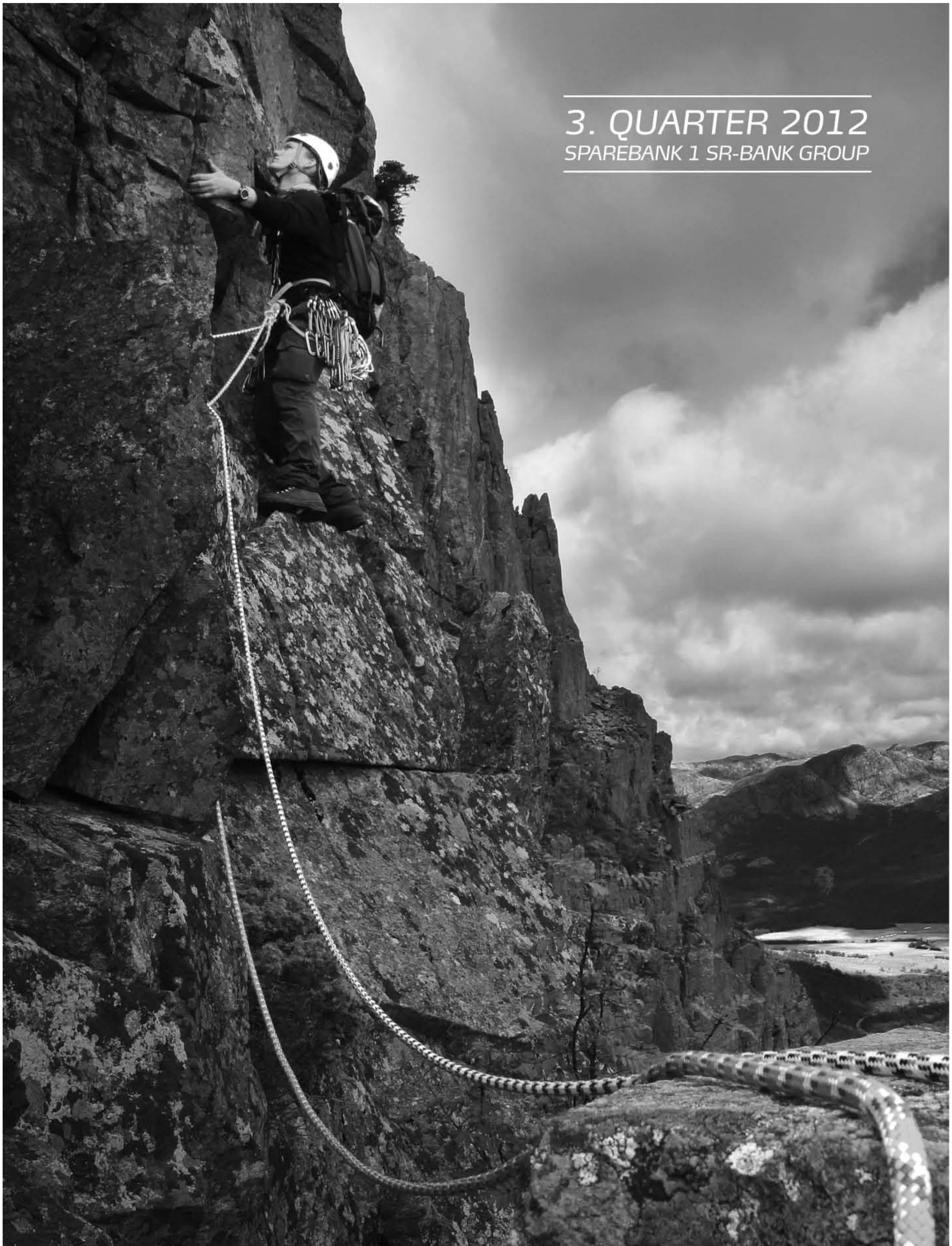
3. QUARTER 2012
SPAREBANK 1 SR-BANK GROUP



SpareBank 1 SR-BANK

Strong result for SpareBank 1 SR-Bank ASA

3rd quarter 2012

- Profit before tax: NOK 505 million (NOK 253 million)
- Profit after tax: NOK 398 million (NOK 174 million)
- Return on equity after tax: 13.6 % (7.2 %)
- Earnings per share: NOK 1.56 (NOK 0.86)
- Net interest income: NOK 448 million (NOK 457 million)
- Net commission and other income: NOK 374 million (NOK 281 million)
- Net income on investment securities: NOK 192 million (NOK 7 million)
- Operating expenses: NOK 466 million (NOK 462 million)
- Impairment losses on loans: NOK 43 million (NOK 30 million)

  (Figures for Q3 2011 are shown in parentheses)

As at 30 September 2012

- Profit before tax: NOK 1,303 million (NOK 1,005 million)
- Profit after tax: NOK 1,017 million (NOK 744 million)
- Return on equity after tax: 12.8 % (10.4 %)
- Earnings per share: NOK 3.98 (NOK 3.69)
- Net interest income: NOK 1,262 million (NOK 1,308 million)
- Net commission and other income: NOK 1,055 million (NOK 887 million)
- Net income on investment securities: NOK 481 million (NOK 208 million)
- Operating expenses: NOK 1,384 million (NOK 1,304 million)
- Impairment losses on loans: NOK 111 million (NOK 94 million)
- Growth in total loans over the last 12 months: 8.5 % (15.3 %)
- Growth in deposits over past 12 months: 7.6 % (15.5 %)
- Tier 1 capital coverage: 11.5 % (9.6 %)
- Core Tier 1 capital coverage: 9.4 % (8.2 %)

  (As at 30 September 2011 in parentheses)

Financial performance in the 3rd quarter 2012

Profit before tax was NOK 505 million (NOK 253 million) compared with NOK 405 million in the second quarter of 2012. Return on equity for the quarter came to 13.6 % (7.2 %) compared with 11.8 % in the 2nd quarter of 2012.

Net interest income totalled NOK 448 million (NOK 457 million) compared with NOK 413 million in the second quarter of 2012.

Net commission and other income was NOK 374 million (NOK 281 million) compared with NOK 379 million in the 2nd quarter of 2012. Commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt amounted to NOK 88 million (NOK 22 million), compared with NOK 84 million in the 2nd quarter of 2012. Net income from financial investments was NOK 192 million (NOK 7 million) compared with NOK 87 million in the 2nd quarter of 2012. Operating expenses totalled NOK 466 million (NOK 462 million) compared with NOK 440 million in the 2nd quarter of 2012.

Impairment losses on loans were NOK 43 million (NOK 30 million) compared with NOK 34 million in the 2nd quarter of 2012.

Financial performance as at 30 September 2012

Profit before tax for the group amounted to NOK 1,303 million (NOK 1,005 million), which represented a return on equity after tax of 12.8 % (10.4 %).

Net interest income was NOK 1,262 million (NOK 1,308 million).

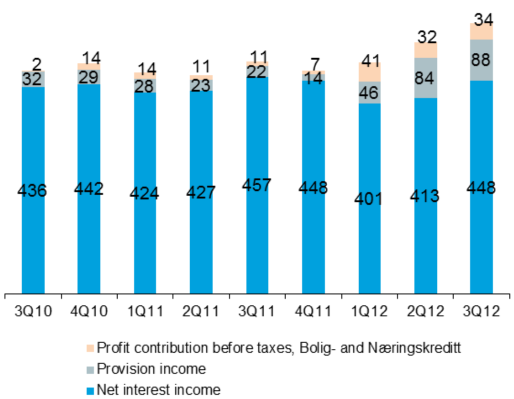
Net commission and other income totalled NOK 1,055 million (NOK 887 million). Commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt amounted to NOK 218 million (NOK 73 million). Net income from financial investments was NOK 481 million (NOK 208 million). Operating expenses came to NOK 1,384 million (NOK 1,304 million).

Impairment losses on loans were NOK 111 million (NOK 94 million).

