net commission and other income: NOK 379 million (NOK 325 million)
- Net income from financial investments: NOK 87 million (NOK 73 million)
- Operating expenses: NOK 440 million (NOK 396 million)
- Impairment losses on loans: NOK 34 million (NOK 13 million)

  (Figures for Q2 2011 are shown in parentheses)

First half 2012

- Profit before tax: NOK 798 million (NOK 752 million)
- Profit after tax: NOK 619 million (NOK 570 million)
- Return on equity after tax: 12.3 % (11.9 %)
- Profit per share: NOK 2.42 (NOK 2.83)
- Net interest income: NOK 814 million (NOK 851 million)
- Net commission and other income: NOK 681 million (NOK 606 million)
- Net income from financial investments: NOK 289 million (NOK 201 million)
- Operating expenses: NOK 918 million (NOK 842 million)
- Impairment losses on loans: NOK 68 million (NOK 64 million)
- Overall lending growth over the last 12 months: 9.3 % (14.5 %)
- Growth in deposits over past 12 months: 9.7 % (15.8 %)
- Core capital ratio: 11.4 % (10.0 %)
- Pure core capital cover: 9.2 % (8.6 %)

  (Figures for first half 2011 are shown in parentheses)

Profit for second quarter 2012

In Q2 2012, profit before tax was NOK 405 million (NOK 416 million) compared to NOK 393 million for Q1 2012. Return on equity after tax for Q2 2012 was 11,8 % (12,6 %) against 12,9 % for Q1 2012.

Net interest income was NOK 413 million (NOK 427 million) compared to NOK 401 million in Q1 2012.

In Q2 2012 commission and other income was NOK 379 million (NOK 325 million) against NOK 302 million in Q1 2012. Thereof NOK 84 million (NOK 23 million) originated from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, compared to NOK 46 million in Q1 2012. Net income from financial investments accounted for NOK 87 million (NOK 73 million) against NOK 202 million in Q1 2012. Accrued operating expenses were NOK 440 million (NOK 396 million) against NOK 478 million in Q1 2012. Positive non-recurring items related to changes in the pension schemes are included in costs for both 2012 and 2011. These items constituted NOK 35 and 71 million, respectively.

The impairment losses accounted for NOK 34 million (NOK 13 million) against NOK 34 million in Q1 2012.

Profit for first half 2012

Group profit before tax was NOK 798 million (NOK 752 million) accounting for 12.3 % (11.9 %) return on equity after tax in first half of 2012.

Net interest income accounted for NOK 814 million (NOK 851 million).

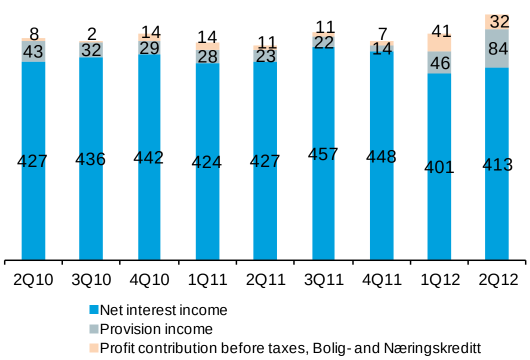
Net commission and other income increased from NOK 606 million for the first half of 2011 to NOK 681 million for the first half of 2012. Thereof NOK 130 million (NOK 51 million) originated from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Net income from financial investments accounted for NOK 289 million (NOK 201 million). Operating costs were NOK 918 million (NOK 842 million).

Impairment losses on loans accrued to NOK 68 million (NOK 64 million).

Net interest income

The group's net interest income in the first half of 2012 amounted to NOK 814 million (NOK 851 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 the first half of 2012, the bank received commission on loan portfolios equivalent to NOK 47.9 billion (NOK 32.3 billion) from these companies. Commission income amounted to NOK 130 million (NOK 51 million) for the first half of 2012, whilst profit contributions before tax were NOK 73 million (NOK 25 million). Year to date, net interest and commission income and profit contributions before tax increased by a total of NOK 90 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 681 million (NOK 606 million) for the first half of 2012. In Q2 2012, income was NOK 379 million (NOK 325 million) and NOK 302 million for Q1 2012.

Net commission income was NOK 455 million (NOK 385 million) for the first half of 2012. The increase on last year was mainly attributable to increased commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Other commission income was stable from the first half of 2011 to the first half of 2012.

Other operating income amounted to NOK 226 million in the first half of 2012 (NOK 221 million). In Q2, income amounted to NOK 126 million (NOK 123 million) and NOK 100 million in Q1 2012. Other operating income is mainly income from real estate brokering.

Net income from financial investments

Net income from financial investment was NOK 289 million (NOK 201 million) for the first half of 2012. In Q2 2012, income amounted to NOK 87 million (NOK 73 million) and NOK 202 million in Q1 2012. Of the total NOK 289 million income, NOK 45 million (NOK -19 million) was capital gains on securities and NOK 68 million (NOK 92 million) was capital gains on interest rate and currency trading. Furthermore, income from ownership interest was NOK 153 million (NOK 109 million) and dividends represented NOK 24 million (NOK 19 million).

Gains on securities of NOK 45 million for the first half of 2012 are derived from a loss of NOK 19 million from the portfolio of shares and equity capital shares and a gain of NOK 65 million from the interest portfolio. The group is not directly exposed to European or US government debt.

Income from ownership interest of NOK 153 million (NOK 109 million) in the first half of 2012 mainly includes profit shares from SpareBank 1 Gruppen, SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, Bank 1 Oslo Akershus and BN Bank.

The profit share from SpareBank 1 Gruppen was NOK 61 million (NOK 50 million) in the first half of 2012, of which NOK 9 million derives from correction of the profits for 2011. The profit share in SpareBank 1 Boligkreditt comprised NOK 49 million (NOK 15 million), SpareBank 1 Næringskreditt NOK 4 million (NOK 3 million), Bank 1 Oslo Akershus NOK 19 million (NOK 9 million), of which NOK 4 million derives from correction of the profits for 2011. The profit share in BN Bank was NOK 16 million (NOK 17 million), whilst NOK 4 million (NOK 15 million) was posted as a result of the difference between projected and posted equity capital.

Operating expenses

The group's operating expenses totalled NOK 918 million in the first half of 2012. This represented an increase of NOK 76 million (9.0 %) compared to the first half of 2011. In Q2 2012, operating expenses totalled NOK 440 million (NOK 396 million) and NOK 478 million in Q1 2011.

The expenses for 2011 and 2012 are affected by non-recurring effects related to changes in the pension schemes. In Q2 2011, the modified pension schemes accounted for a NOK 71 million reduction in costs. In Q2 2012, a cost reduction of NOK 35 million has been recognised in relation to the changed pension schemes in EiendomsMegler 1 SR-Eiendom.

Adjusted for these extraordinary items, the underlying cost increased for the first half of 2012 amounts to NOK 40 million, or 4.4 %.

The cost ratio for the group, measured as costs as a percentage of income, was 51.5 % (50.8 %) at the end of the first half of 2012.

Credit risk and portfolio development

The group's portfolio is dominated by low risk commitments. 91 % of the bank's loan exposure satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are very limited at 0.04 %. The portfolio primarily consists of commitments that account for less than NOK 10 million. These constitute 68 % of the loan exposure and 99 % of the customers. A 19 % share of the bank's loan exposure is to customers who have an exposure in excess of NOK 100 million. The credit quality in this portion of the portfolio is better than in the rest of the corporate market portfolio.

The quality of the corporate market portfolio is considered very good and the development is stable. 78 % of the bank's loan exposure satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are limited and account for 0.1 %. The portfolio of commercial property for rental represents the group's largest concentration in a single sector and accounts for 10 % of the total loan exposure including retail market customers. This portfolio is characterised by commercial properties with long-term contracts and financially solid tenants. The expected loss in the commercial property portfolio for rental is lower than in the rest of the corporate market portfolio.

