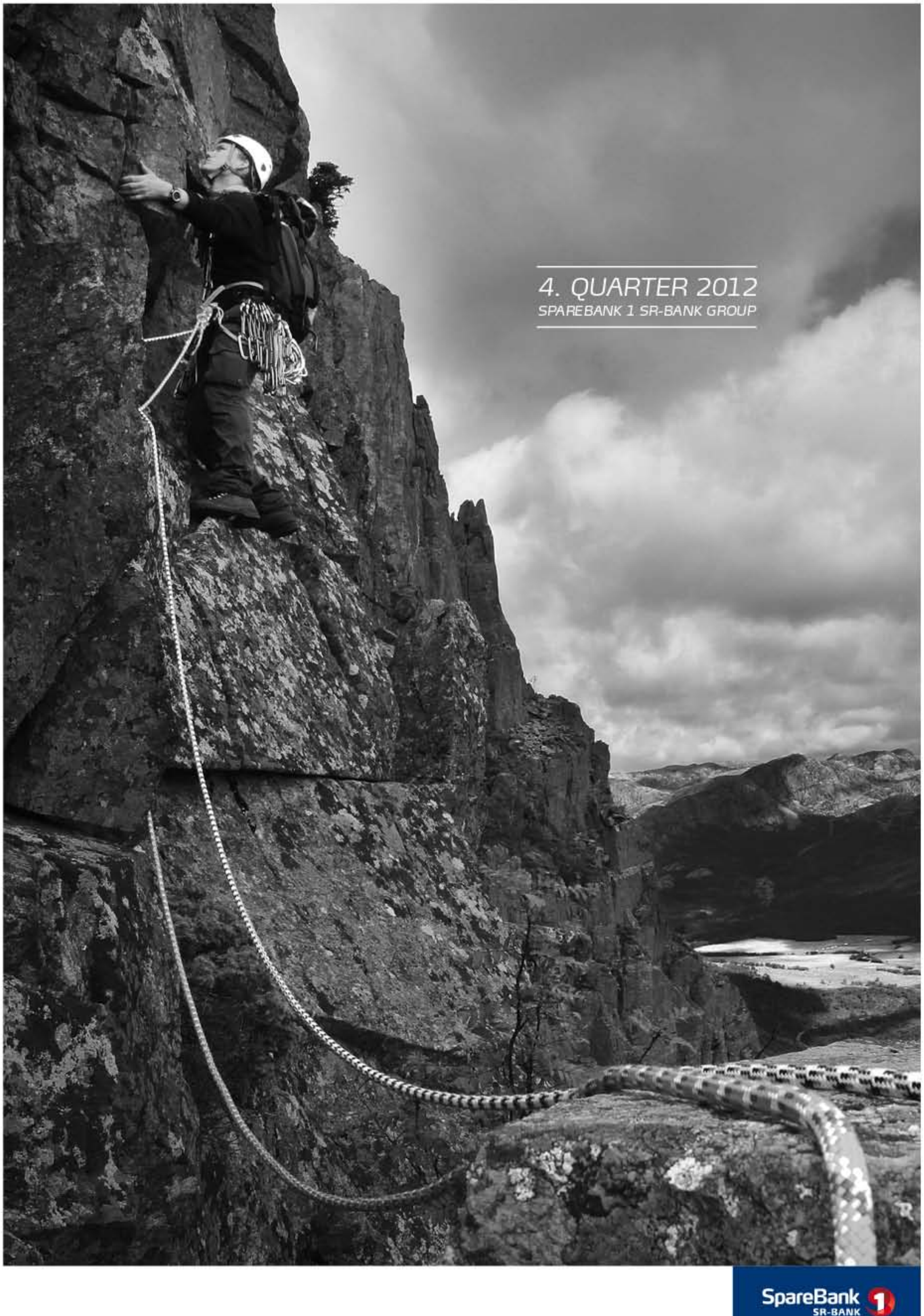


SpareBank 1 SR-BANK

Good result and substantially strengthened equity

4th quarter 2012

- Pre-tax profit: NOK 458 million (NOK 490 million*)*
- Net profit for the period: NOK 344 million (NOK 337 million)
- Return on equity after tax: 11.2% (13.9%)
- Earnings per share: NOK 1.35 (NOK 1.73)
- Net interest income: NOK 480 million (NOK 448 million)
- Net commission and other operating income: NOK 411 million (NOK 305 million)
- Net income from financial investments: NOK 97 million (NOK 111 million)
- Operating expenses: NOK 504 million (NOK 329 million)
- Impairment losses on loans: NOK 26 million (NOK 45 million)

  (Q4 2011 in parantheses)

Preliminary annual result for 2012

- Pre-tax profit: NOK 1,761 million (NOK 1,495 million)
- Net profit for the period: NOK 1,361 million (NOK 1,081 million)
- Return on equity after tax: 12.4% (11.2%)
- Earnings per share: NOK 5.32 (NOK 5.42)
- The Board proposes a dividend of NOK 1.50 (NOK 1.50) per share.
- Net interest income: NOK 1,742 million (NOK 1,756 million)
- Net commissions and other operating income: NOK 1,466 million (NOK 1,192 million)
- Net income from financial investments: NOK 578 million (NOK 319 million)
- Operating expenses: NOK 1,888 million (NOK 1,633 million)
- Impairment losses on loans: NOK 137 million (NOK 139 million)
- Total lending growth over past 12 months: 7.8% (11.2%)
- Growth in deposits over past 12 months: 5.5% (5.4%)
- Core capital ratio: 12.1% (10.6%)
- Core Tier 1 capital: 10.0% (8.3%)

  (Full year 2011 in parantheses)

Financial performance in Q4 2012

Pre-tax profit was NOK 458 million (NOK 490 million) compared with NOK 505 million in the third quarter of 2012. Return on equity for the quarter came to 11.2% (13.9%) compared with 13.6% in the third quarter of 2012.

Net interest income increased by NOK 32 million compared with the previous quarter and was NOK 480 million (NOK 448 million).

Net commission and other operating income was NOK 411 million (NOK 305 million) compared with NOK 374 million in the third quarter of 2012. The improvement was primarily attributable to commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt increasing from NOK 88 million in the third quarter to NOK 121 million (NOK 14 million). Net income from financial investments was NOK 97 million (NOK 111 million) compared with NOK 192 million in the third quarter of 2012. The decrease from the third quarter was primarily due to lower returns from equities and bonds, as well as a reduction in the profit share from SpareBank 1 Gruppen. Operating costs totalled NOK 504 million (NOK 329 million) compared with NOK 466 million in the third quarter of 2012. Operating expenses in the fourth quarter of 2011 were significantly affected by a positive non-recurring effect of NOK 167 million regarding changes in pension schemes.

Impairment losses on loans were NOK 26 million (NOK 45 million) compared with NOK 43 million in the third quarter of 2012.

Preliminary annual accounts 2012

The group's pre-tax profit was NOK 1,761 million (NOK 1,495 million), which represents a return on equity after tax of 12.4% (11.2%).

Net interest income for the full year was NOK 1,742 million compared with NOK 1,756 million in 2011. From relatively low levels in the first and second quarters, net interest income rose significantly in the third and fourth quarters due to the increased interest margin.

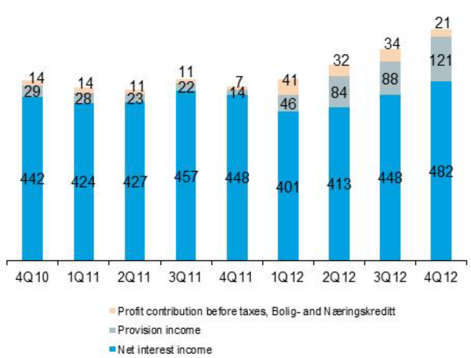
Net commission and other operating income was NOK 1,466 million, up from NOK 1,192 million in 2011. Increased commission from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt of NOK 252 million made a substantial contribution to the improvement. Net income from financial investments was NOK 578 million (NOK 319 million). Operating expenses totalled NOK 1,888 million compared with NOK 1,633 million in 2011. A significant proportion of the increase is due to a positive non-recurring effect of NOK 224 million in 2011 linked to changes in the group's pension schemes.