Net interest income

As at 30 September 2012, the group's net interest income amounted to NOK 1,262 million (NOK 1,308 million). Net interest income must be viewed in relation to commission income and profit contributions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Commission income amounted to NOK 218 million (NOK 73 million) as at 30 September 2012, whilst profit contributions before tax were NOK 107 million (NOK 37 million). Commission income was based on sold loan portfolios worth NOK 51.4 billion (NOK 39.8 billion) to these companies. Year to date, net interest income, commission income and profit contributions before tax have increased by a total of NOK 168 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 interest margin (net interest income as a percentage of average total assets) was 1.24 % as at 30 September compared with 1.30 % at the corresponding date in 2011. For the 3rd quarter of 2012 the net interest margin was 1.28 % compared with 1.22 % in the 2nd quarter of 2012 and 1.35 % in the 3rd quarter of 2011.

Net commission and other income

Net commission and other income amounted to NOK 1,055 million (NOK 887 million) as at 30 September 2012. In the 3rd quarter 2012 the revenues were NOK 374 million (NOK 281 million) and NOK 379 million in the 2nd quarter of 2012.

Net commission income totalled NOK 716 million (NOK 564 million) as at 30 September 2012. The increase on last year is mainly attributable to increased commission income from SpareBank 1 Boligkreditt. Other commission income was stable compared with the same period in 2011.

Other operating income amounted to NOK 339 million (NOK 323 million) as at 30 September 2012. In the 3rd quarter revenues amounted to NOK 113 million (NOK 102 million) and NOK 126 million in the 2nd quarter of 2012. Other operating income is mainly income from real estate brokering.

Net income on investment securities

Net income from financial investments was NOK 481 million (NOK 208 million) as at 30 September 2012. In the 3rd quarter 2012 revenues were NOK 192 million (NOK 7 million) and NOK 87 million in the 2nd quarter of 2012. Of the total NOK 481 million income, NOK 107 million (NOK -54 million) was capital gains on securities and NOK 103 million (NOK 99 million) was capital gains on interest rate and currency trading. Furthermore, income from ownership interests was NOK 243 million (NOK 142 million) and dividends represented NOK 25 million (NOK 20 million).

Capital gains on securities of NOK 107 million as at 30 September 2012 are derived from a gain of NOK 15 million from the portfolio of shares and equity capital certificates and a gain of NOK 92 million from the interest portfolio. The group is not directly exposed to foreign government debt, outside the Nordic region, as at 30 September 2012.

Income from ownership interests of NOK 243 million as of 30 September 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 105 million (NOK 49 million) as of 30 September 2012, of which NOK 9 million derives from correction of the profits for 2011. The profit share in SpareBank 1 Boligkreditt comprised NOK 70 million (NOK 21 million), SpareBank 1 Næringskreditt NOK 6 million (NOK 5 million), Bank 1 Oslo Akershus NOK 31 million (NOK 14 million), of which NOK 4 million derives from correction of the profits for 2011. The profit share in BN Bank was NOK 24 million (NOK 30 million), whilst NOK 6 million (NOK 22 million) was posted as a result of the difference between projected and posted equity capital.

Operating expenses

The group's operating expenses totalled NOK 1,384 million as of 30 September 2012. This represents an increase of NOK 80 million (6.1 %) compared with the same period last year. In the 3rd quarter 2012 the operating expenses were NOK 466 million (NOK 462 million) and NOK 440 million in the 2nd quarter 2012.

The expenses for 2011 and 2012 are affected by non-recurring effects related to changes in the pension schemes. In Q2 2012, a cost reduction of NOK 35 million was recognised in relation to the changed pension schemes in EiendomsMegler 1 SR-Eiendom. As at 30 September 2011 the changed pension scheme resulted in a cost reduction for the group of NOK 57 million, of which NOK 48 million was attributable to the parent bank and the remaining balance relates to the subsidiaries.

Adjusted for these non-recurring effects, the underlying cost increase as at 30 September 2012 amounted to NOK 58 million, or 4.2 %.

The group's cost ratio, expenses measured as a percentage of income, was 49.5 % (54.3 %) as at 30 September 2012.

Credit risk and portfolio development

The group's portfolio is dominated by low risk loans. 93 % of the bank's loan exposure satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are low and account for 0.04 %. The portfolio primarily consists of loans of less than NOK 10 million. These constitute 68 % of the loan exposure and 99 % of the customers. An 18 % share of the bank's loan exposure is to customers who have loans 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 well and the development is stable. 80 % 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 within property management represents the group's largest concentration in a single sector and accounts for 15 % of the total loan exposure including retail market customers. A large portion of this portfolio constitutes commercial properties for leasing. This portfolio is characterised by commercial properties with long-term lease contracts and financially solid tenants. The expected loss in the commercial property portfolio for leasing is lower than in the rest of the corporate market portfolio.

The quality of the retail market portfolio is very good. The loan to value ratio is generally moderate, as seen in relation to the value of the collateral. The proportion of loan exposure (including the portfolio in SpareBank 1 Boligkreditt) within a loan to value ratio of 85 % is increasing and currently represents 97.8 %. This indicates that potential losses are low as long as the collateral values are not significantly impaired.

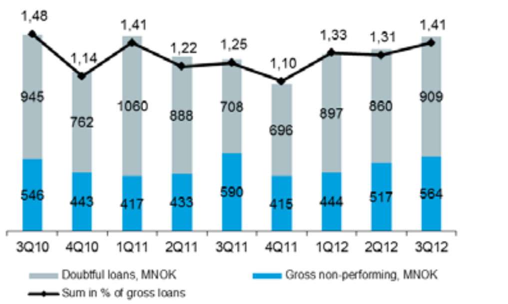
Impairment losses on loans and non-performance

The group recorded NOK 111 million (NOK 94 million) in net impairment losses on loans as at 30 September 2012. This corresponded to impairment as a percentage of gross loans of 0.14 (0.12). In the 3rd quarter 2012 the group recorded net impairment losses of NOK 43 million (NOK 30 million) and NOK 34 million in the 2nd quarter 2012.

Gross non-performing loans totalled NOK 564 million (NOK 590 million) as at 30 September 2012. This corresponded to 0.54 % (0.57 %) of gross loans. The portfolio of impaired (not non-performing) loans totalled NOK 909 million (NOK 708 million). This corresponded to 0.87 % of gross loans (0.68 %). The total of non-performing loans and impaired loans came to NOK 1,473 million (1,298 million) as at 30 September 2012. Measured as a percentage of gross loans, this represented 1.41 % as at 30 September 2012 compared with 1.25 % at the same date last year.

The loan loss provision ratios, measured as individual write-downs as a percentage of non-performing and other impaired loans, was 28 % (27 %) and 40 % (36 %) respectively at the end of 3rd quarter 2012.

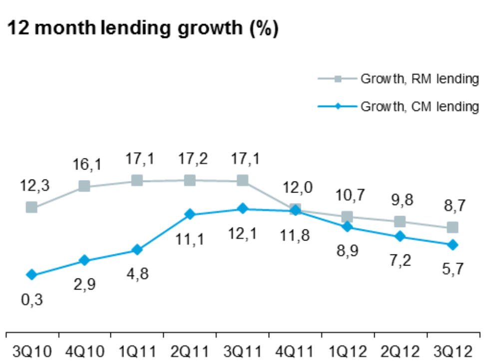
The following graph shows the development in non-performing loans and impaired loans, and the sum total of these as a percentage of gross loans:



Loans to and deposits from customers

Gross loans in the group totalled NOK 104.5 billion (NOK 103.9 billion) as at 30 September 2012. Including loans totalling NOK 51.4 billion (NOK 39.8 billion) sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, gross loans represented NOK 156.0 billion (NOK 143.7 billion) at the end of the 3rd quarter 2012. The change in gross loans over the last 12 months was 8.5 % (15.3 %). Loans to the retail market accounted for 64.5 % (64.2 %) of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) as at 30 September 2012.

The following graph illustrates the change in gross loans for the retail and corporate market divisions:



Deposits from customers rose by 7.6 % (15.5 %) over the past 12 months to NOK 69.2 billion (NOK 64.3 billion). Deposits from the corporate market and public sector comprised 50.6 % (50.5 %) of group customer deposits as at 30 September 2012.

In addition to ordinary customer deposits, the group had NOK 11.9 billion (NOK 10.8 billion) under management as at 30 September 2012, primarily through SR-Forvaltning and ODIN funds.