The quality of the retail market portfolio is very good. The borrowing rate is generally moderate, as seen in relation to the value of the collateral. The share of loan exposure within 85 % LTV is on the increase and now constitutes 97.6 %. This indicates that potential losses are low as long as the collateral values are not significantly impaired.

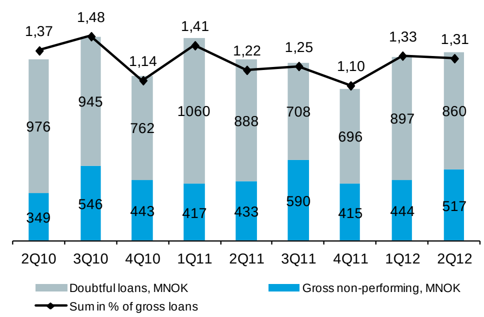
Impairment losses on loans and defaults

In the first half of 2012, the group recorded net impairment losses on loans of NOK 68 million (NOK 64 million). This corresponds to impairment in percentage of gross lending of 0.13 (0.12). In Q2 2012, the net impairment was NOK 34 million, compared to NOK 13 million in Q2 2011 and NOK 34 million in Q1 2011.

Gross defaults on loans comprised NOK 517 million at the end of the first half of 2012, compared to NOK 433 million at the end of the first half of 2011. This corresponds to 0.49 % (0.40%) of gross lending. The portfolio of performing problem loans totalled NOK 860 million (NOK 888 million). This corresponds to 0.82 % of gross loans (0.82 %). The total of defaulted loans comprised NOK 1.377 million at the end of the first half of 2012, compared to NOK 1.321 million at the end of the first half of 2011. Measured as a percentage of gross loans, this constitutes 1.31 % as at the first half of 2012 (1.22 %).

The degree of allocation for defaulted and other non-performing loans was 32 % (31 %) and 39 % (32 %) respectively at the end of the first half of 2012.

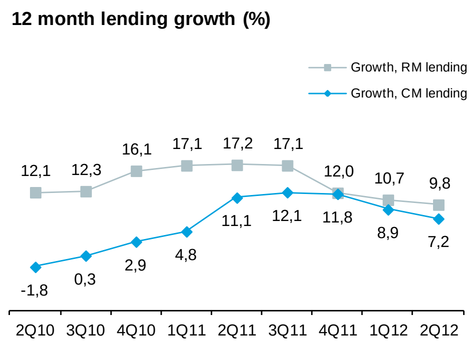
The following graph shows the development in gross non-performing loans and defaulted loans, and the sum total of these as a percentage of gross loans:



Loans to and deposits from customers

Gross lending at the group level comprised NOK 105.4 billion (NOK 107.9 billion) for the first half of 2012. Adding to lending in SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt of totally NOK 47.9 billion (NOK 32.3 billion), the gross lending at the group level amounted to NOK 153.3 billion (NOK 140.2 billion) for the same period. Gross lending growth over the last 12 months was 9.3 % (14.5 %). Residential market loans, including loans sold to SpareBank 1 Boligkreditt, constituted 63.5 % (62.5 %) of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at the end of the first half of 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):



Deposits from customers rose by 9.7 % (15.8 %) over the past 12 months to NOK 71.3 billion (NOK 65.0 billion). Deposits from the corporate market and public sector comprised 51.8 % (51.7 %) of group customer deposits at the end of the first half of 2012,

In addition to ordinary customer deposits, the group had NOK 11.6 billion (NOK 12.4 billion) under management at the end of the first half of 2012, primarily through SR-Forvaltning and ODIN funds.

At the end of the first half of 2012, the deposit-to-loan ratio was 67.6 % (60.2 %) At the end of Q2 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 109.4 % (98.5 %) for the parent bank and 106.6 % (98.4 %) on a consolidated basis.

Business areas

Retail Market Division

The Retail Market Division's contribution before losses and impairments was NOK 482 million at the end of the first half of 2012. The improvement of NOK 96 million (25 %) from last year was driven by improved net interest, growth in deposits and loans, and good cost management. Income related to money transfers, insurance and investment services are stable.

Over the last 12 months, the division's lending has increased by 9.8 % and deposits by 10 %. This growth is the result of general market growth, a long-term focus on qualified advisory services and a strong market position.

Customer growth has continued in 2012, and exceeds population growth in the market area. The market area is characterised by high influx of people and significant oil-related activity. After the introduction of new requirements for home financing, there are fewer young homebuyers in the market. Impairments on lending and the proportion of non-performing loans continue to be very low.

In Q2 2012, the Retail Market Division has launched several new mobile banking services for retail customers. Additionally, SpareBank 1 is the first bank in Norway to have launched a dedicated mobile bank for small businesses. The division has also implemented very successful social media marketing campaigns. The focus on digital channels will be further enhanced in the future.

Corporate Market Division

The Corporate Market Division's contribution before impairment on lending was NOK 445 million in the first half of 2012. This is NOK 88 million higher than the same time last year. Cost increases caused by last year's increased staffing are more than offset by, primarily, increased 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 7.2 % at the same time as deposits increased by 16.4 %.

We are working actively on across-the-board sales of the group's products, and have seen good growth in both the number of products and the number of customers. Commissions and other income have increased by 24.5 % over the last 12 months.

Net individual impairments of NOK 85 million were posted in the first half of 2012, compared to NOK 65 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

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.

SR-Markets had revenues of NOK 143 million (NOK 115 million) in the first half of 2012. In the last quarter, SR-Markets has completed several transactions with deliverables and income from several or all business areas in the division. The majority of the revenues continue to come from customer transactions with interest and currency instruments. The Corporate Finance department has seen high levels of activity and has completed several large projects as the main facilitator, including equity offerings, new bond issues and M&As. The Equity Trading department has increased its turnover from the last quarter, despite significantly poorer market sentiment. The outlook for the second half of the year is positive, despite current market conditions.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The profit before tax amounted to NOK 72.2 million (NOK 35.6 million). The strong improvement was primarily due to the recognition in income of previous provisions of NOK 35 million made in relation to the changes in the company's pension scheme.

In Q2 2012, a total of 2,096 properties were brokered, compared to 2,056 in the same period last year. Thus far this year, 3,806 properties have been brokered, at a combined value of approximately NOK 10.8 billion. The supply of new assignments is also good, and shows an increase of 8.2 % thus far this year as compared with the same period last year.

The supply of used homes is good, even if the market is marked by few homes being placed on the market. The company is expecting a continued positive trend in the residential property market throughout 2012.

There is good access to new housing projects for sale, and public interest is high. At the same time, this market is characterised by stricter requirements to down payments when buying residential property. This has caused a significantly higher number of first-time buyers to be unable to secure sufficient financing.

Activity on the commercial property market is high and reflects the level of activity within the oil-related business in the Stavanger area. Further improvement is expected in this market throughout the year. The development for the management and operation of commercial buildings is also satisfactory.

The company's strong market position in Rogaland was also maintained in Q2 2012. The company has maintained its position as the largest broker in Vest-Agder. The activities in Hordaland make important contributions to the company's profits. Our offices in Sunnhordaland are now fully operational, and we expect significant market shares in this area in the times ahead.

SpareBank 1 SR-Finans AS

The company's principal activities are lease financing for corporate customers and secured car loans. In Rogaland, the company is the market leader on leasing, with a market share of nearly 50 %.

The company achieved a profit before tax of NOK 51.6 million in the first half of 2012 (NOK 41.4 million). The improvement was primarily caused by an increase in net interest income and somewhat lower losses. Profit before impairment and losses was NOK 55.7 million (NOK 48.7 million). Net lending showed a consistent increase over the last year, and at the end of Q2 2012 stood at NOK 5.697 million (NOK 5.102 million).