Impairment losses on loans were NOK 137 million (NOK 139 million).

Net interest income

The group's net interest income in 2012 was NOK 1,742 million (NOK 1,756 million). Net interest income must be viewed in relation to commission and profit contributions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Commission from these companies amounted to NOK 339 million (NOK 87 million) in 2012, whilst profit contributions before tax were NOK 128 million (NOK 43 million). The commission were based on the management of sold loan portfolios worth NOK 48.7 billion (NOK 45.3 billion). Net interest income, commission and profit contributions before tax increased by a total of NOK 325 million in 2012 compared with 2011.

The graph below shows quarterly trends in net interest income, commissions and profit contributions before tax in the mortgage companies (NOK million):



The interest margin (net interest income as a percentage of average total assets) was 1.27% in 2012 compared with 1.31% in 2011. For the fourth quarter of 2012, the interest margin was 1.36% compared with 1.28% in the third quarter of 2012 and 1.34% in the fourth quarter of 2011.

Net commission and other operating income

Net commission and other operating income amounted to NOK 1,466 million in 2012 (NOK 1,192 million). The revenues in the fourth quarter of 2012 were NOK 411 million (NOK 305 million) and NOK 374 million in the third quarter of 2012.

Net commission totalled NOK 1,029 million in 2012 (NOK 763 million). The increase on last year is mainly attributable to increased commission from SpareBank 1 Boligkreditt. Other commissions were stable compared with 2011.

Other operating income totalled NOK 437 million in 2012 (NOK 429 million). The revenues in the fourth quarter amounted to NOK 98 million (NOK 106 million) and NOK 113 million in the third quarter of 2012. Other operating income is mainly income from real estate brokering.

Net income from financial investments

Net income from financial investments was NOK 578 million in 2012 (NOK 319 million). The revenues in the fourth quarter of 2012 were NOK 97 million (NOK 111 million) and NOK 192 million in the third quarter of 2012. Of the total NOK 578 million income, NOK 130 million was capital gains on securities (loss of NOK 48 million) and NOK 158 million was capital gains on interest rate and currency trading (NOK 137 million). Furthermore, income from ownership interests was NOK 265 million (NOK 209 million) and dividends amounted to NOK 25 million (NOK 21 million).

The capital gains on securities of NOK 130 million in 2012 were derived from a gain of NOK 61 million in the portfolio of equities and equity certificates and a gain of NOK 69 million in the interest portfolio. As at 31 December 2012, the group is not directly exposed to foreign government debt outside the Nordic region.

Income from ownership interests of NOK 265 million in 2012 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 97 million (NOK 96 million) in 2012, of which NOK 9 million derives from a correction of the profits for 2011. The profit share from SpareBank 1 Boligkreditt was NOK 84 million (NOK 24 million), SpareBank 1 Næringskreditt NOK 7 million (NOK 7 million), and Bank 1 Oslo Akershus NOK 24 million (NOK 15 million), of which NOK 4 million derives from a correction of the profits for 2011. The profit share from BN Bank was NOK 44 million (NOK 36 million), whilst NOK 8 million (NOK 28 million) was recognised as income due to the amortisation of badwill in connection with acquisitions.

Operating expenses

The group's operating expenses totalled NOK 1,888 million in 2012. This represents an increase of NOK 255 million (15.6%) compared with 2011. Operating expenses in the fourth quarter of 2012 were NOK 504 million (NOK 329 million) and NOK 466 million in the third quarter of 2012.

The costs for both 2011 and 2012 were affected by non-recurring effects related to changes in pension schemes. In 2011, the modified pension schemes accounted for a reduction of NOK 224 million in costs. In 2012, the reduction in costs was NOK 45 million, primarily due to the changed pension scheme in EiendomsMegler 1.

Adjusted for these non-recurring effects, the underlying increase in costs in 2012 amounted to NOK 76 million, or 4.1%.

The group's cost/income ratio, costs measured as a percentage of income, was 49.9% (50.0%) in 2012.

Credit risk and portfolio development

The group's portfolio is dominated by low risk commitments. 92.3% of the loan exposure satisfies the criteria for low and lowest risk. Expected losses in this portion of the portfolio are low and amount to 0.04%. The portfolio primarily consists of commitments with exposure of less than NOK 10 million. These account for around 68% of the loan exposure and 99% of customers. Around 19% of the loan exposure is to customers with 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 good and its development is stable. Around 80% of the loan exposure satisfies the criteria for low and lowest risk. Expected losses in this portion of the portfolio are limited and amount to 0.1%. The property management portfolio represents the group's largest concentration in a single sector and accounts for 15% of total loan exposure, which includes retail customers. A large portion of this portfolio consists of financing commercial properties for leasing. This portfolio is characterised by long-term leases and financially solid tenants, and the expected losses are lower than in the rest of the corporate market portfolio.

The quality of the retail market portfolio is very good. The loan-to-collateral value ratio is generally moderate. The proportion of loan exposure (including the portfolio in SpareBank 1 Boligkreditt) within a loan-to-collateral value ratio of 85% is increasing and currently stands at 97.8%.

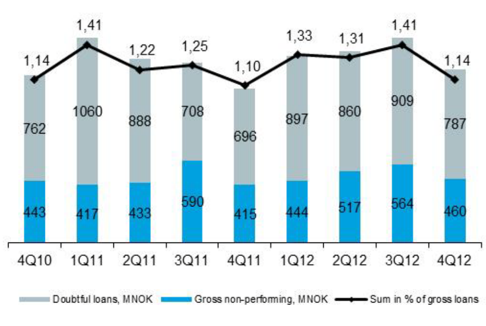
Impairment losses on loans and non-performance

The group recognised NOK 137 million in net impairment losses on loans in 2012 (NOK 139 million). This corresponds to impairment as a percentage of gross loans of 0.13% (0.13%). The net impairment losses recognised by the group in the fourth quarter of 2012 amounted to NOK 26 million (NOK 45 million) and NOK 43 million in the third quarter of 2012.

Gross non-performing commitments amounted to NOK 460 million (NOK 415 million) at year-end 2012. This corresponds to 0.42% (0.41%) of gross loans. The portfolio of impaired (not non-performing) loans totalled NOK 787 million (NOK 696 million). This corresponds to 0.72% (0.69%) of gross loans. The total of non-performing loans and impaired loans came to NOK 1,247 million (1,111 million) at year-end 2012. Measured as a proportion of gross loans, this represents 1.14% compared with 1.10% at year-end 2011.

The loan loss provision ratios, measured as individual write-downs as a percentage of non-performing and other impaired loans, was 33% (33%) and 35% (41%) respectively at year-end 2012.

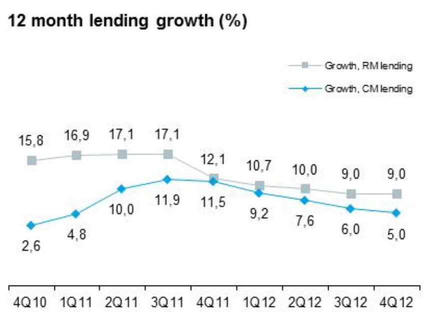
The following graph shows the development of non-performing and impaired loans, and the sum total of these as a percentage of gross loans:



Loans to and deposits from customers

Gross loans in the group totalled NOK 109.5 billion (NOK 101.4 billion) at year-end 2012. Including loans totalling NOK 48.7 billion (NOK 45.3 billion) sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, gross loans amounted to NOK 158.2 billion (NOK 146.7 billion). Gross lending growth over the past 12 months was 7.8% (11.2%). Loans to the retail market accounted for 64.3% (63.5%) of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at year-end 2012.