The deposit coverage ratio, measured as deposits as a percentage of gross loans was 66.2 % (61.9 %) as at 30 September 2012. At the end of 3rd quarter 2012, the Financial Supervisory Authority of Norway's Funding Indicator 1 (which shows the ratio of illiquid assets financed by debt with duration of more than 1 year) was 108.5 % (100.4 %) for the parent bank and 106.0 % (99.9 %) on a consolidated basis.

Business areas

Retail Market Division[1]

The retail market division's contribution before impairment losses on loans was NOK 762 million at the end of 3rd quarter 2012. The improvement of NOK 175 million from last year is driven by improved margins, growth in deposits and loans, and good cost management. Income related to money transfers and investment services is stable, while insurance income is showing moderate growth.

Over the last 12 months, the division's lending has increased by 8.7 % and deposits by 10.8 %. This growth is the result of general market growth and a strong market position.

Customer growth has continued in the 3rd quarter and the division has gained 6,400 new retail customers in the year to date. Hordaland and the Agder counties are the market areas in which customer growth has been strongest. In general, the market area is characterised by a high influx of people and significant activity, especially related to the oil sector. Impairments on lending and the proportion of non-performing loans continue to be very low. In the retail market the growth in gross loans is expected to diminish somewhat in the future.

SpareBank 1 SR-Bank and the SpareBank 1 Alliance are seeing strong growth in the number of customers who are using mobile banking. The growth in mobile banking services is expected to continue and the number of logins using mobile banking is forecast to pass traditional online banking at the end of the year.

Corporate Market Division[1]

The corporate market division's profit contribution before impairment losses on loans amounted to NOK 659 million as at 30 September 2012. This is NOK

[1] Interest on intercompany receivables for the Retail Market Division and the Corporate Market Division is determined based on expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long term financing (credit premium). Deviations between the group's actual financing costs and the applied interest on intercompany receivables are eliminated at the group level. In the year to date, the group's real financing cost has been higher than the interest on intercompany receivables, principally due to the falling NIBOR.

111 million higher than the same time last year. The increase in net interest income largely explains the improvement in earnings from last year. As at 30 September 2012, the costs were NOK 20 million higher compared with the same period last year which is mainly due to the increase in annual full time equivalents during the period. Over the last 12 months, the division's lending has increased by 5.7 % and deposits by 10.0 %.

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 21.3 % over the last 12 months.

Net individual write-downs of NOK 124 million were posted as at 30 September, compared with NOK 70 million at the same time last year. The total level of impairment losses on loans is lower than the group anticipates throughout the business cycle. Activity in the region's business and commerce sector is stable and the underlying quality of the portfolio remains good; the proportion of non-performing and impaired loans is low.

Priority areas for the division are long-term profitability, good customer relationships and a well-developed range of products. The average spread for ordinary lending to customers is expected to increase a little in coming years in order to compensate for higher financing costs. Continued strong competition for deposits and pressure on the spread for deposits from customers are expected.

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 income of NOK 206 million (NOK 150 million) at the end of Q3. Profit before write-downs was NOK 155 million (NOK 103 million). In 3rd quarter, SR-Markets have also completed several transactions with deliverables and income from several business areas in the division. The majority of the revenues continue to come from customer transactions with interest rate and currency instruments. Own account trading in interest rate instruments and bonds has also made a good contribution. The Corporate Finance department has had high levels of activity and has completed several large projects including equity offerings and new covered bond issues. The Equity Trading department had a similar income from equity and bond trading as in the 2nd quarter.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a profit before tax of NOK 81.7 million (NOK 48.4 million) as at 30 September. The strong improvement in profitability is 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 3rd quarter 2012, a total of 1,888 properties were brokered, compared to 1,840 in the same period last year. Thus far this year, 5,694 properties have been brokered, at a combined value of NOK 16.2 billion. The supply of new assignments is satisfactory, with 2,072 new assignments during this quarter.

The outlook for the property market is good with regard to continued low interest rates and high employment. The Bergen and Stavanger regions have fewer homes for sale than what the market is demanding. This has resulted in very strong competition for assignments and subsequent pressure on the prices for brokerage services. The company is maintaining its strong market position in these conditions as well.

There is also good activity within commercial property, particularly in the rental market. The company is focusing within this segment and is opening a new department for commercial property brokerage in Bergen at the end of the year. EiendomsMegler 1 Næringseiendom will then be represented by its own departments at Forus, in Stavanger, Kristiansand and Bergen.

SpareBank 1 SR-Finans AS

The company's principal activities are lease financing for corporate customers and secured car loans for retail customers. SpareBank 1 SR-Finans AS is the leading leasing company in Rogaland with total assets of NOK 5,953 million.

As at 30 September 2012 the company achieved a profit before tax of NOK 77.3 million (NOK 56.8 million). The improvement in profitability was primarily caused by an increase in net interest income and lower losses. A strong focus on expenses has also contributed in keeping the growth in costs stable. Profit before impairment and losses was NOK

86.9 million (NOK 74.9 million). Net lending showed a consistent increase over the last year, and at the end of 3rd quarter 2012 stood at NOK 5,928 million (NOK 5,212 million).

New sales within leasing and car loans have both increased as at 30 September 2012. Total new sales were worth NOK 1,813 million (NOK 1,380 million), an increase of 31 % on the same period last year.

A satisfactory order reserve and low level of non-performing loans mean good overall prospects for 2012.

SR-Forvaltning AS

SR-Forvaltning is a subsidiary of SpareBank 1 SR-Bank with a licence to provide active funds management. The company manages portfolios for SpareBank 1 SR-Bank's pension fund, as well as portfolios for approximately 3,000 external customers. The external customer base comprises pension funds, public institutions, corporate customers and high net worth individuals.

Profit before tax as at 30 September 2012 was NOK 16.4 million (NOK 18.3 million). The company had approximately NOK 6.3 billion under management at the end of 3rd quarter 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.

Profit before tax as at 30 September 2012 was NOK 5.9 million (NOK 6.0 million). At the end of the third quarter of 2012, SR-Investering had total investments of NOK 158 million and residual commitments linked to these of NOK 96.3 million.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are licensed as mortgage lenders and issue covered bonds (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 as at 30 September 2012 of NOK 157.3 billion, of which NOK 51.1 billion were 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 as at 30 September 2012 of NOK 10.6 billion, of which NOK 0.3 billion were loans bought from SpareBank 1 SR-Bank. The bank owns a 30.7% share in the company.

Funding

The powerful stimulus packages from the US and European central banks have contributed to keeping markets stable during the summer. The performance may suggest that the market had already expected and priced in the powerful stimulus measures, and following a weak upturn after extraordinary measures were announced, the focus in the market has shifted back to fundamental valuations, and therefore the key economic figures have again become the most important market drivers. Performance towards the end of the quarter has made it clearer that growth is on the verge of stalling in many countries and that several European countries are about to slip into a recession. Weak growth spreads from the periphery to the core countries, and even Germany is forecast to have negative growth in the third quarter after several leading indicators are pointing towards weaker growth. In other words, certain member countries and the euro zone in general face many challenges in the times ahead. SpareBank 1 SR-Bank is therefore prepared for a continued high level of volatility in the market.

Even though the risk premium has fallen recently the borrowing costs for long-term financing for the banks remain relatively high. SpareBank 1 SR-Bank has 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 having more long-term financing and increasing holdings of highly liquid securities. This process and the continuing high credit premium on the money markets can mean increased borrowing interest rates for bank customers in the future.

The liquidity situation at the end of 3rd quarter 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. The liquidity buffer[2] for SpareBank 1 SR-Bank was NOK 19.6 billion at the end of the quarter. The level of the liquidity buffer ensures that the bank can maintain normal operation for 29 months without any extra financing.

Capital adequacy ratio

At the end of 3rd quarter 2012, Core Capital Ratio for the group was 11.5% (9.6 %) and the capital adequacy ratio was 12.0 % (11.2 %). Core Tier 1 capital (excluding Hybrid Tier 1 securities) was 9.4 % (8.2 %) for the group as at 30 September 2012.

In the autumn of 2009, the authorities resolved to postpone the final transition 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. In the national budget for 2013, the Ministry of Finance has notified its intention to promote proposals for legislation to implement the so-called CRR/CRD IV regulations on capital and liquidity for banks, etc. including alternatives to the so-called Basel I floor, early in 2013. All capital adequacy ratio figures above allow for the stated transitional arrangements.

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.