New sales in the first half of 2012 showed a positive trend within leasing and car loans. Total new sales was worth NOK 1.130 million (NOK 919 million), an increase of 23 % 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 for the first half of 2012 was NOK 12 million (NOK 13 million). The company managed NOK 6.1 billion at the end of the first half of 2012. This is an increase of around NOK 200 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 the first half of 2012, the profit before tax was NOK 4.1 million (NOK 12.7 million). At the end of the first half of 2012, SR-Investering had total investments of NOK 159 million and residual commitments linked to these of NOK 106 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 the first half of 2012 of NOK 148.3 billion, of which NOK 47.9 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 the first half of 2012 of NOK 10.4 billion, of which NOK 0.4 billion was home loans bought from SpareBank 1 SR-Bank. The bank owns a 30.7 % share in the company.

Funding

The Euro continues to enjoy strong support among most European politicians. A plan has been created for a common bank supervisory authority, and for the option that banks can be given loans directly from the EU crisis fund of EUR 500 billion. The market is questioning whether the size of the crisis fund is sufficiently large to prevent further negative developments in Italy and Spain. There are deep problems in Spain, and many market actors claim that it is likely that the banks will need more equity than the EUR 100 billion that have been promised thus far. Germany is upholding the demand that loans only be given in exchange for structural reforms. This means that banks that face problems must continue to borrow money via the state until a common bank supervisor has been created. This increases the total Spanish government debt by to well above 100 % of GDP, for instance.

The overall market reaction to the announcement of this plan was positive. However, member countries and the eurozone generally face many problems in the times ahead. Despite some positive key figures, the American economy continues to struggle to achieve stable growth. Combined with the signals from China about lower growth and imbalances in the economy, this means that there are low expectations to export-led growth in the eurozone. SpareBank 1 SR-Bank is therefore prepared for a continued high level of volatility in the market.

Borrowing costs for long-term financing continues to be high for the banks. 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. 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 SpareBank 1-Alliansen's jointly owned companies SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Bondholders are given security in the mortgage companies' portfolios of residential and commercial properties, 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.

The liquidity situation at the end of the first half of 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. At the end of the first half of 2012, the liquidity buffer for SpareBank 1 SR-Bank was NOK 23.1 billion. The level of the liquidity buffer ensures that the bank can maintain normal operation for 18 months without any extra financing.

Capital adequacy

At the end of Q2 2012, core capital adequacy for the group was 11.4 % (10.0 %) and capital adequacy was 11.9 % (11.5 %). Pure core capital adequacy (excluding Hybrid Tier 1 securities) was 9.2 % (8.6 %) for the group as at 30 June 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 transitional rule, which stipulates that the capital requirement when using internal methods cannot be less than 80% of that given in Basel I ("the floor"), should be continued for the moment. All capital adequacy figures above allow for this transition rule. The Nordic working group connected to Basel III/CRD IV presented a report in June 2012 that aims to strengthen Nordic cooperation on the reintroduction of new capital requirements (the so-called CRD IV regulations).

On 7 February 2012, the Board proposed that equity should be strengthened through emissions of up to NOK 1.63 billion. The capital increase related to the rights issue and the employee issue was adopted by the general meeting in SpareBank i SR-Bank ASA on 9 May 2012. At the end of the subscription period, SpareBank 1 SR-Bank had received subscriptions for 71,474,534 new shares in the rights issue. 55,555,555 were offered, and the rights issue was thus oversubscribed by 28.65 %. In the employee issue, SpareBank 1 SR-Bank received subscriptions for a total of 705,858 new shares divided between 260 employees.

The proceeds amounted to NOK 1.52 billion, and were registered in the Register of Business Enterprises on 18 June 2012. The new share capital in SpareBank 2 SR-Bank is 6,393,777,050 divided between 255,751,082, each with a nominal value of NOK 25.

SpareBank 1 SR-Bank has a good financial status, and a leading position in the country's strongest growth area. The completed capital inflow boosts the group's ability to continue to meet the financing needs of customers offensively, and to meet 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 capital increase will help strengthen the group's solvency ahead of possible changes.

Since the introduction of IFRS in 2005 and pursuant to IAS 19, SpareBank 1 SR-Bank has recognised pension liabilities in accordance with an ongoing fair value assessment and has recognised estimate deviation directly in equity. As at the first half of 2012, a discount rate of 2.1 % was used for the measurement of the pension liability. The low discount rate reflects the development of long-term Norwegian government rates. Until 1 January 2013, listed companies can choose whether to use the ongoing fair value assessment and recognition in equity method or use the 'corridor method', in which the estimate deviation is not reflected in the company's equity on an ongoing basis. As of 1 January 2013, all listed companies must recognise pension liabilities in accordance with IAS 19.

From 2005 and until the end of the first half of 2012, SpareBank 1 SR-Bank has had a net reduction of equity of approximately NOK 600 million related to increased pension liabilities, primarily as a result of falling interest rates and reduced discount rates. At the beginning of 2005, SpareBank 1 SR-Bank used a 4.5 % discount rate, compared to 2.1 % at the end of the first half of 2012.

The approximately NOK 600 million increase in pension liabilities affects pure core capital adequacy negatively with about 0.5 % as at 30 June 2012.

The bank's shares

The share price for bank shares (SRBANK) was NOK 32.10 at the end of Q2 2012. This was a decrease of 16.6 % from the end of Q1 2012. The main Oslo Stock Exchange index fell by 4.6 % in the same period. Trading of SRBANK in Q2 2012 corresponded to 3.5 % (3.3 %) of all shares issued.

There were 12,259 (11,988) shareholders in SRBANK at the end of Q2 2012. The proportion owned by foreign companies and individuals was 6.2 %, whilst 61.7 % were resident in Rogaland, the Agder counties and Hordaland. The 20 biggest shareholders accounted for 60.0 % of the shares at the end of Q2 2012. The bank's own shareholding comprised 346,134 shares. Group employees accounted for 2.2 % of the shares at the end of Q2 2012.

The table below shows the 20 biggest shareholders as at 30 June 2012:

	Quantity	%
Sparebankstiftelsen SR-Bank	79.735.551	31,20 %
Gjensidige Forsikring ASA	26.483.470	10,40 %
SpareBank 1-stiftinga Kvinnherad	6.226.583	2,40 %
Folketrygdfondet	5.922.914	2,30 %
Odin Norge	5.497.410	2,10 %
Frank Mohn AS	5.373.376	2,10 %
Odin Norden	4.142.580	1,60 %
Skagen Global	3.284.235	1,30 %
Clipper AS	2.178.837	0,90 %
JPMorgan Chase Bank, U.K.	2.043.467	0,80 %
SHB Stockholm Clients Account, Sverige	1.553.554	0,60 %
FLPS, U.S.A.	1.356.998	0,50 %
Olav Stangeland	1.328.694	0,50 %
Westco AS	1.321.817	0,50 %
Køhlergruppen AS	1.292.803	0,50 %
Varma Mutual Pension Insurance, Finland	1.248.017	0,50 %
Vpf Nordea Norge Verdi	1.127.661	0,40 %
Tveteraas Finans AS	1.121.492	0,40 %
Maaseide Promotion AS	1.100.000	0,40 %
Skagen Global II	1.095.702	0,40 %
Totalt 20 largest	153.435.161	60,00 %

Accounting policies

SpareBank 1 SR-Bank prepares its parent company and consolidated accounts in accordance with the

IFRS regulations. As at 30 June 2012, the IFRS consolidated accounts show a profit after tax of NOK 619 million and the IFRS parent company accounts show a profit after tax of NOK 673 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. Use of the equity method is not permitted in the IFRS parent company accounts. These ownership interests must be assessed at cost here. Dividends paid by the bank's subsidiaries and the SpareBank 1 Group and other associated companies are taken to income in the parent company accounts. It is the parent company's profit as at 31 December 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 around the debt situation in many eurozone countries resumed in the summer of 2011, and thus far in 2012 the macro-economic development indicates a somewhat muted international growth in the next few years. Thus far, the international uncertainty has had limited effect on the Norwegian economy. However, an increasingly negative development in Europe may further reduce global growth and thus represents a risk for the positive macroeconomic situation in Norway as well. 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 already covered a large element of it financing requirements for 2012, and has good liquidity at the end of the first half of the year.