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



Deposits from customers rose by 5.5% (5.4%) over the past 12 months to NOK 67.6 billion (NOK 64.0 billion). Deposits from the corporate market and public sector accounted for 49.2% (50.9%) of the group's customer deposits at year-end 2012.

In addition to ordinary customer deposits, the group had NOK 12 billion (NOK 11.2 billion) under management at year-end 2012, primarily through SR-Forvaltning and ODIN funds.

The deposit coverage ratio, measured as deposits in relation to gross loans, was 61.7% (63.2%) at year-end 2012. At year-end 2012, Finanstilsynet's Funding Indicator 1 (which shows the ratio of illiquid assets financed by debt with a duration of more than 1 year) was 105,1% (101.7%) for the Parent Bank and 103,9% (102.5%) on a consolidated basis.

Business areas

Retail Market Division[1]

The retail market division's profit contribution before impairment losses on loans amounted to NOK 1,047 million in 2012. The improvement of NOK 288 million from last year was driven by better interest margins, growth in deposits and loans, and good cost management. Income related to payment systems and investment services is stable, while insurance income is growing.

Over the past 12 months, the division's lending has increased by 8.8% and deposits by 5.9%[2]. This growth is the result of general market growth and a strong market position. The growth in retail market lending is expected to decrease in the future because of stricter credit guidelines and the regulatory requirement concerning more tied up capital.

The number of customers continued to grow in the fourth quarter and we welcomed 2,800 new customers. The division gained 10,500 new retail customers in 2012. Hordaland and the Agder counties are the market areas in which retail customer growth has been strongest. In general, the market area is characterised by a high influx of people and significant activity related to the oil sector.

Impairment losses on loans are low. The percentage of non-performing loans is 0.29% of total loans.

The number of mobile bank customers in SpareBank 1 SR-Bank and the SpareBank 1 Alliance is growing strongly and at the end of the fourth quarter it was Norway's most popular mobile bank. The number of mobile bank customer almost trebled in 2012.

Corporate Market Division[1]

The corporate market division's profit contribution before impairment losses on loans amounted to NOK 896 million in 2012. This represents an increase of NOK 145 million compared with 2011 and is attributable to increased margins, growth in deposit and lending volumes, and good costs control. Over the past 12 months, the division's lending has increased by 4.0% and deposits by 2.2%[2]. Costs were NOK 25 million higher in 2012 than in 2011. This was primarily due to an increase in full time equivalents during the year.

[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. The group's real financing cost was higher than the interest on intercompany receivables during 2012, principally due to the falling NIBOR.

[2] The growth in lending and deposit volumes is being affected by the transfer of customers between the retail and corporate markets.

The Corporate Market Division are working actively on across-the-board sales of the group's products, and there has been good growth in both the number of products and the number of customers in 2012. Commission and other operating income increased by 18.8% in 2012.

Net individual write-downs of NOK 152 million were recognised in 2012 compared with NOK 83 million in 2011. Group write-downs were reduced from NOK 362 million in 2011 to NOK 332 million in 2012. 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 high 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. Continued strong competition for deposits and pressure on deposit margins are expected, while lending margins are expected to expand slightly in the future to compensate for regulatory requirements.

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 269 million (NOK 214 million) in 2012. Pre-tax profit was NOK 196 million (NOK 147 million). In 2012, SR-Markets again completed several transactions with deliverables and income from several business areas in the division, and in cooperation with the corporate market 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 also made a good contribution. Reduced risk premiums in the bond market contributed to good returns despite falling interest rate levels. The corporate finance department enjoyed a high level of activity and completed several major projects, including refinancing a major industrial enterprise, equity issues, and sales of companies. The share trading department experienced an increase in revenues from trading shares and bonds in relation to 2011.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a pre-tax profit of NOK 86.4 million in 2012 (NOK 91 million). The decrease in profit was due to a downturn in the total market in the company's market area.

7,449 properties were sold in 2012 compared with 7,493 in 2011. In total the company sold properties worth NOK 21.5 billion. The supply of new assignments was satisfactory with 9,409 new assignments in 2012. Even though the brokering figures are almost unchanged from 2011, the company strengthened its market position during the year. The development in Rogaland is particularly good with a market share of more than 40%.

Continued low interest rates and high employment indicate a generally good outlook for the property market going forward. A new department for commercial properties was established in the fourth quarter of 2012 and the company is now represented by commercial property departments in Kristiansand, Stavanger and Bergen. Turnover for commercial buildings has been lower than expected, partly due to the increased deposit requirements and poorer access to foreign capital. On the other hand, activity in the rental area is high, especially in the Stavanger region.

SpareBank 1 SR-Finans AS

SpareBank 1 SR-Finans AS is the leading leasing company in Rogaland with total assets of NOK 6.1 billion. The company's principal activities are lease financing for corporate customers and secured car loans for retail customers.

The company achieved a pre-tax profit of NOK 115.2 million in 2012 (NOK 99.9 million). The improvement in profitability was primarily attributable to an increase in net interest income and lower losses. Profit before impairment and losses was NOK 124.2 million (NOK 117.1 million). Net lending increased in the past 12 months and amounted to NOK 5,966 million at year-end 2012 (NOK 5,312 million).

New sales within leasing and car loans both increased in 2012. In total, new sales amounted to NOK 2,454 million (NOK 2,067 million). This represents an increase of 19% compared with 2011.

Continued good growth in car loans for retail customers is expected, although somewhat slower growth in lease financing is expected going forward.

SR-Forvaltning AS

SR-Forvaltning has an asset management licence and manages portfolios for SpareBank 1 SR-Bank's pension fund and around 2,500 external customers. The customer base comprises pension funds, public institutions, corporate customers and high net worth individuals.

Pre-tax profit was NOK 18.5 million in 2012 (NOK 27.4 million). The company had assets of around NOK 6.1 billion under management at year-end 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 primarily invests in private equity funds and companies in the SMB segment that need capital to develop and grow further.

Pre-tax profit was NOK 21.5 in 2012 (NOK 11.2 million). The improvement in profitability is attributable to the higher value of the company's investment portfolio. At year-end 2012, the company had investments of NOK 172.1 million and residual commitments linked to these of NOK 96.4 million split between 20 funds and companies.

It is assumed that the high level of activity in the oil and gas sector especially will result in a high level of investment activity and thus good prospects for positive returns in the future as well.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are owned by the savings banks that make up the SpareBank 1 Alliance, and are tasked with helping to ensure that the owner banks have access to stable and long-term funding at competitive rates. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are licensed mortgage companies and issue covered bonds in retail mortgage and commercial property portfolios, respectively, which they buy from the owning banks.

SpareBank 1 Boligkreditt's total lending volume in 2012 was NOK 160.2 billion, of which NOK 48.2 billion were mortgages bought from SpareBank 1 SR-Bank. The bank's had a 29.9% stake in the company as at 31 December 2012 and this is updated annually in line with the volume sold at the end of the year.

SpareBank 1 Næringskreditt's total lending volume in 2012 was NOK 11 billion, of which NOK 0.5 billion were loans bought from SpareBank 1 SR-Bank. The bank owns a 28.3% stake in the company.

Funding

The equity market improved in the second half of 2012 and interest rates remain low despite the high level of uncertainty concerning economic developments, and not least the great political uncertainty in the USA, Europe and Japan.