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 1 SR-Bank is 6,393,777,050 divided between 255,751,082 shares, each with a nominal value of NOK 25.

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 (comprehensive income). As at September 2012, a discount rate of 2.2 % is used when determining the pension liability. The low discount rate reflects the development of long-term Norwegian government rates. As of 1 January 2013, all listed companies must recognise pension liabilities in accordance with IAS 19.

From 2005 to the end of the 3rd quarter of 2012, SpareBank 1 SR-Bank has had a net reduction of equity of approximately NOK 500 million related to increased pension liabilities, primarily as a result of falling interest rates and reduced discount rates. At the beginning of 2005 the discount rate applied was 4.5%, compared with 2.2 % at the end of 3rd quarter 2012.

The approximately NOK 500 million increase in pension liabilities has affected Core Tier 1 capital coverage negatively by about 0.5 % as at 30 September 2012.

A limited audit of the income statement and balance sheet has been conducted in accordance with the regulations. The limited audit has been performed in order to be able to include 50 % of the year's results in the capital adequacy ratio calculation**.**

The bank's shares

The share price for the bank's shares (SRBANK) was NOK 36.90 at the end of 3rd quarter 2012. This was an increase of 14.9 % from the end of Q2 2012. The main Oslo Stock Exchange index rose by 9.9 % in the same period. Trading of SRBANK in 3rd quarter 2012 corresponded to 3.1 % (5.6 %) of all shares issued.

There were 12,090 (11,907) shareholders in SRBANK at the end of 3rd quarter 2012. The proportion owned by foreign companies and individuals was 6.2 %, whilst 61.5 % were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned 60.3 % of the shares. The bank's own shareholding comprised 346,134 shares. Group employees held 2.2 % of the shares at the end of 3rd quarter 2012.

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

[2] Liquidity buffer: cash, short-term investments, drawing rights in Norges Bank (bonds, including covered bonds) and home mortgage loans that are currently ready to be transferred to the mortgage companies. Providing deposits and lending remain unchanged, with no new borrowing during the period.

	Quantity	%
Sparebankstiftelsen SR-Bank	79.735.551	31,18 %
Gjensidige Forsikring ASA	26.483.470	10,36 %
SpareBank 1-stiftinga Kvinnherad	6.226.583	2,43 %
Folketrygdfondet	6.117.293	2,39 %
Odin Norge	5.507.410	2,15 %
Frank Mohn AS	5.373.376	2,10 %
Odin Norden	4.141.940	1,62 %
Skagen Global	3.611.486	1,41 %
Clipper AS	2.178.837	0,85 %
JPMorgan Chase Bank, U.K.	2.043.467	0,80 %
SHB Stockholm Clients Account, Sverige	1.609.554	0,63 %
Fondsfinans Spar	1.435.000	0,56 %
Westco AS	1.321.817	0,52 %
Køhlergruppen AS	1.292.803	0,51 %
FLPS, U.S.A.	1.250.000	0,49 %
Varma Mutual Pension Insurance, Finland	1.248.017	0,49 %
Skagen Global II	1.214.956	0,48 %
Vpf Nordea Norge Verdi	1.182.661	0,46 %
Maaseide Promotion AS	1.100.000	0,43 %
State Street Bank and Trust, U.S.A.	1.003.321	0,39 %
Totalt 20 largest	154.077.542	60,25 %

Accounting policies

SpareBank 1 SR-Bank prepares its parent company and consolidated accounts in accordance with the IFRS regulations. As at 30 September 2012, the IFRS consolidated accounts showed a net profit after tax of NOK 1,017 million and the IFRS parent company accounts showed a net profit after tax of NOK 951 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 and the actual economic consequences in a number of euro zone countries has continued up to the year to date, the macroeconomic 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 good liquidity and favourable access to long-term financing.

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. However, the high price of oil, major new oil finds and increased home-building are expected to contribute to good activity in the 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 non-performing loans and impairment losses on loans are expected to remain relatively low in the future.

The group has a solid financial status, and a leading position in the country's strongest growth area. 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. The focus on streamlining operations and generating revenues from many product and service areas in conjunction with higher spreads for ordinary lending and deposits to customers are contributing to expectations of continued good earnings for the group.

Stavanger, 31 October 2012
The Board of Directors of SpareBank 1 SR-Bank ASA.

Quarterly financial statements

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	30.09.12 MNOK	%	30.09.11 MNOK	%	2011 MNOK	%
Net interest income	1.262	*1,24*	1.308	*1,30*	1.756	*1,31*
Net commission and other income	1.055	*1,04*	887	*0,88*	1.192	*0,89*
Net return on investment securities	481	*0,47*	208	*0,21*	319	*0,24*
Total income	2.798	*2,75*	2.403	*2,40*	3.267	*2,44*
Total operating expenses	1.384	*1,36*	1.304	*1,30*	1.633	*1,22*
Profit before losses	1.414	*1,39*	1.099	*1,10*	1.634	*1,22*
Impairment losses on loans and guarantees	111	*0,11*	94	*0,09*	139	*0,10*
Profit before tax	1.303	*1,28*	1.005	*1,00*	1.495	*1,12*
Tax expense	286	*0,28*	261	*0,26*	414	*0,31*
Profit after tax from continuing operations	1.017	*1,00*	744	*0,74*	1.081	*0,81*

	30.09.12	30.09.11	2011
PROFITABILITY			
Return on equity [1]	12,8 %	10,4 %	11,2 %
Cost ratio [2]	49,5 %	54,3 %	50,0 %
BALANCE SHEET			
Gross loans to customers	104.521	103.930	101.368
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	155.962	143.747	146.697
Deposits from customers	69.195	64.323	64.042
Deposit-to-loan ratio	66,2 %	61,9 %	63,2 %
Growth in loans	0,6 %	3,6 %	-4,2 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	8,5 %	15,3 %	11,2 %
Growth in deposits	7,6 %	15,5 %	5,4 %
Average total assets	136.021	134.059	133.629
Total assets	138.663	132.965	131.142
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3]	0,14	0,12	0,13
Non-performing commitments as a percentage of gross loans	0,54	0,57	0,41
Other doubtful commitments as a percentage of gross loans	0,87	0,68	0,69
SOLIDITY			
Capital adequacy ratio	12,0	11,2	11,4
Core capital ratio	11,5	9,6	10,6
Core Tier 1 capital	9,4	8,2	8,3
Core capital	12.746	9.523	10.846
Net equity and subordinated loan capital	13.273	11.114	11.681
Minimum subordinated capital requirement	8.856	7.921	8.167
BRANCHES AND STAFF			
Number of branches	53	54	53
Number of employees (annualised)	1.221	1.204	1.213

Shares	30.09.12	2011	2010	2009	2008
Market price	36,90	40,70	57,00	50,00	27,08
Market capitalisation	9.437	5.182	7.257	6.047	2.434
Book equity per share(including dividends) (group)	46,68	48,75	47,45	42,07	37,23
Book equity per share (including dividends) (parent bank)	41,75	42,81	41,80	36,85	32,06
Earnings per share (group) [4]	3,98	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	6,95	7,51	8,33	7,27	9,03
Price / Book equity (group)	0,79	0,83	1,20	1,19	0,73
Price / Book equity (parent bank)	0,88	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] *Number of shares was increased on 18 June 2012 from 199,489,689 to 255,751,082 as a result of a capital expansion. Earnings per share from the second quarter to the year to date are calculated based on the new number of shares*