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. 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 credit quality of the group's lending portfolios is deemed to be good, and defaults and impairments on loans are expected to be relatively low in the future.

New regulations, including stricter requirements to capital and financing, can lead to a need for a strengthened focus on less capital-intensive growth than what has been common in recent years. 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 group has a solid financial status, and a leading position in the country's strongest growth area. The completed capital expansion in Q2 2012 strengthens the group's continued ability to meet the financing needs of our customers offensively.

Stavanger, 08 August 2012
The Board of Directors of SpareBank 1 SR-Bank ASA.

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Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	30.06.12 MNOK	%	30.06.11 MNOK	%	2011 MNOK	%
Net interest income	814	*1,21*	851	*1,28*	1.756	*1,31*
Net commission and other income	681	*1,02*	606	*0,91*	1.192	*0,89*
Net return on investment securities	289	*0,43*	201	*0,30*	319	*0,24*
Total income	**1.784**	***2,66***	**1.658**	***2,50***	**3.267**	***2,44***
Total operating expenses	**918**	***1,37***	**842**	***1,27***	**1.633**	***1,22***
Profit before losses	**866**	***1,29***	**816**	***1,23***	**1.634**	***1,22***
Impairment losses on loans and guarantees	68	*0,10*	64	*0,10*	139	*0,10*
Profit before tax	**798**	***1,19***	**752**	***1,13***	**1.495**	***1,12***
Tax expense	179	*0,27*	182	*0,27*	414	*0,31*
Profit after tax from continuing operations	**619**	***0,92***	**570**	***0,86***	**1.081**	***0,81***

	30.06.12	30.06.11	2011
PROFITABILITY			
Return on equity [1]	12,3 %	11,9 %	11,2 %
Cost ratio [2]	51,5 %	50,8 %	50,0 %
BALANCE SHEET			
Gross loans to customers	105.428	107.914	101.368
Gross loans to customers including SB1 Boligkreditt og Næring	153.329	140.223	146.697
Deposits from customers	71.285	64.982	64.042
Deposit-to-loan ratio	67,6 %	60,2 %	63,2 %
Growth in loans	-2,3 %	11,5 %	-4,2 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	9,3 %	14,5 %	11,2 %
Growth in deposits	9,7 %	15,8 %	5,4 %
Average total assets	134.830	133.855	133.629
Total assets	139.615	134.715	131.142
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3]	0,13	0,12	0,13
Non-performing commitments as a percentage of gross loans	0,49	0,40	0,41
Other doubtful commitments as a percentage of gross loans	0,82	0,82	0,69
SOLIDITY			
Capital adequacy ratio	11,9	11,5	11,4
Core capital ratio	11,4	10,0	10,6
Core capital ratio wthitout Additional Tier 1 capital	9,2	8,6	8,3
Core capital	12.514	9.760	10.846
Net equity and subordinated loan capital	13.041	11.200	11.681
Minimum subordinated capital requirement	8.797	7.778	8.167
BRANCHES AND STAFF			
Number of branches	53	54	53
Number of employees (annualised)	1.222	1.175	1.213

Shares	30.06.12	2011	2010	2009	2008
Market price	32,10	40,70	57,00	50,00	27,08
Market capitalisation	8.210	5.182	7.257	6.047	2.434
Book equity per share(including dividends) (group)	44,76	48,75	47,45	42,07	37,23
Book equity per share (including dividends) (parent bank)	40,32	42,81	41,80	36,85	32,06
Earnings per share (group) [4]	2,42	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	6,63	7,51	8,33	7,27	9,03
Price / Book equity (group)	0,72	0,83	1,20	1,19	0,73
Price / Book equity (parent bank)	0,80	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

(unaudited)

Parent bank						Note	Group				
2011	**Q2 2011**	**Q2 2012**	**01.01.11 - 30.06.11**	**01.01.12 - 30.06.12**	**Income statement (MNOK)**		**01.01.12 - 30.06.12**	**01.01.11 - 30.06.11**	**Q2 2012**	**Q2 2011**	**2011**
5.132	1.257	1.274	2.477	2.560	Interest income		2.646	2.547	1.319	1.290	5.287
3.543	871	907	1.706	1.836	Interest expense		1.832	1.696	906	863	3.531
1.589	386	367	771	**724**	**Net interest income**		**814**	851	413	427	1.756
791	208	263	397	473	Commission income		495	423	273	221	834
-74	-18	-20	-36	-39	Commission expenses		-40	-38	-20	-19	-71
5	1	2	3	3	Other operating income		226	221	126	123	429
722	191	245	364	**437**	**Net commission and other income**		**681**	606	379	325	1.192
20	12	21	18	24	Dividend income		24	19	21	13	21
269	269	308	269	339	Income from investment in associates		153	109	53	58	209
70	4	12	51	108	Net gains/losses on financial instruments		112	73	13	2	89
359	285	341	338	**471**	**Net income on investment securities**		**289**	201	87	73	319
2.670	862	953	1.473	**1.632**	**Total income**		**1.784**	1.658	879	825	3.267
604	139	211	330	422	Personnel expenses	14	519	455	244	200	828
357	87	85	174	176	Administrative expenses		205	200	99	100	410
274	60	58	123	126	Other operating expenses		194	187	97	96	395
1.235	286	354	627	**724**	**Total operating expenses**		**918**	842	440	396	1.633
1.435	576	599	846	**908**	**Operating profit before losses**		**866**	816	439	429	1.634
121	47	32	56	64	Losses on loans and guarantees	2, 3 and 4	68	64	34	13	139
1.314	529	567	790	**844**	**Operating profit before tax**		**798**	752	405	416	1.495
378	116	106	186	171	Tax expense		179	182	102	111	414
936	413	461	604	**673**	**Profit after tax**	12	**619**	570	303	305	1.081
					Other comprehensive income						
936	413	461	604	673	Profit after tax		619	570	303	305	1.081
-291	-61	-194	180	-185	Unrecognised actuarial gains and losses *		-181	213	-200	-71	-346
82	17	54	-50	51	Deferred tax concerning changed estimates/pension plan changes		51	-59	56	20	97
0	0	0	0	0	Change in value of financial assets available for sale		0	0	0	0	0
0	0	0	0	0	Share of profit associated companies and joint ventures		0	-6	0	-6	-19
-209	-44	-140	130	-134	**Other comprehensive income**		-130	148	-144	-57	-268
727	369	321	734	539	**Total comprehensive income**		489	718	159	248	813
					Earnings per share (group)		2,42	2,83	1,19	1,51	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

(unaudited)