The substantial injections of liquidity from the central banks in the USA and Europe are particularly positive, and strong measures are now expected in Japan as well. The euro has strengthened and interest rates for government bonds have fallen in most countries in Europe. The interest rate for a 10 year German government bond fell to 1.38% and is almost at a record low, while the equivalent Spanish and Italian interest rates fell to 5.3% and 4.5%. Interest rates in Italy are at their lowest for 2 years and are a sign that investors now have greater confidence in the European Central Bank's ability to prevent a new stress-driven rise in interest rates.

Historic low returns on safe investments are clearly pushing a number of investors towards higher risk investments. The Oslo Stock Exchange rose by around 14% this year, while the oil price has fluctuated between USD 90 and 125 per barrel in 2012. SpareBank 1 SR-Bank is prepared for a continued high level of volatility in the market.

The risk premium for the bank's borrowing fell in the fourth quarter and this positive development has continued into 2013. SpareBank 1 SR-Bank has had good access to new funding 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 funding and increasing holdings of highly liquid securities. This adaptation, together with the authorities' stricter capitalisation requirements, will probably result in higher loan rates for bank customers in the future.

The liquidity situation at year-end 2012 was good. SpareBank 1 SR-Bank seeks to achieve an even maturity structure for its borrowing. The bank believes it is important to maintain good relationships with a large number of Norwegian and international investors and banks, and have experienced very good international demand for its latest bond issues in the euro market. The liquidity buffer[3] amounted to NOK 20.7 billion at year-end 2012. This level ensures that the bank can maintain normal operations for 31 months without access to extra funding.

Capital adequacy

At year-end 2012, core Tier 1 capital (excl. hybrid tier 1 capital) was 10.0% (8.3%). At year-end 2011, the group's core capital ratio was 12.1% (10.6%) and capital adequacy ratio was 13.1% (11.4%).

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 Basel I floor"), should be continued for the moment. All capital adequacy figures above allow for this transition rule.

In the national budget for 2013, the Ministry of Finance stated 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. In December 2012, the Ministry of Finance asked Finanstilsynet to prepare a draft consultation memorandum and regulatory rules that make the risk weights significantly stricter for mortgages by 1 March 2013.

SpareBank 1 SR-Bank strengthened its equity by NOK 1.52 billion in 2012 through a rights issue for shareholders and a private placement with employees. The increase in capital was registered in the Register of Business Enterprises on 18 June 2012.

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). The discount rate for pension liabilities has long been under discussion and the Norwegian Accounting Standards Board changed its guidelines on 30 November 2012. Based on the growth of the market for covered bonds and development of the market conditions for government bond interest rates, the interest rate for covered bonds can now be used as the discount rate. The discount rate applied as at 31 December 2012 was 3.9%. The changed pension assumptions mean a strengthening of core Tier 1 capital by 0.3% for SpareBank 1 SR-Bank.

A limited audit of the income statement and balance sheet has been conducted in accordance with the regulations.

The bank's shares

The share price for the bank's shares (SRBANK) was NOK 37.2 at year-end 2012. This was an increase of 0.8% from the end of the third quarter of 2012. The main Oslo Stock Exchange index rose by 0.5% in the same period. Trading of SRBANK in the fourth quarter of 2012 corresponded to 4.2% (3.4%) of all shares issued.

There were 11,959 (11,887) owners of SRBANK at year-end 2012. The proportion owned by foreign companies and individuals was 6.0%, whilst 61.2% were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned 60.7% of the shares. The bank's own shareholding comprised 346,134 shares. Group employees owned 2.2% of the shares at year-end 2012.

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

	Quantity (NOK mill)	%
Sparebankstiftelsen SR-Bank	79.736	31,18 %
Gjensidige Forsikring ASA	26.483	10,36 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,43 %
Folketrygdfondet	6.132	2,40 %
Odin Norge	5.514	2,16 %
Frank Mohn AS	5.373	2,10 %
Odin Norden	4.148	1,62 %
Skagen Global	3.661	1,43 %
Clipper AS	2.179	0,85 %
JPMorgan Chase Bank, U.K.	2.043	0,80 %
Fondsfinans Spar	1.700	0,66 %
JPMCB, Sverige	1.554	0,61 %
Skagen Global II	1.402	0,55 %
Tveteraas Finans AS	1.391	0,54 %
Vpf Nordea Norge Verdi	1.374	0,54 %
Westco AS	1.322	0,52 %
Køhlergruppen AS	1.293	0,51 %
FLPS, U.S.A.	1.250	0,49 %
Varma Mutual Pension Insurance, Finland	1.248	0,49 %
State Street Bank and Trust, U.S.A.	1.146	0,45 %
Totalt 20 largest	155.176	60,67 %

[3] 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.

Accounting policies

SpareBank 1 SR-Bank prepares its parent company and consolidated accounts in accordance with the IFRS regulations. For 2012, the IFRS consolidated accounts show a net profit for the period of NOK 1,361 million and the IFRS parent company accounts show a net profit for the period of NOK 1,241 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, while associated companies are recognised 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.

Please refer to note 1 for a description of the accounting policies applied in the parent company and consolidated accounts. The same accounting policies are applied in the quarterly and the annual accounts.

Allocation of the profit for 2012

The dividend distributed is based on the parent's company profit. The parent company's profit for the 2012 accounting year was NOK 1,241 million or NOK 4.85 per share. In line with the dividend policy, various circumstances are taken into consideration when proposing dividends, and particular weight is attached to capital requirements and core capital adequacy. The Board of SpareBank 1 SR-Bank proposes a dividend of NOK 1.50 per share be paid, which corresponds to around 28% of the group's profit. The Board proposes the following allocations for the 2012 accounting year:

	NOK million
Parent company net profit for the period	1,241
Transferred to fund for valuation differences	30
Available	1,211
Dividend (NOK 1.50 per share)	384
Retained earnings	827
Total	1,211

Events after the balance sheet date

The stake in Bank 1 Oslo Akershus AS was reduced from 19.5% to 4.8% on 17 January 2013 through the sale of shares to Sparebanken Hedmark.

Outlook

The uncertainty surrounding the debt situation and the real economic consequences in a number of Eurozone countries continues and macroeconomic developments at the start of 2013 indicate 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 trend in Europe may further reduce global growth and thus represents a risk for the positive macroeconomic situation in Norway as well. SpareBank 1 SR-Bank has good liquidity and believes it will continue to have good access to long-term funding at competitive prices. Should unrest in the European bank sector increase again, this may spread to Norway via the needs of the Norwegian bank sector to cover part of its funding requirements internationally.

The expected continued high price of oil, major new oil finds and increased home-building are contributing to good activity in the region and therefore provide a basis for expecting continued positive growth for the region's business and population with sustained low unemployment. If the region's business sector is hit to a greater degree than to date by continued international setbacks, this may contribute to reduced demand for credit in the future. Non-performance and write-downs of loans are expected to remain relatively low in the future as well.

New regulations, including in the form of significantly stricter requirements for equity and funding, necessitate less capital intensive growth going forward than has been the norm in the last few years. SpareBank 1 SR-Bank has further strengthened its financial position in 2012 through raising new equity, solid operations and good access to long-term funding. Therefore, the group is well-positioned to continue developing its leading position in the country's strongest growing region. Efficient operations and income from many product and service areas in conjunction with better margins mean we expect continued good earnings and positive underlying development in the business areas in 2013.