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	Q3 2011	Q3 2012	01.01.11 - 30.09.11	01.01.12 - 30.09.12	Income statement (MNOK)		01.01.12 - 30.09.12	01.01.11 - 30.09.11	Q3 2012	Q3 2011	2011
5.132	1.316	1.282	3.793	3.842	Interest income		3.969	3.909	1.323	1.362	5.287
3.543	904	877	2.610	2.713	Interest expense		2.707	2.601	875	905	3.531
1.589	412	405	1.183	1.129	Net interest income		1.262	1.308	448	457	1.756
791	188	267	585	740	Commission income		775	623	280	200	834
74	20	17	56	56	Commission expenses		59	59	19	21	71
5	1	9	4	12	Other operating income		339	323	113	102	429
722	169	259	533	696	Net commission and other income		1.055	887	374	281	1.192
20	1	1	19	25	Dividend income		25	20	1	1	21
269	0	0	269	339	Income from investment in associates		243	142	90	33	209
70	-21	100	30	208	Net gains/losses on financial instruments		213	46	101	-27	89
359	-20	101	318	572	Net income on investment securities		481	208	192	7	319
2.670	561	765	2.034	2.397	Total income		2.798	2.403	1.014	745	3.267
604	204	205	534	627	Personnel expenses	14	790	728	271	273	828
357	85	92	259	268	Administrative expenses		310	299	105	99	410
274	60	58	183	184	Other operating expenses		284	277	90	90	395
1.235	349	355	976	1.079	Total operating expenses		1.384	1.304	466	462	1.633
1.435	212	410	1.058	1.318	Operating profit before losses		1.414	1.099	548	283	1.634
121	20	38	76	102	Losses on loans and guarantees	2, 3 and 4	111	94	43	30	139
1.314	192	372	982	1.216	Operating profit before tax		1.303	1.005	505	253	1.495
378	68	94	254	265	Tax expense		286	261	107	79	414
936	124	278	728	951	Profit after tax	12	1.017	744	398	174	1.081
					Other comprehensive income						
936	124	278	728	951	Profit after tax		1.017	744	398	174	1.081
-291	-393	119	-213	-66	Unrecognised actuarial gains and losses *		-57	-253	124	-466	-346
82	110	-33	60	18	Deferred tax concerning changed estimates/pension plan changes		16	71	-35	130	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		8	-9	8	-3	-19
-209	-283	86	-153	-48	Other comprehensive income		-33	-191	97	-339	-268
727	-159	364	575	903	Total comprehensive income		984	553	495	-165	813
					Earnings per share (group)		3,98	3,69	1,56	0,86	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	30.09.11	30.09.12	Balance sheet (MNOK)		30.09.12	30.09.11	31.12.11
263	249	224	Cash and balances with central banks		224	249	263
5.391	5.757	5.708	Balances with credit institutions		481	1.175	723
95.278	97.964	97.747	Net loans to customers	8	103.671	103.174	100.588
19.846	18.262	22.152	Certificates, bonds and other fixed-income securities	13	22.156	18.265	19.850
3.728	4.277	4.780	Financial derivatives	10	4.769	4.267	3.716
491	500	392	Shares, ownership stakes and other securities		546	628	631
84	76	84	Business available for sale		85	76	85
3.352	2.876	4.050	Investment in associates		5.182	3.924	4.389
716	716	805	Investment in subsidiaries		0	0	0
657	940	1.296	Other assets	5	1.549	1.207	897
129.806	131.617	137.238	**Total assets**	12	138.663	132.965	131.142
4.785	5.919	3.658	Balances with credit institutions		3.657	5.917	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	64.455	69.307	Deposits from customers	7	69.195	64.323	64.042
36.338	36.451	37.935	Listed debt securities	11	37.935	36.451	36.338
2.010	2.076	2.665	Financial derivatives	10	2.665	2.076	2.010
1.515	1.659	2.005	Other liabilities	6	2.284	2.001	1.843
4.975	3.804	3.706	Additional Tier 1 and Tier 2 capital instruments	11	3.706	3.804	4.975
121.232	123.196	126.575	**Total liabilities**		126.741	123.404	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	1.588	Premium reserve		1.588	625	625
299	0	0	Proposed dividend		0	0	299
43	43	43	Fund for unrealised gains		43	43	43
0	0	1.696	Other equity		2.889	1.124	1.183
1.448	1.077	0	Dividend equalisation reserve		0	1.077	1.448
2.631	2.420	0	Savings bank's reserve		0	2.420	2.631
55	55	0	Share premium reserve		0	55	55
293	293	0	Endowment fund		0	293	293
0	728	951	Profit/loss at period end		1.017	744	0
8.574	8.421	10.663	**Total equity**		11.922	9.561	9.757
129.806	131.617	137.238	**Total liabilities and equity**	12	138.663	132.965	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			-1
Adjusted equity accosiates									22	22
Grants from endowment fund						-79				-79
Profit after tax										744
Unrecognised actuarial gains and losses after tax				-57			-97		-37	-191
Share of profit associated companies and joint ventures										0
Other comprehensive income				-57			-97		-37	-191
Total comprehensive income										553
Equity as of 30.09.2011		3.180	625	2.420	55	293	1.077	43	1.124	9.561
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
Adjusted equity accosiates			-4		-4
Profit after tax			1.017		1.017
Unrecognised actuarial gains and losses after tax			-33		-33
Share of profit associated companies and joint ventures					0
Other comprehensive income			-33		-33
Total comprehensive income			984		984
Equity as of 30.09.2012	6.385	1.587	3.907	43	11.922

Cash flow statement

(unaudited)

Parent bank				Group		
31.12.2011	30.09.2011	30.09.2012	Cash flow statement	30.09.2012	30.09.2011	31.12.2011
1.314	982	1.216	Profit before tax	1.303	1.005	1.495
0	0	0	Income from ownership interests	-243	-142	-209
-185	-1	-6	Change in pension obligation over profit and loss	-6	-1	-224
0	-4	-9	Gain on disposal of non-financial assets	-9	-12	0
68	50	50	Write-down on non-financial assets	57	56	80
121	76	102	Losses on loans	111	94	139
-291	-291	-58	Taxes paid	-95	-307	-307
1.027	812	1.295	Transferred from the year's activity	1.118	693	974
4.779	2.125	-2.535	Change in gross lending to customers	-3.153	1.862	4.424
-5	-444	-338	Change in receivables from credit institutions	221	-208	317
3.275	3.516	5.093	Change in deposits from customers	5.153	3.553	3.272
-1.437	0	-96	Public sector deposits regarding the covered bonds swap agreement	-96	0	-1.437
-2.576	-1.442	-1.127	Change in debt to credit institutions	-1.125	-1.442	-2.577
-1.110	474	-2.306	Change in certificates and bonds	-2.306	477	-1.108
-505	-672	-473	Other accruals	-288	-586	-412
3.448	4.369	-487	A Net cash flow from operations	-476	4.349	3.453
-82	-59	-26	Change in tangible fixed assets	-34	-64	-103
0	0	23	Proceeds from sale of fixed assets	32	0	0
-876	-409	-688	Change in shares and ownership stakes	-700	-392	-861
-958	-468	-691	B Net cash flow, investments	-702	-456	-964
2.032	1.032	5.797	Debt raised by issuance of securities	5.797	1.032	2.032
-6.350	-5.441	-4.545	Repayments - issuance of securities	-4.545	-5.441	-6.350
1.750	0	0	Additional capital instruments issued	0	0	1.750
-783	-440	-1.354	Repayments - additional capital instruments	-1.354	-440	-783
0	0	1.519	Issue shares	1.519	0	0
-336	-336	-299	Dividend to share holders	-299	-336	-336
-3.687	-5.185	1.118	C Net cash flow, financing	1.118	-5.185	-3.687
-1.197	-1.284	-60	A+B+C Net cash flow during the period	-60	-1.292	-1.198
1.578	1.578	381	Cash and cash equivalents as at 1 January	388	1.586	1.586
381	294	321	Cash and cash equivalents as at 31 March	328	294	388
-1.197	-1.284	-60	Net cash flow during the period	-60	-1.292	-1.198
			Cash and cash equivalents specified			
263	249	224	Cash and balances with central banks	224	249	263
118	45	97	Balances with credit institutions	104	45	125
381	294	321	Cash and cash equivalents	328	294	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 3rd quarter 2012 interim financial statements of Sparebank 1 SR-Bank ASA are for the nine months ending 30 september 2012. They have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Financial Reportings are unautied. 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 buildings, plots of land and operating equipment. Buildings and operating equipment are recognised at cost less depreciation and write-downs. Plots of land are recorded at cost price less write-downs. The cost price includes all direct costs related to the acquisition of the asset. Depreciation is on a straight-line basis in order to allocate the cost price, less possible residual value, over the useful life of the operating equipment.

Plots of land, buildings or sections of buildings owned by the Group with rental income and/or capital gains in mind are classified as investment properties. In the case of buildings where the Group uses a significant part for its own operations, no part of the property is dealt with as an investment property, even though a minor part is rented out. The bank has elected to recognise investment properties in accordance with the cost method of accounting.