Parent bank				Note	Group		
31.12.11	**30.06.11**	**30.06.12**	**Balance sheet (MNOK)**		**30.06.12**	**30.06.11**	**31.12.11**
263	838	290	Cash and balances with central banks		290	838	263
5.391	5.132	6.198	Balances with credit institutions		1.160	650	723
95.278	102.067	98.903	Net loans to customers	8	104.597	107.164	100.588
19.846	17.478	22.535	Certificates, bonds and other fixed-income securities	13	22.539	17.484	19.850
3.728	2.785	4.113	Financial derivatives	10	4.102	2.781	3.716
491	528	468	Shares, ownership stakes and other securities		623	659	631
84	90	84	Business available for sale		85	90	85
3.352	2.876	3.906	Investment in associates		4.944	3.897	4.389
716	716	805	Investment in subsidiaries		0	0	0
657	885	975	Other assets	5	1.275	1.152	897
129.806	133.395	**138.277**	**Total assets**	12	**139.615**	134.715	131.142
4.785	6.089	3.435	Balances with credit institutions		3.418	6.087	4.782
7.395	8.832	7.299	Public sector deposits regarding the covered bonds swap agreement		7.299	8.832	7.395
64.214	65.084	71.376	Deposits from customers	7	71.285	64.982	64.042
36.338	38.559	38.101	Listed debt securities	11	38.101	38.559	36.338
2.010	1.440	2.158	Financial derivatives	10	2.158	1.440	2.010
1.515	1.148	1.949	Other liabilities	6	2.262	1.427	1.843
4.975	3.604	3.661	Additional Tier 1 and Tier 2 capital instruments	11	3.661	3.604	4.975
121.232	124.756	**127.979**	**Total liabilities**		**128.184**	124.931	121.385
3.183	3.183	6.394	Share capital		6.394	3.183	3.183
-3	-3	-9	Holding of own shares		-9	-3	-3
625	625	1.587	Premium reserve		1.587	625	625
299	0	0	Proposed dividend		0	0	299
43	43	43	Fund for unrealised gains		43	43	43
0	0	1.610	Other equity		2.797	1.179	1.183
1.448	1.256	0	Dividend equalisation reserve		0	1.256	1.448
2.631	2.525	0	Savings bank's reserve		0	2.525	2.631
55	55	0	Share premium reserve		0	55	55
293	351	0	Endowment fund		0	351	293
0	604	673	Profit/loss at period end		619	570	0
8.574	8.639	**10.298**	**Total equity**		**11.431**	9.784	9.757
129.806	133.395	**138.277**	**Total liabilities and equity**	12	**139.615**	134.715	131.142

Statement of changes in equity

(unaudited)

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
Purchase/sale of own shares	-5	-3	1		-7
Share issue	1.406	113	2		1.521
Issue expenses		-30			-30
Profit after tax			619		619
Unrecognised actuarial gains and losses after tax			-130		-130
Share of profit associated companies and joint ventures					0
Other comprehensive income			-130		-130
Total comprehensive income			489		489
Equity as of 30.06.2012	**6.385**	**1.587**	**3.416**	**43**	**11.431**

Cash flow statement

(unaudited)

Parent bank				Group		
31.12.2011	30.06.2011	30.06.2012	Cash flow statement	30.06.2012	30.06.2011	31.12.2011
1.314	790	**844**	Profit before tax	**798**	754	1.495
0	0	**0**	Income from ownership interests	**-153**	-111	-209
-185	0	**0**	Change in pension obligation over profit and loss	**0**	0	-224
0	-4	**0**	Gain on disposal of non-financial assets	**0**	-12	0
68	34	**33**	Write-down on non-financial assets	**37**	38	80
121	56	**64**	Losses on loans	**68**	64	139
-291	-291	**-58**	Taxes paid	**-95**	-306	-307
1.027	585	**883**	**Transferred from the year's activity**	**655**	427	974
4.779	-1.981	**-3.677**	Change in gross lending to customers	**-3.953**	-2.122	4.424
-5	205	**-737**	Change in receivables from credit institutions	**-374**	341	317
3.275	4.145	**7.162**	Change in deposits from customers	**7.243**	4.212	3.272
-1.437	0	**-96**	Public sector deposits regarding the covered bonds swap agreement	**-96**	0	-1.437
-2.576	-1.272	**-1.350**	Change in debt to credit institutions	**-1.364**	-1.272	-2.577
-1.110	1.258	**-2.689**	Change in certificates and bonds	**-2.689**	1.258	-1.108
-505	-902	**-1.549**	Other accruals	**-1.582**	-845	-412
3.448	2.038	**-2.053**	**A Net cash flow from operations**	**-2.160**	1.999	3.453
-82	-36	**-18**	Change in tangible fixed assets	**-22**	-48	-103
0	0	**0**	Proceeds from sale of fixed assets	**0**	0	0
-876	-437	**-620**	Change in shares and ownership stakes	**-546**	-394	-861
-958	-473	**-638**	**B Net cash flow, investments**	**-568**	-442	-964
2.032	412	**9.651**	Debt raised by issuance of securities	**9.651**	412	2.032
-6.350	-1.872	**-8.083**	Repayments - issuance of securities	**-8.053**	-1.872	-6.350
1.750	0	**0**	Additional capital instruments issued	**0**	0	1.750
-783	-440	**0**	Repayments - additional capital instruments	**0**	-440	-783
0	0	**1.519**	Issue shares	**1.519**	0	0
-336	-336	**-299**	Dividend to share holders	**-299**	-336	-336
-3.687	-2.236	**2.788**	**C Net cash flow, financing**	**2.818**	-2.236	-3.687
-1.197	-671	**97**	**A+B+C Net cash flow during the period**	**90**	-679	-1.198
1.578	1.578	**381**	Cash and cash equivalents as at 1 January	**388**	1.586	1.586
381	907	**478**	Cash and cash equivalents as at 31 March	**478**	907	388
-1.197	-671	**97**	**Net cash flow during the period**	**90**	-679	-1.198
			Cash and cash equivalents specified			
263	838	**290**	Cash and balances with central banks	**290**	838	263
118	69	**188**	Balances with credit institutions	**188**	69	125
381	907	**478**	**Cash and cash equivalents**	**478**	907	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 2nd quarter 2012 interim financial statements of Sparebank 1 SR-Bank ASA are for the six months ending 30 june 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 of the financial statements 2011, including note 16 of the quaterly report

Note 2 Losses on loans and guarantees

Parent bank				Group		
31.12.11	**30.06.11**	**30.06.12**		**30.06.12**	**30.06.11**	**31.12.11**
9	15	**82**	Change in individual impairment losses provisions for the period	**80**	23	16
3	-29	**-30**	Change in collective impairment loss provisions for the period	**-30**	-29	5
6	1	**4**	Amortised cost	**4**	1	6
62	41	**8**	Actual loan losses on commitments for which provisions have been made	**11**	41	66
64	23	**4**	Actual loan losses on commitments for which no provision has been made	**9**	25	74
7	27	**0**	Change in assets taken over for the period	**0**	27	7
-30	-22	**-4**	Recoveries on commitments previously written-off	**-6**	-24	-35
121	56	**64**	The period's net losses / (reversals) on loans and advances	**68**	64	139

Note 3 Provisions for impairment losses on loans

Parent bank				Group		
31.12.11	**30.06.11**	**30.06.12**		**30.06.12**	**30.06.11**	**31.12.11**
346	346	**357**	Provisions for Individual impairment losses at start of period	**420**	402	402
30	25	**66**	Increases in previous provisions for individual impairment losses	**66**	25	32
-96	-43	**-71**	Reversal of provisions from previous periods	**-87**	-50	-108
138	73	**107**	New provisions for individual impairment losses	**124**	88	158
1	-1	**-3**	Amortised cost	**-3**	-1	1
-62	-42	**-17**	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	**-20**	-42	-65
357	358	**439**	Provisions for Individual impairment losses at period end	**500**	422	420
126	64	**12**	Net losses	**20**	66	140

Note 4 Non-performing and problem commitments

Parent bank				Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
			Non-performing loans and advances			
384	372	**470**	Gross non-performing loans above 90 days	**517**	433	415
123	105	**150**	Provisions for Individual impairment losses	**168**	136	138
261	267	**320**	Net non-performing loans and advances	**349**	297	277
32 %	28 %	**32 %**	Loan loss provision ratio	**32 %**	31 %	33 %
			Other problem commitments			
587	808	**766**	Problem commitments	**860**	888	696
234	253	**289**	Provisions for Individual impairment losses	**332**	281	282
353	555	**477**	Net other problem commitments	**528**	607	414
40 %	31 %	**38 %**	Loan loss provision ratio	**39 %**	32 %	41 %