Stavanger, 7 February 2013
The Board of Directors of SpareBank 1 SR-Bank ASA

Quarterly financial statements

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	2012 MNOK	%	2011 MNOK	%	2010 MNOK	%
Net interest income	1.742	*1,27*	1.756	*1,31*	1.742	*1,35*
Net commission and other income	1.466	*1,07*	1.192	*0,89*	1.101	*0,85*
Net return on investment securities	578	*0,42*	319	*0,24*	571	*0,44*
Total income	3.786	*2,76*	3.267	*2,44*	3.414	*2,65*
Total operating expenses	1.888	*1,38*	1.633	*1,22*	1.566	*1,22*
Profit before losses	1.898	*1,38*	1.634	*1,22*	1.848	*1,43*
Impairment losses on loans and guarantees	137	*0,10*	139	*0,10*	234	*0,18*
Profit before tax	1.761	*1,28*	1.495	*1,12*	1.614	*1,25*
Tax expense	400	*0,29*	414	*0,31*	297	*0,23*
Profit after tax from continuing operations	1.361	*0,99*	1.081	*0,81*	1.317	*1,02*

	2012	2011	2010
PROFITABILITY			
Return on equity [1]	12,4 %	11,2 %	15,5 %
Cost ratio [2]	49,9 %	50,0 %	45,9 %
BALANCE SHEET			
Gross loans to customers	109.513	101.368	105.792
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	158.201	146.697	131.953
Deposits from customers	67.594	64.042	60.770
Deposit-to-loan ratio	61,7 %	63,2 %	57,4 %
Growth in loans	8,0 %	-4,2 %	13,2 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	7,8 %	11,2 %	11,6 %
Growth in deposits	5,5 %	5,4 %	11,8 %
Average total assets	137.212	133.629	128.830
Total assets	141.543	131.142	134.778
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3]	0,13	0,13	0,23
Non-performing commitments as a percentage of gross loans	0,42	0,41	0,42
Other doubtful commitments as a percentage of gross loans	0,72	0,69	0,72
SOLIDITY			
Capital adequacy ratio	13,1	11,4	12,4
Core capital ratio	12,1	10,6	10,2
Core Tier 1 capital	10,0	8,3	8,7
Core capital	13.507	10.846	9.442
Net equity and subordinated loan capital	14.568	11.681	11.482
Minimum subordinated capital requirement	8.897	8.167	7.400
BRANCHES AND STAFF			
Number of branches	53	53	54
Number of employees (annualised)	1.207	1.213	1.163

Shares	2012	2011	2010	2009	2008
Market price	37,20	40,70	57,00	50,00	27,08
Market capitalisation	9.514	5.182	7.257	6.047	2.434
Book equity per share(including dividends) (group)	49,48	48,75	47,45	42,07	37,23
Book equity per share (including dividends) (parent bank)	44,23	42,81	41,80	36,85	32,06
Earnings per share (group) [4]	5,32	5,42	6,84	6,88	3,00
Dividends per share	1,50	1,50	2,75	1,75	0,83
Price / Earnings per share	6,99	7,51	8,33	7,27	9,03
Price / Book equity (group)	0,75	0,83	1,20	1,19	0,73
Price / Book equity (parent bank)	0,84	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

Parent bank						Note	Group				
2010	Q4 2011	Q4 2012	2011	2012	Income statement (MNOK)		2012	2011	Q4 2012	Q4 2011	2010
4.655	1.339	1.284	5.132	5.126	Interest income		5.300	5.287	1.331	1.378	4.820
3.087	933	855	3.543	3.568	Interest expense		3.558	3.531	851	930	3.078
1.568	406	429	1.589	1.558	Net interest income		1.742	1.756	480	448	1.742
743	206	328	791	1.068	Commission income		1.105	834	330	211	796
70	18	24	74	80	Commission expenses		76	71	17	12	71
10	1	2	5	14	Other operating income		437	429	98	106	376
683	189	306	722	1.002	Net commission and other income		1.466	1.192	411	305	1.101
54	1	0	20	25	Dividend income		25	21	0	1	47
214	0	0	269	339	Income from investment in associates		265	209	22	67	267
249	40	62	70	270	Net gains/losses on financial instruments		288	89	75	43	257
517	41	62	359	634	Net income on investment securities		578	319	97	111	571
2.768	636	797	2.670	3.194	Total income		3.786	3.267	988	864	3.414
632	70	222	604	849	Personnel expenses	14	1.082	828	292	100	870
318	98	93	357	361	Administrative expenses		417	410	107	111	362
217	91	68	274	252	Other operating expenses		389	395	105	118	334
1.167	259	383	1.235	1.462	Total operating expenses		1.888	1.633	504	329	1.566
1.601	377	414	1.435	1.732	Operating profit before losses		1.898	1.634	484	535	1.848
187	45	26	121	128	Losses on loans and guarantees	2, 3 and 4	137	139	26	45	234
1.414	332	388	1.314	1.604	Operating profit before tax		1.761	1.495	458	490	1.614
288	124	98	378	363	Tax expense		400	414	114	153	297
1.126	208	290	936	1.241	Profit after tax	12	1.361	1.081	344	337	1.317
					Other comprehensive income						
1.126	208	290	936	1.241	Profit after tax		1.361	1.081	344	337	1.317
-49	-78	479	-291	413	Unrecognised actuarial gains and losses *		452	-346	509	-93	-73
14	22	-134	82	-116	Deferred tax concerning changed estimates/pension plan changes		-127	97	-143	26	20
1	0	0	0	0	Change in value of financial assets available for sale		0	0	0	0	1
0	0	0	0	0	Share of profit associated companies and joint ventures		13	-19	5	-10	-12
-34	-56	345	-209	297	Other comprehensive income		338	-268	371	-77	-64
1.092	152	635	727	1.538	Total comprehensive income		1.699	813	715	260	1.253
					Earnings per share (group)		5,32	5,42	1,35	1,73	6,84

* With effect from 2005, IAS 19 allowed for recording actuarial gains and losses (estimate deviations) directly against equity. The Bank has chosen to follow this principle.

Balance sheet

Parent bank				Note	Group		
31.12.10	31.12.11	31.12.12	Balance sheet (MNOK)		31.12.12	31.12.11	31.12.10
1.235	263	1.314	Cash and balances with central banks		1.314	263	1.235
5.611	5.391	6.354	Balances with credit institutions		1.087	723	1.273
100.069	95.278	102.859	Net loans to customers	8	108.758	100.588	105.033
18.736	19.846	18.672	Certificates, bonds and other fixed-income securities	13	18.677	19.850	18.742
3.247	3.728	4.588	Financial derivatives	10	4.578	3.716	3.241
541	491	498	Shares, ownership stakes and other securities		671	631	661
92	84	84	Business available for sale		85	85	93
2.448	3.352	3.812	Investment in associates		4.964	4.389	3.499
694	716	809	Investment in subsidiaries		0	0	0
801	657	1.180	Other assets	5	1.409	897	1.001
133.474	129.806	140.170	Total assets	12	141.543	131.142	134.778
7.361	4.785	4.560	Balances with credit institutions		4.522	4.782	7.359
8.832	7.395	7.299	Public sector deposits regarding the covered bonds swap agreement		7.299	7.395	8.832
60.939	64.214	67.756	Deposits from customers	7	67.594	64.042	60.770
40.307	36.338	40.691	Listed debt securities	11	40.691	36.338	40.307
2.212	2.010	2.282	Financial derivatives	10	2.282	2.010	2.212
1.416	1.515	2.063	Other liabilities	6	2.295	1.843	1.752
4.144	4.975	4.223	Additional Tier 1 and Tier 2 capital instruments	11	4.223	4.975	4.144
125.211	121.232	128.874	Total liabilities		128.906	121.385	125.376
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
336	299	384	Proposed dividend		384	299	336
43	43	72	Fund for unrealised gains		72	43	43
0	0	2.868	Other equity		4.209	1.183	1.139
1.175	1.448	0	Dividend equalisation reserve		0	1.448	1.175
2.477	2.631	0	Savings bank's reserve		0	2.631	2.477
55	55	0	Share premium reserve		0	55	55
372	293	0	Endowment fund		0	293	372
0	0	0	Profit/loss at period end		0	0	0
8.263	8.574	11.296	Total equity		12.637	9.757	9.402
133.474	129.806	140.170	Total liabilities and equity	12	141.543	131.142	134.778