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. 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

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	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
9	0	97	Change in individual impairment losses provisions for the period	100	16	16
3	-17	-30	Change in collective impairment loss provisions for the period	-30	-17	5
6	2	5	Amortised cost	5	2	6
62	54	29	Actual loan losses on commitments for which provisions have been made	31	55	66
64	45	4	Actual loan losses on commitments for which no provision has been made	11	49	74
7	17	0	Change in assets taken over for the period	0	17	7
-30	-25	-3	Recoveries on commitments previously written-off	-6	-29	-35
121	76	102	The period's net losses / (reversals) on loans and advances	111	94	139

Note 3 Provisions for impairment losses on loans and guarantees

Parent bank				Group		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
346	346	357	Provisions for Individual impairment losses at start of period	420	402	402
30	23	56	Increases in previous provisions for individual impairment losses	56	23	32
-96	-64	-74	Reversal of provisions from previous periods	-90	-78	-108
138	95	148	New provisions for individual impairment losses	169	126	158
1	-3	-4	Amortised cost	-4	-3	1
-62	-54	-29	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-31	-55	-65
357	343	454	Provisions for Individual impairment losses at period end	520	415	420
126	99	33	Net losses	42	104	140

Note 4 Non-performing and problem commitments

Parent bank				Group		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
			Non-performing loans and advances			
384	516	512	Gross non-performing loans above 90 days	564	590	415
123	126	144	Provisions for Individual impairment losses	157	159	138
261	390	368	Net non-performing loans and advances	407	431	277
32 %	24 %	28 %	Loan loss provision ratio	28 %	27 %	33 %
			Other problem commitments			
587	600	800	Problem commitments	909	708	696
234	217	310	Provisions for Individual impairment losses	363	256	282
353	383	490	Net other problem commitments	546	452	414
40 %	36 %	39 %	Loan loss provision ratio	40 %	36 %	41 %

Note 5 Other assets

Parent bank				Group		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
0	0	0	Intangible assets	49	58	54
0	11	0	Deferred tax assets	0	0	0
380	375	341	Tangible fixed assets	352	400	401
163	196	289	Income earned but not received from Boligkreditt and Næringskreditt	289	196	163
46	40	331	Remburs	331	40	46
68	318	335	Other assets including unsettled trades	528	513	233
657	940	1.296	Total other assets	1.549	1.207	897

Note 6 Other liabilities

Parent bank				Group		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
157	343	206	Accrued expenses and prepaid revenue	278	445	228
296	0	231	Deferred tax	272	36	329
584	662	630	Pension liabilities	685	785	703
2	2	2	Loss provisions guarantees	2	2	2
46	40	331	Remburs	331	40	46
58	259	264	Taxes payable	349	318	130
372	353	341	Other liabilities including unsettled trades	367	375	405
1.515	1.659	2.005	Total other liabilities	2.284	2.001	1.843

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
1.019	1.026	1.160	Agriculture/forestry	1.160	1.026	1.019
161	177	199	Fishing/Fish farming	199	177	161
1.233	632	771	Mining/extraction	771	632	1.233
942	977	1.075	Industry	1.075	977	942
1.418	1.284	1.265	Power and water supply/building and construction	1.265	1.284	1.418
1.977	1.606	1.817	Retail trade, hotels and restaurants	1.817	1.606	1.977
1.149	1.045	987	Foreign trade shipping, pipeline transport and other transport activities	987	1.045	1.149
4.600	4.745	6.051	Real estate business	6.051	4.745	4.600
8.234	7.389	7.000	Service industry	7.000	7.389	8.234
11.996	13.349	14.323	Public sector and financial services	14.212	13.218	11.824
32.729	32.230	34.648	Total corporate sector	34.537	32.099	32.557
31.445	31.445	33.747	Retail customers	33.747	31.445	31.445
40	780	912	Accrued interests corporate sector and retail customers	911	779	40
64.214	64.455	69.307	Total deposits	69.195	64.323	64.042

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
3.528	3.425	3.744	Agriculture/forestry	3.994	3.664	3.773
311	253	427	Fishing/Fish farming	539	352	416
2.618	2.816	2.902	Mining/extraction	2.962	2.922	2.728
1.087	1.085	1.260	Industry	1.997	1.673	1.686
3.123	3.014	2.981	Power and water supply/building and construction	3.819	3.944	4.022
2.064	2.395	2.446	Retail trade, hotels and restaurants	2.940	2.804	2.487
6.173	5.659	5.689	Foreign trade shipping, pipeline transport and other transport activities	6.216	6.003	6.553
23.586	23.579	23.909	Real estate business	24.033	23.749	23.749
5.664	5.478	6.134	Service industry	7.849	6.575	6.827
796	811	2.280	Public sector and financial services	2.277	1.088	1.068
48.950	48.515	51.772	Total corporate sector	56.626	52.774	53.309
46.547	49.641	46.320	Retail customers	47.453	50.688	47.593
150	149	58	Unallocated (excess value fixed interest loans and amort. lending fees)	69	156	150
303	299	336	Accrued interests corporate sector and retail customers	373	312	316
95.950	98.604	98.486	Gross loans	104.521	103.930	101.368
-355	-343	-452	- Individual impairment losses provisions	-518	-415	-418
-317	-297	-287	- Collective impairment losses provisions	-332	-341	-362
95.278	97.964	97.747	Net loans	103.671	103.174	100.588

Note 9 Capital adequacy

New capital adequacy ratio regulations have been adopted in Norway from 1 January 2007 (Basel II - the EU's new directive on capital adequacy ratios). SpareBank 1 SR-Bank was granted permission by the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk from 1 January 2007. Consequently, the statutory minimum capital adequacy ratio requirement is more risk sensitive, so that the capital requirement will correspond more closely to the risk in the underlying portfolios. The use of IRB requires the bank to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems. The transitional arrangements are set out in the regulations promulgated by the Financial Supervisory Authority of Norway in which IRB banks will not receive the full effect of reduced regulatory capital requirements for the time being. A limited audit of the income statement and balance sheet has been conducted in accordance with the regulations. The limited audit has been performed in order to be able to include 50 % of the year's results in the capital adequacy ratio calculation.

Investments in associated companies and joint ventures are recognised in the group using the equity method and in accordance with the acquisition method in the parent bank. The investments are treated identically for the purposes of determining the capital adequacy ratio except for the group's investments in SpareBank 1 Boligkreditt AS SpareBank 1 Næringskreditt AS and BN Bank ASA. In the group's capital adequacy ratio a proportional consolidation will be carried out.