Note 5 Other assets

Parent bank				Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
0	0	**0**	Intangible assets	**49**	59	54
0	0	**0**	Deferred tax assets	**0**	0	0
380	348	**365**	Tangible fixed assets	**386**	390	401
277	537	**610**	Other assets including unsettled trades	**840**	703	442
657	885	**975**	**Total other assets**	**1.275**	1.152	897

Note 6 Other liabilities

Parent bank				Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
157	146	**205**	Accrued expenses and prepaid revenue	**290**	218	228
296	99	**198**	Deferred tax	**237**	167	329
586	336	**772**	Provision for accrued expenses and liabilities	**848**	394	705
476	567	**774**	Other liabilities included unsettled trades	**887**	648	581
1.515	1.148	**1.949**	**Total other liabilities**	**2.262**	1.427	1.843

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.11	**30.06.11**	**30.06.12**		**30.06.12**	**30.06.11**	**31.12.11**
1.019	1.076	**1.201**	Agriculture/forestry	**1.201**	1.076	1.019
161	158	**191**	Fishing/Fish farming	**191**	158	161
1.233	1.029	**1.170**	Mining/extraction	**1.170**	1.029	1.233
942	1.169	**1.049**	Industry	**1.049**	1.169	942
1.418	1.768	**1.326**	Power and water supply/building and construction	**1.326**	1.768	1.418
1.977	1.516	**1.892**	Commodity trade, hotel and restaurant business	**1.892**	1.516	1.977
1.149	1.261	**944**	Foreign trade shipping, pipeline transport and other transport activities	**944**	1.261	1.149
4.600	3.865	**6.330**	Real estate business	**6.330**	3.865	4.600
8.234	7.003	**6.737**	Service industry	**6.646**	6.901	8.234
11.996	14.574	**15.840**	Public sector and financial services	**15.840**	14.574	11.824
32.729	33.419	**36.680**	**Total corporate sector**	**36.589**	33.317	32.557
31.445	31.160	**34.070**	Retail customers	**34.070**	31.160	31.445
40	505	**626**	Accrued interests corporate sector and retail customers	**626**	505	40
64.214	65.084	**71.376**	**Total deposits**	**71.285**	64.982	64.042

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.11	**30.06.11**	**30.06.12**		**30.06.12**	**30.06.11**	**31.12.11**
3.528	3.354	**3.641**	Agriculture/forestry	**3.909**	3.583	3.773
311	233	**304**	Fishing/Fish farming	**421**	332	416
2.618	2.663	**2.738**	Mining/extraction	**2.807**	2.773	2.728
1.087	1.089	**1.438**	Industry	**2.100**	1.674	1.686
3.123	6.209	**3.198**	Power and water supply/building and construction	**4.045**	7.119	4.022
2.064	2.445	**2.473**	Commodity trade, hotel and restaurant business	**2.982**	2.824	2.487
6.173	5.930	**5.934**	Foreign trade shipping, pipeline transport and other transport activities	**6.531**	6.286	6.553
23.586	20.135	**23.356**	Real estate business	**23.356**	20.294	23.749
5.664	5.374	**5.867**	Service industry	**7.469**	6.437	6.827
796	823	**2.163**	Public sector and financial services	**2.163**	1.103	1.068
48.950	48.255	**51.112**	**Total corporate sector**	**55.783**	52.425	53.309
46.547	54.156	**48.007**	Retail customers	**49.107**	55.170	47.593
150	24	**171**	Unallocated (excess value fixed interest loans and amort. lending fees)	**179**	22	150
303	275	**338**	Accrued interests corporate sector and retail customers	**359**	297	316
95.950	102.710	**99.628**	**Gross loans**	**105.428**	107.914	101.368
-355	-358	**-438**	- Individual impairment losses provisions	**-499**	-422	-418
-317	-285	**-287**	- Collective impairment losses provisions	**-332**	-328	-362
95.278	102.067	**98.903**	**Net loans**	**104.597**	107.164	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	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
3.183	3.183	**6.394**	Share capital	**6.394**	3.183	3.183
-3	-3	**-9**	- Own shares	**-9**	-3	-3
625	625	**1.587**	Premium reserve	**1.587**	625	625
1.448	1.256	**0**	Equalisation reserve	**0**	1.256	1.448
299	0	**0**	Allocated to dividend	**0**	0	299
2.631	2.525	**0**	Savings bank's reserve	**0**	2.525	2.631
55	55	**0**	Share premium reserve	**0**	55	55
293	351	**0**	Endowment fund	**0**	351	293
43	43	**43**	Reserve for unrealised gains	**43**	43	43
0	0	**1.610**	Other equity	**2.797**	1.179	1.183
8.574	8.035	**9.625**	**Total book equity**	**10.812**	9.214	9.757
			Core capital			
0	0	**0**	Deferred taxes, goodwill and other intangible assets	**-65**	-78	-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	-431	**-465**	50% deduction for subordinated capital in other financial institutions	**-18**	-31	-21
-250	-316	**-229**	50% deduction for expected losses on IRB, net of write-downs	**-237**	-318	-255
0	0	**0**	50 % capital adequacy reserve	**-685**	-665	-665
0	302	**336**	Year-to-date profit included in core capital (50%)	**309**	285	0
2.273	1.232	**2.272**	Additional Tier 1 capital	**2.400**	1.355	2.402
9.875	8.820	**11.537**	**Total core capital**	**12.514**	9.760	10.846
		0				
			Supplementary capital in excess of core capital			
0	340	**0**	Perpetual Tier 2 capital	**0**	340	0
0	0	**0**	Tier 2 capital - excess of 15% additional Tier 1 capital	**0**	0	0
1.565	1.893	**1.251**	Non-perpetual additional capital	**1.467**	2.114	1.776
-421	-431	**-465**	50% deduction for investment in capital instruments in other financial institutions	**-18**	-31	-21
-250	-316	**-229**	50% deduction for expected losses on IRB, net of write-downs	**-237**	-318	-255
0	0	**0**	50 % capital adequacy reserve	**-685**	-665	-665
894	1.486	**557**	**Total supplementary capital**	**527**	1.440	835
10.769	10.306	**12.094**	**Net subordinated capital**	**13.041**	11.200	11.681
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
2.060	2.010	**2.202**	Specialised lending exposure	**2.202**	2.010	2.060
2.104	2.202	**2.286**	Other corporations exposure	**2.286**	2.214	2.104
33	33	**32**	SME exposure	**38**	36	37
393	442	**407**	Retail mortage exposure (properties)	**836**	675	758
75	79	**66**	Other retail exposure	**70**	81	78
464	387	**526**	Equity investments	**0**	0	0
5.129	5.153	**5.519**	**Total credit risk IRB**	**5.432**	5.016	5.037
97	111	**174**	Debt risk	**172**	111	94
47	40	**47**	Equity risk	**47**	40	47
0	0	**0**	Currency risk	**0**	0	0
331	331	**366**	Operational risk	**447**	408	408
0	0	**0**	Transitional arrangements	**894**	580	861
625	637	**711**	Exposures calculated using the standardised approach	**1.917**	1.734	1.830
-67	-69	**-75**	Deductions	**-112**	-111	-110
6.162	6.203	**6.742**	**Minimum requirements subordinated capital**	**8.797**	7.778	8.167
				0		
13,98 %	13,29 %	**14,35 %**	Capital adequacy ratio	**11,86 %**	11,52 %	11,44 %
12,82 %	11,38 %	**13,69 %**	Core capital ratio	**11,38 %**	10,04 %	10,62 %
1,16 %	1,92 %	**0,66 %**	Supplementary capital ratio	**0,48 %**	1,48 %	0,82 %
			Core Tier 1 capital, transitional arrangements	**9,20 %**	8,64 %	8,27 %
			Tier 1 capital coverage	**12,67 %**	10,85 %	11,88 %
			Core Tier 1 capital coverage	**10,24 %**	9,34 %	9,25 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount 30.06.12	Fair value at 30.06.12 Assets	Liabilities
Currency instruments			
Currency forward contracts	6.691	46	89
Currency swaps	18.133	185	169
Currency options	130	1	0
Total currency instruments	24.954	232	258
Interest rate instruments			
Interest rate swaps(including cross-currency)	92.245	1.257	1.273
Other interest rate contracts	0	0	0
Total interest rate instruments	92.245	1.257	1.273
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	33.921	2.007	243
Total hedging / Interest rate instruments	33.921	2.007	243
Accrued interests			
Accrued interests		606	384
Total accrued interests		606	384
Total currency and interest rate instruments			
Total currency instruments	24.954	232	258
Total interest rate instruments	126.166	3.264	1.516
Total accrued interests		606	384
Total	151.120	4.102	2.158