Statement of changes in equity

SpareBank 1 SR-Bank Group

(Amounts in NOK million)	Share-capital	Equity certificates	Premium reserve	Saving's bank reserve	Share premium reserve	Endowment fund	Equalisation reserve	Reserve for unrealised gains	Other equity	Total equity
Equity as of 31.12.2010		3.180	625	2.477	55	372	1.511	43	1.139	9.402
Dividend 2010, resolved in 2011							-336			-336
Issue expenses							-1		5	4
Adjusted equity accosiates									-47	-47
Grants from endowment fund						-79				-79
Profit after tax				339			597		145	1.081
Unrecognised actuarial gains and losses after tax				-77			-132		-40	-249
Share of profit associated companies and joint ventures									-19	-19
Other comprehensive income				-77			-132		-59	-268
Total comprehensive income				262			465		86	813
Equity as of 31.12.2011		3.180	625	2.739	55	293	1.639	43	1.183	9.757

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
Change in value of financial assets available for sale				-1	-1
Adjusted equity accosiates			-3		-3
Profit after tax			1.331	30	1.361
Unrecognised actuarial gains and losses after tax			325		325
Share of profit associated companies and joint ventures			13		13
Other comprehensive income			338		338
Total comprehensive income			1.669	30	1.699
Equity as of 31.12.2012	6.385	1.587	4.593	72	12.637

Cash flow statement

Parent bank				Group		
31.12.2010	31.12.2011	31.12.2012	Cash flow statement	31.12.2012	31.12.2011	31.12.2010
1.414	1.314	1.604	Profit before tax	1.761	1.495	1.614
0	0	0	Income from ownership interests	-265	-209	-267
0	-185	-6	Change in pension obligation over profit and loss	-50	-224	0
-8	0	-9	Gain on disposal of non-financial assets	-9	0	-10
62	68	66	Write-down on non-financial assets	87	80	72
187	121	128	Losses on loans	137	139	234
-221	-291	-58	Taxes paid	-130	-307	-223
1.434	1.027	1.725	Transferred from the year's activity	1.531	974	1.420
-11.846	4.779	-7.630	Change in gross lending to customers	-8.145	4.424	-12.319
242	-5	-599	Change in receivables from credit institutions	13	317	134
6.427	3.275	3.542	Change in deposits from customers	3.552	3.272	6.434
0	-1.437	-96	Public sector deposits regarding the covered bonds swap agreement	-96	-1.437	0
-1.493	-2.576	-225	Change in debt to credit institutions	-260	-2.577	-1.493
3.822	-1.110	1.174	Change in certificates and bonds	1.173	-1.108	3.840
1.285	-505	-325	Other accruals	-114	-412	1.438
-129	3.448	-2.434	A Net cash flow from operations	-2.346	3.453	-546
-119	-82	-47	Change in tangible fixed assets	-63	-103	477
10	0	23	Proceeds from sale of fixed assets	23	0	10
-415	-876	-560	Change in shares and ownership stakes	-619	-861	-594
-524	-958	-584	B Net cash flow, investments	-659	-964	-107
10.756	2.032	14.999	Debt raised by issuance of securities	14.999	2.032	10.756
-9.427	-6.350	-11.083	Repayments - issuance of securities	-11.083	-6.350	-9.427
0	1.750	825	Additional capital instruments issued	825	1.750	0
0	-783	-1.528	Repayments - additional capital instruments	-1.528	-783	0
160	0	1.519	Issue shares	1.519	0	160
-212	-336	-299	Dividend to share holders	-299	-336	-212
1.277	-3.687	4.433	C Net cash flow, financing	4.433	-3.687	1.277
624	-1.197	1.415	A+B+C Net cash flow during the period	1.428	-1.198	624
954	1.578	381	Cash and cash equivalents as at 1 January	388	1.586	962
1.578	381	1.796	Cash and cash equivalents as at 31 March	1.816	388	1.586
624	-1.197	1.415	Net cash flow during the period	1.428	-1.198	624
			Cash and cash equivalents specified			
1.235	263	1.314	Cash and balances with central banks	1.314	263	1.235
343	118	482	Balances with credit institutions	502	125	351
1.578	381	1.796	Cash and cash equivalents	1.816	388	1.586

The cash and cash equivalents includes cash and claims on central banks, plus the share of the total of claims on credit institutions that pertains to placement solely in credit institutions. The cash flow statement shows cash provided and used by Sparebank 1 SR-Bank and Sparebank 1 SR-Bank Group.

Notes to the financial statements

(in MNOK)

Note 1 Accounting principles

1.1 Basis for preparation

The 4th quarter 2012 interim financial statements of Sparebank 1 SR-Bank ASA are for the three months ending 31 december 2012 including preliminary financial statements for 2012 . They have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Financial Reportings are unaudited. 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 statements 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 classified 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 OMF 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 Allocated to dividends

Allocated to 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 disclaimers 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, and note 16 of the quaterly report

Note 2 Losses on loans and guarantees

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
15	9	79	Change in individual impairment losses provisions for the period	78	16	38
14	3	-30	Change in collective impairment loss provisions for the period	-30	5	24
6	6	5	Amortised cost	5	6	6
167	62	102	Actual loan losses on commitments for which provisions have been made	105	66	175
19	64	12	Actual loan losses on commitments for which no provision has been made	24	74	30
0	7	9	Change in assets taken over for the period	9	7	0
-34	-30	-49	Recoveries on commitments previously written-off	-54	-35	-39
187	121	128	The period's net losses / (reversals) on loans and advances	137	139	234

Note 3 Provisions for impairment losses on loans and guarantees

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
338	346	357	Provisions for Individual impairment losses at start of period	420	402	372
66	30	79	Increases in previous provisions for individual impairment losses	79	32	67
-71	-96	-62	Reversal of provisions from previous periods	-89	-108	-83
187	138	166	New provisions for individual impairment losses	120	158	229
-7	1	-2	Amortised cost	-2	1	-8
-167	-62	-102	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-105	-65	-175
346	357	436	Provisions for Individual impairment losses at period end	423	420	402
186	126	114	Net losses	129	140	205

Note 4 Non-performing and problem commitments

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
			Non-performing loans and advances			
408	384	406	Gross non-performing loans above 90 days	460	415	443
117	123	141	Provisions for Individual impairment losses	151	138	134
291	261	265	Net non-performing loans and advances	309	277	309
29 %	32 %	35 %	Loan loss provision ratio	33 %	33 %	30 %
			Other problem commitments			
656	587	839	Problem commitments	787	696	762
229	234	295	Provisions for Individual impairment losses	272	282	268
427	353	544	Net other problem commitments	515	414	494
35 %	40 %	35 %	Loan loss provision ratio	35 %	41 %	35 %

Note 5 Other assets

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
0	0	0	Intangible assets	43	54	60
366	380	347	Tangible fixed assets	363	401	392
278	163	384	Income earned but not received from SpareBank 1 Bolig- and Næringskreditt	384	163	278
33	46	5	Remburs	5	46	33
124	68	444	Other assets including unsettled trades	614	233	238
801	657	1.180	Total other assets	1.409	897	1.001

Note 6 Other liabilities

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
167	157	213	Accrued expenses and prepaid revenue	283	228	249
64	296	597	Deferred tax	631	329	138
517	584	162	Pension liabilities	176	703	616
6	2	1	Other specified provisions	1	2	6
33	46	5	Remburs	5	46	33
289	58	132	Taxes payable	209	130	326
340	372	953	Other liabilities including unsettled trades	990	405	384
1.416	1.515	2.063	Total other liabilities	2.295	1.843	1.752