Parent bank				Group		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	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	1.588	Premium reserve	1.588	625	625
1.448	1.077	0	Equalisation reserve	0	1.077	1.448
299	0	0	Allocated to dividend	0	0	299
2.631	2.420	0	Savings bank's reserve	0	2.420	2.631
55	55	0	Share premium reserve	0	55	55
293	293	0	Endowment fund	0	293	293
43	43	43	Reserve for unrealised gains	43	43	43
0	0	1.696	Other equity	2.889	1.124	1.183
8.574	7.693	9.712	Total book equity	10.905	8.817	9.757
			Core capital			
0	-11	0	Deferred taxes, goodwill and other intangible assets	-65	-76	-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	-420	-463	50% deduction for subordinated capital in other financial institutions	-17	-21	-21
-250	-290	-253	50% deduction for expected losses on IRB, net of write-downs	-260	-294	-255
0	0	0	50 % capital adequacy reserve	-700	-664	-665
0	364	475	Year-to-date profit included in core capital (50%)	508	372	0
2.273	1.267	2.250	Additional Tier 1 capital	2.377	1.391	2.402
9.875	8.601	11.719	Total core capital	12.746	9.523	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	2.012	1.289	Non-perpetual additional capital	1.504	2.230	1.776
-421	-420	-463	50% deduction for investment in capital instruments in other financial institutions	-17	-21	-21
-250	-290	-253	50% deduction for expected losses on IRB, net of write-downs	-260	-294	-255
0	0	0	50 % capital adequacy reserve	-700	-664	-665
894	1.642	573	Total supplementary capital	527	1.591	835
10.769	10.243	12.292	Net subordinated capital	13.273	11.114	11.681
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
2.060	2.017	2.234	Specialised lending exposure	2.234	2.017	2.060
2.104	2.205	2.327	Other corporations exposure	2.328	2.217	2.104
33	32	33	SME exposure	39	36	37
393	396	363	Retail mortage exposure (properties)	793	660	758
75	109	58	Other retail exposure	61	112	78
464	391	555	Equity investments	0	0	0
5.129	5.150	5.570	Total credit risk IRB	5.455	5.042	5.037
97	136	194	Debt risk	193	135	94
47	36	32	Equity risk	32	36	47
0	0	0	Currency risk	0	0	0
331	331	366	Operational risk	447	408	408
0	0	0	Transitional arrangements	944	537	861
625	704	668	Exposures calculated using the standardised approach	1.900	1.872	1.830
-67	-67	-74	Deductions	-115	-109	-110
6.162	6.290	6.756	Minimum requirements subordinated capital	8.856	7.921	8.167
13,98 %	13,03 %	14,56 %	Capital adequacy ratio	11,99 %	11,22 %	11,44 %
12,82 %	10,94 %	13,88 %	Core capital ratio	11,51 %	9,62 %	10,62 %
1,16 %	2,09 %	0,68 %	Supplementary capital ratio	0,48 %	1,61 %	0,82 %
9,87 %	9,33 %	11,21 %	Core Tier 1 capital, transitional arrangements	9,37 %	8,21 %	8,27 %
12,82 %	10,94 %	13,88 %	Tier 1 capital coverage	12,89 %	10,32 %	11,88 %
9,87 %	9,33 %	11,21 %	Core Tier 1 capital coverage	10,48 %	8,81 %	9,25 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount 30.09.12	Fair value at 30.09.12 Assets	Liabilities
Currency instruments			
Currency forward contracts	3.360	45	102
Currency swaps	18.829	319	123
Currency options	58	0	0
Total currency instruments	22.247	364	225
Interest rate instruments			
Interest rate swaps(including cross-currency)	91.277	1.328	1.528
Other interest rate contracts	0	0	0
Total interest rate instruments	91.277	1.328	1.528
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	36.337	2.201	327
Total hedging / Interest rate instruments	36.337	2.201	327
Accrued interests			
Accrued interests		876	585
Total accrued interests		876	585
Total currency and interest rate instruments			
Total currency instruments	22.247	364	225
Total interest rate instruments	127.614	3.529	1.855
Total accrued interests		876	585
Total	149.861	4.769	2.665

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	30.09.11	30.09.12
Certificates, nominal amount	0	0	0
Bonds, nominal amount	34.593	34.745	35.300
Adjustments	1.340	1.248	2.109
Accrued interests	405	458	526
Total debt raised through issuance of securities	36.338	36.451	37.935

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 30.09.12
Certificates, nominal amount	0	0	0	0	0
Bonds, nominal amount	34.593	5.797	-4.545	-545	35.300
Adjustments	1.340	0	0	769	2.109
Accrued interests	405	0	0	121	526
Total debt raised through issuance of securities	36.338	5.797	-4.545	345	37.935

Additional Tier 1 and Tier 2 capital instruments	31.12.11	30.09.11	30.09.12
Non-perpetual additional Tier 2 capital, nominal amount	2.575	2.012	1.288
Perpetual additional Tier 2 capital, nominal amount	0	340	0
Additional Tier 1 capital, nominal amount	2.273	1.267	2.250
Adjustments	90	101	86
Accrued interests	37	84	82
Total additional Tier 1 and Tier 2 capital instruments	4.975	3.804	3.706

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 30.09.12
Non-perpetual additional Tier 2 capital, nominal amount	2.575	0	-1.354	67	1.288
Perpetual additional Tier 2 capital, nominal amount	0	0	0	0	0
Additional Tier 1 capital, nominal amount	2.273	0	0	-23	2.250
Adjustments	90	0	0	-4	86
Accrued interests	37	0	0	45	82
Total additional Tier 1 and Tier 2 capital instruments	4.975	0	-1.354	85	3.706

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 30.09.12									
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	1.386	1.109	499	15	259	1	1	-148	847	3.969
Interest expense	719	471	456	10	127	0	0	-143	1.067	2.707
Net interest income*	667	638	43	5	132	1	1	-5	-220	1.262
Commission income	538	178	43	0	2	49	0	-25	-10	775
Commission expenses	31	18	3	0	11	17	0	-25	4	59
Other operating income	0	0	0	328	0	0	0	-1	12	339
Net commission and other income	507	160	40	328	-9	32	0	-1	-2	1.055
Dividend income	0	0	6	0	0	0	0	0	19	25
Income from investment in associates	0	0	0	0	0	0	0	0	243	243
Net gains/losses on financial instruments	8	16	117	0	0	0	5	0	67	213
Net income on investment securities	8	16	123	0	0	0	5	0	329	481
Personnel expenses	273	121	39	130	22	12	1	-5	198	790
Administrative expenses	86	16	8	34	6	2	0	0	158	310
Other operating expenses	61	18	4	87	7	3	0	-1	104	284
Total operating expenses	420	155	51	251	36	17	1	-6	460	1.384
Operating profit before losses	762	659	155	82	87	16	6	0	-353	1.414
Losses on loans and guarantees	8	124	0	0	10	0	0	0	-31	111
Operating profit before tax	754	535	155	82	77	16	6	0	-322	1.303
Net interest income*										
External net interest income	667	635	42	-20	259	0	0	0	-321	1.262
Internal net interest income	0	3	0	15	-127	1	1	0	107	0
Net interest income	667	638	42	5	132	1	1	0	-224	1.262
Balance sheet (MNOK)										
Loans to customers	49.601	46.866	0	0	6.040	0	0	0	2.014	104.521
Individual loss provisions	-101	-353	0	0	-66	0	0	0	2	-518
Group loss provisions	-23	-263	0	0	-45	0	0	0	-1	-332
Other assets	0	0	511	231	23	44	191	0	33.992	34.992
Total assets	49.477	46.250	511	231	5.952	44	191	0	36.007	138.663
Deposits from customers	39.909	25.184	0	0	0	0	0	0	4.102	69.195
Other debt	0	0	511	182	5.467	30	10	0	51.346	57.546
Total debt	39.909	25.184	511	182	5.467	30	10	0	55.448	126.741
Equity	0	0	0	49	485	14	181	0	11.193	11.922
Total debt and equity	39.909	25.184	511	231	5.952	44	191	0	66.641	138.663
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	51.022	419								51.441

Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Eiendoms-Megler 1	SR-Finans	SR-Forvaltning	SR-Investering	Elimi-nations	Other activities	Total
	SpareBank 1 SR-Bank Group 30.09.11									
Interest income	1.219	980	520	14	230	1	1	-130	1.075	3.909
Interest expense	586	441	502	7	114	0	0	-130	1.082	2.601
Net interest income*	633	539	18	7	116	1	1	0	-7	1.308
Commission income	381	148	53	0	2	54	1	-27	11	623
Commission expenses	32	19	3	0	9	20	0	27	-51	59
Other operating income	0	0	0	320	0	0	0	-1	4	323
Net commission and other income	349	129	50	320	-7	34	1	-55	66	887
Dividend income	0	0	6	0	0	0	1	0	13	20
Income from investment in associates	0	0	0	0	0	0	0	0	142	142
Net gains/losses on financial instruments	9	15	75	0	0	0	7	0	-60	46
Net income on investment securities	9	15	81	0	0	0	8	0	95	208
Personnel expenses	255	101	34	162	22	13	3	0	138	728
Administrative expenses	85	18	7	32	6	2	0	0	150	299
Other operating expenses	64	16	6	85	6	2	1	-1	98	277
Total operating expenses	403	135	47	279	34	17	4	-1	386	1.304
Operating profit before losses	588	548	102	48	75	18	6	-54	-232	1.099
Losses on loans and guarantees	24	70	0	0	18	0	0	0	-18	94
Operating profit before tax	564	478	102	48	57	18	6	-54	-215	1.005
Net interest income*										
External net interest income	633	538	18	-7	230	1	0	0	-105	1.308
Internal net interest income	0	1	0	14	-114	0	1	0	98	0
Net interest income	633	539	18	4	116	1	1	0	-4	1.308
Balance sheet (MNOK)										
Loans to customers	52.737	44.440	0	0	5.328	0	0	0	1.425	103.930
Individual loss provisions	-58	-290	0	0	-73	0	0	0	6	-415
Group loss provisions	-30	-267	0	0	-43	0	0	0	-1	-341
Other assets	0	0	744	239	23	46	189	0	28.550	29.791
Total assets	52.649	43.883	744	239	5.235	46	189	0	29.980	132.965
Deposits from customers	36.005	22.900	0	0	0	0	0	0	5.418	64.323
Other debt	0	0	744	200	4.795	34	9	0	53.299	59.081
Total debt	36.005	22.900	744	200	4.795	34	9	0	58.717	123.404
Equity	0	0	0	39	440	12	180	0	8.890	9.561
Total debt and equity	36.005	22.900	744	239	5.235	46	189	0	67.607	132.965
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	39.508	309								39.817

Interest on intercompany receivables for the retail market division and the corporate market division is determined based on expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long term financing (credit premium). Deviations between the group's actual financing costs and the applied interest on intercompany receivables are eliminated at the group level. In the year to date, the group's real financing cost has been higher than the interest on intercompany receivables, principally due to the falling NIBOR.