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	30.06.11	30.06.12
Certificates, nominal amount	0	0	0
Bonds, nominal amount	34.593	37.340	35.713
Adjustments	1.340	762	1.930
Accrued interests	405	457	458
Total debt raised through issuance of securities	36.338	38.559	38.101

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 30.06.12
Certificates, nominal amount	0	0	0	0	0
Bonds, nominal amount	34.593	9.651	-8.083	-448	35.713
Adjustments	1.340	0	0	590	1.930
Accrued interests	405	0	0	53	458
Total debt raised through issuance of securities	36.338	9.651	-8.083	195	38.101

Additional Tier 1 and Tier 2 capital instruments	31.12.11	30.06.11	30.06.12
Non-perpetual additional Tier 2 capital, nominal amount	2.575	1.893	1.250
Perpetual additional Tier 2 capital, nominal amount	0	339	0
Additional Tier 1 capital, nominal amount	2.273	1.232	2.272
Adjustments	90	78	81
Accrued interests	37	62	58
Total additional Tier 1 and Tier 2 capital instruments	4.975	3.604	3.661

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 30.06.12
Non-perpetual additional Tier 2 capital, nominal amount	2.575	0	-1.354	29	1.250
Perpetual additional Tier 2 capital, nominal amount	0	0	0	0	0
Additional Tier 1 capital, nominal amount	2.273	0	0	-1	2.272
Adjustments	90	0	0	-9	81
Accrued interests	37	0	0	21	58
Total additional Tier 1 and Tier 2 capital instruments	4.975	0	-1.354	40	3.661

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 "Other activities" 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 30.06.12									
Income statement (MNOK)	**Retail Market**	**Corporate Market**	**Capital Market**	**Eiendoms-Megler 1**	**SR-Finans**	**SR-Forvaltning**	**SR-Investering**	**Elimi-nations**	**Other activities**	**Total**
Interest income	918	744	325	9	170	1	1	-95	573	**2.646**
Interest expense	484	319	297	6	85	0	0	-95	736	**1.832**
Net interest income*	434	425	28	3	85	1	1	0	-163	**814**
Commission income	338	114	39	0	2	33	0	-17	-14	**495**
Commission expenses	-22	-12	-2	0	-7	-12	0	17	-2	**-40**
Other operating income	0	0	0	223	0	0	0	-1	4	**226**
Net commission and other income	316	102	37	223	-5	21	0	-1	-12	**681**
Dividend income	0	0	6	0	0	0	0	0	18	**24**
Income from investment in associates	0	0	0	0	0	0	0	0	153	**153**
Net gains/losses on financial instruments	5	11	72	0	0	0	4	0	20	**112**
Net income on investment securities	5	11	78	0	0	0	4	0	191	**289**
Personnel expenses	172	70	25	72	15	7	1	0	158	**519**
Administrative expenses	59	12	6	22	4	1	0	0	101	**205**
Other operating expenses	42	11	2	60	5	2	0	-1	73	**194**
Total operating expenses	273	93	33	154	24	10	1	-1	331	**918**
Operating profit before losses	482	445	110	72	56	12	4	0	-315	**866**
Losses on loans and guarantees	9	85	0	0	4	0	0	0	-30	**68**
Operating profit before tax	**473**	**360**	**110**	**72**	**52**	**12**	**4**	**0**	**-285**	**798**
Net interest income*										
External net interest income	434	427	28	-6	169	1	2	0	-241	814
Internal net interest income	0	-2	0	9	-84	0	1	0	76	0
Net interest income	434	425	28	3	85	1	1	0	-163	814
Balance sheet (MNOK)										
Loans to customers	51.167	46.880	0	0	5.805	0	0	0	1.576	**105.428**
Individual loss provisions	-110	-329	0	0	-62	0	0	0	2	**-499**
Group loss provisions	-19	-268	0	0	-45	0	0	0	0	**-332**
Other assets	0	0	906	250	55	39	190	0	33.578	**35.018**
Total assets	**51.038**	**46.283**	**906**	**250**	**5.753**	**39**	**190**	**0**	**35.156**	**139.615**
Deposits from customers	39.955	26.452	0	0	0	0	0	0	4.878	**71.285**
Other debt	0	0	906	201	5.271	25	9	0	50.487	**56.899**
Total debt	39.955	26.452	906	201	5.271	25	9	0	55.365	**128.184**
Equity	0	0	0	49	482	14	181	0	10.705	**11.431**
Total debt and equity	**39.955**	**26.452**	**906**	**250**	**5.753**	**39**	**190**	**0**	**66.070**	**139.615**
Loans sold to SB1 Boligkreditt and Næringskreditt	**47.455**	**446**								**47.901**

	SpareBank 1 SR-Bank Group 30.06.11									
Income statement (MNOK)	**Retail Market**	**Corporate Market**	**Capital Market**	**Eiendoms-Megler 1**	**SR-Finans**	**SR-Forvaltning**	**SR-Investering**	**Elimi-nations**	**Other activities**	**Total**
Interest income	788	627	350	7	148	0	1	-81	707	**2.547**
Interest expense	370	278	338	3	73	0	0	-81	715	**1.696**
Net interest income*	418	349	12	4	75	0	1	0	-8	**851**
Commission income	252	97	46	0	1	36	1	-17	7	**423**
Commission expenses	-19	-11	-3	0	-6	-13	0	17	-3	**-38**
Other operating income	0	0	0	218	0	0	0	-1	4	**221**
Net commission and other income	233	86	43	218	-5	23	1	-1	8	**606**
Dividend income	0	0	6	0	0	0	1	0	12	**19**
Income from investment in associates	0	0	0	0	0	0	0	0	109	**109**
Net gains/losses on financial instruments	4	5	53	0	0	0	13	0	-2	**73**
Net income on investment securities	4	5	59	0	0	0	14	0	119	**201**
Personnel expenses	168	59	19	108	14	8	3	0	76	**455**
Administrative expenses	57	14	4	21	3	2	0	0	99	**200**
Other operating expenses	44	10	4	58	4	1	0	-1	67	**187**
Total operating expenses	269	83	27	187	21	11	3	-1	242	**842**
Operating profit before losses	386	357	87	35	49	12	13	0	-123	**816**
Losses on loans and guarantees	20	65	0	0	7	0	0	0	-28	**64**
Operating profit before tax	**366**	**292**	**87**	**35**	**42**	**12**	**13**	**0**	**-95**	**752**
Net interest income*										
External net interest income	418	350	12	-3	147	0	0	0	-73	851
Internal net interest income	0	-1	0	7	-73	0	1	0	66	0
Net interest income	418	349	12	4	75	0	1	0	-8	851
Balance sheet (MNOK)										
Loans to customers	57.369	43.841	0	0	5.206	0	0	0	1.498	**107.914**
Individual loss provisions	-58	-312	0	0	-64	0	0	0	12	**-422**
Group loss provisions	-16	-269	0	0	-43	0	0	0	0	**-328**
Other assets	0	0	535	227	11	39	196	0	26.543	**27.551**
Total assets	**57.295**	**43.260**	**535**	**227**	**5.110**	**39**	**196**	**0**	**28.053**	**134.715**
Deposits from customers	36.333	22.718	0	0	0	0	0	0	5.931	**64.982**
Other debt	0	0	535	190	4.670	27	16	0	54.511	**59.949**
Total debt	36.333	22.718	535	190	4.670	27	16	0	60.442	**124.931**
Equity	0	0	0	37	440	12	180	0	9.115	**9.784**
Total debt and equity	**36.333**	**22.718**	**535**	**227**	**5.110**	**39**	**196**	**0**	**69.557**	**134.715**
Loans sold to SB1 Boligkreditt and	**32.015**	**294**								**32.309**