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
969	1.019	1.116	Agriculture/forestry	1.116	1.019	969
132	161	131	Fishing/Fish farming	131	161	132
1.080	1.233	962	Mining/extraction	962	1.233	1.080
1.378	942	1.080	Industry	1.080	942	1.378
3.190	1.418	1.598	Power and water supply/building and construction	1.598	1.418	3.190
1.848	1.977	2.096	Retail trade, hotels and restaurants	2.096	1.977	1.848
1.391	1.149	1.001	Foreign trade shipping, pipeline transport and other transport activities	1.001	1.149	1.391
4.075	4.600	5.900	Real estate business	5.900	4.600	4.075
7.213	8.234	7.406	Service industry	7.406	8.234	7.044
10.947	11.996	12.119	Public sector and financial services	11.958	11.824	10.947
32.223	32.729	33.409	Total corporate sector	33.248	32.557	32.054
28.683	31.445	34.311	Retail customers	34.311	31.445	28.683
33	40	35	Accrued interests corporate sector and retail customers	35	40	33
60.939	64.214	67.755	Total deposits	67.594	64.042	60.770

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
3.208	3.528	3.894	Agriculture/forestry	4.141	3.773	3.430
292	311	481	Fishing/Fish farming	597	416	365
2.168	2.618	2.293	Mining/extraction	2.351	2.728	2.236
1.929	1.087	1.400	Industry	2.135	1.686	2.591
2.957	3.123	2.957	Power and water supply/building and construction	3.804	4.022	3.882
2.167	2.064	2.472	Retail trade, hotels and restaurants	2.975	2.487	2.504
5.756	6.173	5.930	Foreign trade shipping, pipeline transport and other transport activities	6.451	6.553	6.127
21.868	23.586	24.178	Real estate business	24.306	23.749	22.105
4.036	5.664	5.879	Service industry	7.650	6.827	5.011
509	796	2.087	Public sector and financial services	1.949	1.068	726
44.890	48.950	51.571	Total corporate sector	56.359	53.309	48.977
55.516	46.547	51.431	Retail customers	52.569	47.593	56.492
87	150	283	Unallocated (excess value fixed interest loans and amort. lending fees)	292	150	76
236	303	297	Accrued interests corporate sector and retail customers	293	316	247
100.729	95.950	103.582	Gross loans	109.513	101.368	105.792
-346	-355	-436	- Individual impairment losses provisions	-423	-418	-402
-314	-317	-287	- Collective impairment losses provisions	-332	-362	-357
100.069	95.278	102.859	Net loans	108.758	100.588	105.033

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 Approacl 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.

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		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
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
1.175	1.448	0	Equalisation reserve	0	1.448	1.175
336	299	384	Allocated to dividend	384	299	336
2.477	2.631	0	Savings bank's reserve	0	2.631	2.477
55	55	0	Share premium reserve	0	55	55
372	293	0	Endowment fund	0	293	372
43	43	72	Reserve for unrealised gains	72	43	43
0	0	2.868	Other equity	4.209	1.183	1.139
8.263	8.574	11.296	Total book equity	12.637	9.757	9.402
			Core capital			
0	0	0	Deferred taxes, goodwill and other intangible assets	-56	-71	-77
-2	-2	-1	Fund for unrealized gains, available for sale	-1	-2	-2
-336	-299	-384	Deduction for allocated dividends	-384	-299	-336
-373	-421	-462	50% deduction for subordinated capital in other financial institutions	-17	-21	-21
-268	-250	-278	50% deduction for expected losses on IRB, net of write-downs	-319	-255	-268
0	0	0	50 % capital adequacy reserve	-727	-665	-645
0	0	0	Year-to-date profit included in core capital (50%)	0	0	0
1.268	2.273	2.242	Additional Tier 1 capital	2.374	2.402	1.389
8.552	9.875	12.413	Total core capital	13.507	10.846	9.442
		0				
			Supplementary capital in excess of core capital			
783	0	0	Perpetual Tier 2 capital	0	0	783
0	0	0	Tier 2 capital - excess of 15% additional Tier 1 capital	0	0	0
1.961	1.565	1.876	Non-perpetual additional capital	2.124	1.776	2.191
-373	-421	-462	50% deduction for investment in capital instruments in other financial institutions	-17	-21	-21
-268	-250	-278	50% deduction for expected losses on IRB, net of write-downs	-319	-255	-268
0	0	0	50 % capital adequacy reserve	-727	-665	-645
2.103	894	1.136	Total supplementary capital	1.061	835	2.040
10.655	10.769	13.549	Net subordinated capital	14.568	11.681	11.482
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
1.953	2.060	2.328	Specialised lending exposure	2.328	2.060	1.953
2.034	2.104	2.346	Other corporations exposure	2.346	2.104	2.042
35	33	32	SME exposure	39	37	38
477	393	400	Retail mortage exposure (properties)	796	758	680
86	75	55	Other retail exposure	58	78	87
340	464	619	Equity investments	0	0	0
4.925	5.129	5.780	Total credit risk IRB	5.567	5.037	4.800
122	131	168	Debt risk	149	107	116
34	47	44	Equity risk	44	47	34
0	0	0	Currency risk	0	0	0
295	331	366	Operational risk	447	408	374
0	0	0	Transitional arrangements	908	861	566
605	591	630	Exposures calculated using the standardised approach	1.901	1.817	1.617
-60	-67	-74	Deductions	-119	-110	-107
5.921	6.162	6.914	Minimum requirements subordinated capital	8.897	8.167	7.400
14,40 %	13,98 %	15,68 %	Capital adequacy ratio	13,10 %	11,44 %	12,41 %
11,55 %	12,82 %	14,36 %	Core capital ratio	12,15 %	10,62 %	10,21 %
2,84 %	1,16 %	1,31 %	Supplementary capital ratio	0,95 %	0,82 %	2,21 %
9,84 %	9,87 %	11,77 %	Core Tier 1 capital, transitional arrangements	10,01 %	8,27 %	8,71 %
11,55 %	12,82 %	14,36 %	Tier 1 capital coverage	13,53 %	11,88 %	11,05 %
9,84 %	9,87 %	11,77 %	Core Tier 1 capital coverage	11,15 %	9,25 %	9,43 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount 31.12.12	Fair value at 31.12.12 Assets	Liabilities
Currency instruments			
Currency forward contracts	3.848	32	67
Currency swaps	21.394	256	66
Currency options	71	0	0
Total currency instruments	25.313	288	133
Interest rate instruments			
Interest rate swaps(including cross-currency)	90.491	1.326	1.529
Other interest rate contracts	0	0	0
Total interest rate instruments	90.491	1.326	1.529
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	40.481	2.347	264
Total hedging / Interest rate instruments	40.481	2.347	264
Accrued interests			
Accrued interests		617	356
Total accrued interests		617	356
Total currency and interest rate instruments			
Total currency instruments	25.313	288	133
Total interest rate instruments	130.972	3.673	1.793
Total accrued interests		617	356
Total	156.285	4.578	2.282

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	31.12.10	31.12.11	31.12.12
Bonds, nominal amount	38.900	34.593	37.960
Adjustments	1.043	1.340	2.220
Accrued interests	364	405	511
Total debt raised through issuance of securities	40.307	36.338	40.691

Change in debt raised through issuance of securities	Balance as at 31.12.11	Issued 2012	Past due/ redeemed 2012	FX rate- and other changes 2012	Balance as at 31.12.12
Certificates, nominal amount	0	0	0	0	0
Bonds, nominal amount	34.593	14.999	-11.083	-549	37.960
Adjustments	1.340	0	0	880	2.220
Accrued interests	405	0	0	106	511
Total debt raised through issuance of securities	36.338	14.999	-11.083	437	40.691