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. 30.09.2012

Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass. effect	Fair value
	Group			
At fair value through profit and loss	14.025	0	0	14.025
Held to maturity	350	0	2	352
Covered Bonds [2]	7.699	0	0	7.699
Accrued interests	82	0	0	82
Total certificates and bonds	22.156	0	2	22.158

	Group		
Bonds reclassified as receivable and hold to maturity	31.12.11	30.06.11	30.09.12
Book value	715	910	350
Nominal value	723	921	353
Observable market value	707	915	352

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 2011.

For defined benefit schemes the following economic assumptions have been made when calculating pension liabilities:

Parent bank and group	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Discount rate	2,20 %	2,10 %	2,70 %	2,40 %	2,60 %
Expected return on assets	6,00 %	6,00 %	6,00 %	6,00 %	6,00 %
Forecast salary increase	3,25 %	4,00 %	4,00 %	4,00 %	4,00 %
National Insurance scheme's basic amount adjustment	3,00 %	3,25 %	3,25 %	3,75 %	3,75 %
Pension adjustment	2,00 %	2,00 %	2,00 %	2,00 %	2,00 %

Change in pension obligations (NOK million):

Parent bank						Group				
2011	Q3 2011	Q3 2012	01.01.11 - 30.09.11	01.01.12 - 30.09.12		01.01.12 - 30.09.12	01.01.11 - 30.09.11	Q3. 2012	Q3 2011	2011
517	259	743	517	584	Net obligations opening balance	703	616	820	313	616
291	394	-120	214	65	Actuarial liabilities and losses recognised in comprehensive income	57	254	-123	465	346
67	12	16	50	48	Net pension cost	51	62	18	15	83
-94	0	0	-62	-51	Company contributions	-75	-80	-21	-5	-103
-12	-3	-3	-9	-10	Payments from operations	-10	-10	-3	-3	-15
-185	0	-6	-48	-6	Curtailments and settlements included in the income statement	-41	-57	-6	0	-224
584	662	630	662	630	Net pension obligations closing balance	685	785	685	785	703

Previously adopted changes in SpareBank 1 SR-Bank's pension plan and the consequences for the financial statements
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 relating to the pension regulation which has been included in the comprehensive income represents:

	Parent bank	Estimate discrepancy	Group
Q1 2011	186	Effect of the change in assumptions in the pension regulation	223
	186	Change in obligations directly in equity (comprehensive income)	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

Previously adopted changes in the subsidiary EiendomsMegler 1 SR-Eiendom's pension scheme
In December 2011, the board of EiendomsMegler 1 SR-Eiendom AS adopted additional changes to the company's pension scheme. The board adopted the obligatory transition to a defined-contribution pension plan during the first quarter of 2012. In Q2 2012 paid-up policies were issued for pension rights earned up until 31 December 2011. The effect of the transition to a defined-contribution based pension plan in EiendomsMegler 1 SR-Eiendom AS that has been recognised in income for 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. his 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 3.1 years at the end of Q3 2012.

QUARTERLY INCOME STATEMENT	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SpareBank 1 SR-Bank Group, MNOK	2012	2012	2012	2011	2011	2011	2011	2010	2010
Interest income	1.323	1.319	1.327	1.378	1.362	1.290	1.257	1.282	1.231
Interest expense	875	906	926	930	905	863	833	840	795
Net interest income	448	413	401	448	457	427	424	442	436
Commission income	280	273	222	211	200	221	202	194	189
Commission expenses	-19	-20	-20	-12	-21	-19	-19	-15	-20
Other operating income	113	126	100	106	102	123	98	104	95
Net commission and other income	374	379	302	305	281	325	281	283	264
Dividend income	1	21	3	1	1	13	6	0	1
Income from investment in associates	90	53	100	67	33	58	51	94	70
Net gains/losses on financial instrument valued at fair value	101	13	99	43	-27	2	71	89	66
Net return on investment securities	192	87	202	111	7	73	128	183	137
Total income	1.014	879	905	864	745	825	833	908	837
Personnel expenses	271	244	275	100	273	200	255	223	250
Administrative expenses	105	99	106	111	99	100	100	109	82
Other operating expenses	90	97	97	118	90	96	91	91	76
Total operating expenses	466	440	478	329	462	396	446	423	408
Operating profit before impairment losses	548	439	427	535	283	429	387	485	429
Impairment losses on loans and guarantees	43	34	34	45	30	13	51	71	43
Operating profit before tax	505	405	393	490	253	416	336	414	386
Tax expense	107	102	77	153	79	111	71	33	86
Profit after tax	398	303	316	337	174	305	265	381	300
Profitability									
Return on equity per quarter	13,6 %	11,8 %	12,9 %	13,9 %	7,2 %	12,6 %	11,2 %	16,9 %	14,3 %
Cost percentage	46,0 %	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	104.521	105.428	100.463	101.368	103.930	107.914	104.771	105.792	100.289
Deposits from customers	69.195	71.285	67.108	64.042	64.323	64.982	62.662	60.770	55.703
Total assets	138.663	139.615	134.683	131.142	132.965	134.715	132.555	134.778	129.524
Average total assets	139.002	136.674	132.949	132.392	134.579	133.469	133.916	133.557	128.799
Growth in loans over last 12 months	0,6 %	-2,3 %	-4,1 %	-4,2 %	3,6 %	11,5 %	8,6 %	13,2 %	8,0 %
Growth in deposits over last 12 months	7,6 %	9,7 %	7,1 %	5,4 %	15,5 %	15,8 %	17,5 %	11,8 %	3,7 %
Losses and non-performing commitments									
Impairment losses ratio [2]	0,16	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	0,54	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	0,87	0,82	0,89	0,69	0,68	0,82	1,01	0,72	0,94
Solidity									
Capital adequacy ratio	12,0	11,9	11,0	11,4	11,2	11,5	11,8	12,4	11,6
Core capital ratio	11,5	11,4	10,5	10,6	9,6	10,0	10,2	10,2	9,3
Core Tier 1 capital	9,4	9,2	8,2	8,3	8,2	8,6	8,8	8,7	7,9
Core capital	12.746	12.514	10.960	10.846	9.523	9.760	9.734	9.442	8.433
Net equity and subordinated loan capital	13.273	13.041	11.425	11.681	11.114	11.200	11.235	11.482	10.450
Minimum subordinated capital requirement	8.856	8.797	8.333	8.167	7.921	7.778	7.611	7.400	7.241
Shares									
Market price at end of quarter	36,90	32,10	41,00	40,70	40,70	51,50	57,00	57,00	53,00
Number of shares issued, millions	255,75	255,75	199,49	127,31	127,31	127,31	127,31	127,31	120,93
Earnings per share, NOK (annualised) [1]	1,56	1,19	1,58	1,73	0,86	1,51	1,32	1,94	1,56
Price/earnings per share	5,91	6,74	6,49	5,88	11,83	8,53	10,80	7,35	8,49

[1] Number of shares was increased on 18 June 2012 from 199,489,689 to 255,751,082 as a result of a capital expansion. Earnings per share from the second quarter to the year to date are calculated based on the new number of shares.

[2] Net losses expressed as a percentage of average gross lending, annualized