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 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 metho 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 nor 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. 30.06.2012

	Group			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass. effect	Fair value
At fair value through profit and loss	14.353	0	0	14.353
Held to maturity	404	0	1	405
Covered Bonds [2)]	7.699	0	0	7.699
Accrued interests	82	0	0	82
Total certificates and bonds	**22.538**	**0**	**1**	**22.539**

	Group		
Bonds reclassified as receivable and hold to maturity	**31.12.11**	**30.06.11**	**30.06.12**
Book value	715	910	404
Nominal value	723	921	409
Observable market value	707	915	405

The Bank expects to be reimbursed face value of bonds that were relassified.

[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 7.699 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 account

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	**Change in commitment to equity**	**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.

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**

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 effect on profits recorded as a consequence of the change in in the current pension scheme for EiendomsMegler 1 SR-Eiendom AS in 2012 is :

	Parent bank	Impact on profit	Group
Q2 2011	0	Effect of settlement	35
	0	**Change in pension obligation over profit and loss**	**35**

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 Liquidity risk

Liquidity risk is the risk that the bank is unable to refinance its debts or is unable to fund an increase in assets. The bank’s framework for liquidity risk management shall reflect its conservative risk profile. The Board has adopted internal frameworks to ensure that the bank has the best maturity structure possible for its funding. A stress test is conducted for different maturities for bank-specific crises, system crises and the combination of these, and we have also created an emergency preparedness plan for the management of liquidity crises. The average term to maturity for the portfolio of senior bond funding was 3.2 years at the end of Q2 2012.

Statement by the Board of Directors and Chief Executive Officer

We confirm that the half-yearly report for the period 1 January to 30 June 2011 has, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole.

We also confirm that the interim accounts for the second quarter of 2011 provide a true and fair presentation of the performance, result and position of the company and group, together with a description of the most important risk and uncertainty factors that the company and the group are facing.

Stavanger, 8 August 2012
The Board of Directors of SpareBank 1 SR-Bank and Chief Executive Officer

Kristian Eidesvik (Chairman of the board)	Gunn-Jane Håland (Vice Chairperson)	Birthe Cecilie Lepsøe
Catharina Hellerud	Sally Lund-Andersen (Employee representative)	Oddvar Rettedal (Employee representative)
Odd Torland	Erling Øverland	Erik Edvard Tønnesen
		Arne Austreid (Chief Executive Officer)

QUARTERLY INCOME STATEMENT	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SpareBank 1 SR-Bank Group, MNOK	2012	2012	2011	2011	2011	2011	2010	2010
Interest income	1.319	1.327	1.378	1.362	1.290	1.257	1.282	1.231
Interest expense	906	926	930	905	863	833	840	795
Net interest income	**413**	**401**	**448**	**457**	**427**	**424**	**442**	**436**
Commission income	273	222	211	200	221	202	194	189
Commission expenses	-20	-20	-12	-21	-19	-19	-15	-20
Other operating income	126	100	106	102	123	98	104	95
Net commission and other income	**379**	**302**	**305**	**281**	**325**	**281**	**283**	**264**
Dividend income	21	3	1	1	13	6	0	1
Income from investment in associates	53	100	67	33	58	51	94	70
Net gains/losses on financial instrument valued at fair value	13	99	43	-27	2	71	89	66
Net return on investment securities	**87**	**202**	**111**	**7**	**73**	**128**	**183**	**137**
Total income	**879**	**905**	**864**	**745**	**825**	**833**	**908**	**837**
Personnel expenses	244	275	100	273	200	255	223	250
Administrative expenses	99	106	111	99	100	100	109	82
Other operating expenses	97	97	118	90	96	91	91	76
Total operating expenses	**440**	**478**	**329**	**462**	**396**	**446**	**423**	**408**
Operating profit before impairment losses	**439**	**427**	**535**	**283**	**429**	**387**	**485**	**429**
Impairment losses on loans and guarantees	34	34	45	30	13	51	71	43
Operating profit before tax	**405**	**393**	**490**	**253**	**416**	**336**	**414**	**386**
Tax expense	102	77	153	79	111	71	33	86
Net profit	**303**	**316**	**337**	**174**	**305**	**265**	**381**	**300**
Profitability								
Return on equity per quarter	11,8 %	12,9 %	13,9 %	7,2 %	12,6 %	11,2 %	16,9 %	14,3 %
Cost percentage	50,1 %	52,8 %	38,1 %	62,0 %	48,0 %	53,5 %	46,6 %	48,7 %
Balance sheet figures from quarterly accounts								
Gross loans to customers	105.428	100.463	101.368	103.930	107.914	104.771	105.792	100.289
Deposits from customers	71.285	67.108	64.042	64.323	64.982	62.662	60.770	55.703
Total assets	139.615	134.683	131.142	132.965	134.715	132.555	134.778	129.524
Average total assets	136.674	132.949	132.392	134.579	133.469	133.916	133.557	128.799
Growth in loans over last 12 months	-2,3 %	-4,1 %	-4,2 %	3,6 %	11,5 %	8,6 %	13,2 %	8,0 %
Growth in deposits over last 12 months	9,7 %	7,1 %	5,4 %	15,5 %	15,8 %	17,5 %	11,8 %	3,7 %
Losses and non-performing commitments								
Impairment losses ratio	0,13	0,13	0,18	0,11	0,05	0,19	0,28	0,17
Non-performing commitments as a percentage of total loans	0,49	0,44	0,41	0,57	0,40	0,40	0,42	0,54
Other doubtful commitments as a percentage of total loans	0,82	0,89	0,69	0,68	0,82	1,01	0,72	0,94
Solidity								
Capital adequacy ratio	11,9	11,0	11,4	11,2	11,5	11,8	12,4	11,6
Core capital ratio	11,4	10,5	10,6	9,6	10,0	10,2	10,2	9,3
Core capital ratio whitout Additional Tier 1 capital	9,2	8,2	8,3	8,2	8,6	8,8	8,7	7,9
Core capital	12.514	10.960	10.846	9.523	9.760	9.734	9.442	8.433
Net equity and subordinated loan capital	13.041	11.425	11.681	11.114	11.200	11.235	11.482	10.450
Minimum subordinated capital requirement	8.797	8.333	8.167	7.921	7.778	7.611	7.400	7.241
Shares								
Market price at end of quarter	32,10	41,00	40,70	40,70	51,50	57,00	57,00	53,00
Number of shares issued, millions	255,75	199,49	127,31	127,31	127,31	127,31	127,31	120,93
Earnings per share, NOK (annualised) [1)]	1,19	1,58	1,73	0,86	1,51	1,32	1,94	1,56
Price/earnings per share	6,74	6,49	5,88	11,83	8,53	10,80	7,35	8,49

1) Earnings per share pr 30.06.12 and pr Q2 after full dilution with issues of shares in June 2012