Additional Tier 1 and Tier 2 capital instruments	31.12.10	31.12.11	31.12.12
Non-perpetual additional Tier 2 capital, nominal amount	1.961	2.575	1.876
Perpetual additional Tier 2 capital, nominal amount	783	0	0
Additional Tier 1 capital, nominal amount	1.268	2.273	2.242
Adjustments	107	90	81
Accrued interests	25	37	24
Total additional Tier 1 and Tier 2 capital instruments	4.144	4.975	4.223

Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 31.12.11	Issued 2012	Past due/ redeemed 2012	FX rate- and other changes 2012	Balance as at 31.12.12
Non-perpetual additional Tier 2 capital, nominal amount	2.575	825	-1.528	4	1.876
Perpetual additional Tier 2 capital, nominal amount	0	0	0	0	0
Additional Tier 1 capital, nominal amount	2.273	0	0	-31	2.242
Adjustments	90	0	0	-9	81
Accrued interests	37	0	0	-13	24
Total additional Tier 1 and Tier 2 capital instruments	4.975	825	-1.528	-49	4.223

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 31.12.2012									
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	1.852	1.476	690	19	352	1	1	-199	1.108	5.300
Interest expense	954	610	632	13	169	0	0	-192	1.372	3.558
Net interest income*	898	866	58	6	183	1	1	-7	-264	1.742
Commission income	775	258	58	0	3	65	1	-45	-10	1.105
Commission expenses	48	25	3	0	14	22	0	-42	6	76
Other operating income	0	0	0	426	0	0	0	-3	14	437
Net commission and other income	727	233	55	426	-11	43	1	-6	-2	1.466
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	265	265
Net gains/losses on financial instruments	10	18	150	0	0	0	18	-25	117	288
Net income on investment securities	10	18	156	0	0	0	18	-25	401	578
Personnel expenses	394	174	55	190	29	19	-2	-7	230	1.082
Administrative expenses	114	23	11	43	9	4	0	0	213	417
Other operating expenses	80	24	7	113	10	3	0	6	146	389
Total operating expenses	588	221	73	346	48	26	-2	-1	589	1.888
Operating profit before losses	1.047	896	196	86	124	18	22	-37	-454	1.898
Change in individual write-downs in the period	6	152	0	0	9	0	0	0	0	167
Change in group write-downs in the period	3	-33	0	0	0	0	0	0		-30
Operating profit before tax	1.038	777	196	86	115	18	22	-37	-454	1.761
Net interest income*										
External net interest income	898	870	58	-13	352	0	0	0	-423	1.742
Internal net interest income	0	-4	0	19	-169	1	1	0	152	0
Net interest income	898	866	58	6	183	1	1	0	-271	1.742
Balance sheet (MNOK)										
Loans to customers	54.526	47.148	0	0	6.073	0	0	0	1.766	109.513
Individual loss provisions	-97	-264	0	0	-62	0	0	0	0	-423
Group loss provisions	-22	-261	0	0	-45	0	0	0	-4	-332
Other assets	0	0	646	208	104	49	207	0	31.571	32.785
Total assets	54.407	46.623	646	208	6.070	49	207	0	33.333	141.543
Deposits from customers	38.865	25.391	0	0	0	0	0	0	3.338	67.594
Other debt	0	0	646	148	5.534	31	25	0	54.928	61.312
Total debt	38.865	25.391	646	148	5.534	31	25	0	58.266	128.906
Equity	0	0	0	60	536	18	182	0	11.841	12.637
Total debt and equity	38.865	25.391	646	208	6.070	49	207	0	70.107	141.543
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	48.155	533								48.688

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 31.12.2011									
Interest income	1.662	1.354	680	21	317	1	2	-185	1.435	5.287
Interest expense	815	618	648	12	157	0	0	-179	1.460	3.531
Net interest income*	847	736	32	9	160	1	1	-6	-24	1.756
Commission income	509	216	67	0	4	69	2	-43	10	834
Commission expenses	40	26	4	0	11	25	0	-38	3	71
Other operating income	0	0	0	426	0	0	0	-2	5	429
Net commission and other income	469	190	63	426	-7	44	2	-7	12	1.192
Dividend income	0	0	7	0	0	0	0	0	14	21
Income from investment in associates	0	0	0	0	0	0	0	0	209	209
Net gains/losses on financial instruments	12	21	112	0	0	0	11	-51	-16	89
Net income on investment securities	12	21	119	0	0	0	11	-51	207	319
Personnel expenses	365	149	52	189	20	13	3	-6	43	828
Administrative expenses	118	25	10	42	8	3	0	-1	205	410
Other operating expenses	86	22	5	113	8	2	0	-7	166	395
Total operating expenses	569	196	67	344	36	18	3	-14	414	1.633
Operating profit before losses	759	751	147	91	117	27	11	-50	-219	1.634
Change in individual write-downs in the period	36	83	0	0	17	0	0	0	0	136
Change in group write-downs in the period	6	-3	0	0	0	0	0	0	0	3
Operating profit before tax	717	671	147	91	100	27	11	-50	-219	1.495
Net interest income*										
External net interest income	847	737	32	-12	317	0	0	0	-165	1.756
Internal net interest income	0	-1	0	21	-157	1	2	0	134	0
Net interest income	847	736	32	9	160	1	2	0	-31	1.756
Balance sheet (MNOK)										
Loans to customers	49.655	45.147	0	0	5.420	0	0	0	1.146	101.368
Individual loss provisions	-109	-246	0	0	-63	0	0	0	0	-418
Group loss provisions	-17	-300	0	0	-45	0	0	0	0	-362
Other assets	0	0	683	309	92	51	197	0	29.222	30.554
Total assets	49.529	44.601	683	309	5.404	51	197	0	30.368	131.142
Deposits from customers	36.689	23.530	0	0	0	0	0	0	3.823	64.042
Other debt	0	0	683	260	4.922	37	16	0	51.425	57.343
Total debt	36.689	23.530	683	260	4.922	37	16	0	55.248	121.385
Equity	0	0	0	49	482	14	181	0	9.031	9.757
Total debt and equity	36.689	23.530	683	309	5.404	51	197	0	64.279	131.142
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	44.624	705								45.329

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 31.12.2012	Group			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass. effect	Fair value
At fair value through profit and loss	10.657	0	0	10.657
Held to maturity	218	0	2	220
Covered Bonds [2)]	7.699	0	0	7.699
Accrued interests	103	0	0	103
Total certificates and bonds	18.677	0	2	18.679

	Group		
Bonds reclassified as receivable and hold to maturity	31.12.10	31.12.11	31.12.12
Book value	1.324	715	218
Nominal value	1.341	723	221
Observable market value	1.324	707	220

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

[1)] Net urealised losses written back as at 1[st] 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. Remaining economic life of the covered bonds is approximately equal to remaining economic life of the swap agreement.

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:

Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Parent bank and group
2,40 %	2,70 %	2,10 %	2,20 %	3,90 %	Discount rate
6,00 %	6,00 %	6,00 %	6,00 %	5,00 %	Expected return on assets
4,00 %	4,00 %	4,00 %	3,25 %	3,50 %	Forecast salary increase
3,75 %	3,25 %	3,25 %	3,00 %	3,25 %	National Insurance scheme's basic amount
2,00 %	2,00 %	2,00 %	2,00 %	2,00 %	Pension adjustment

Change in pension obligations (NOK million):

Parent bank					Group			
2011	Q4 2011	Q4 2012	2012		2012	Q4. 2012	Q4 2011	2011
517	662	630	584	Net obligations opening balance	703	685	785	616
291	77	-478	-413	Actuarial liabilities and losses recognised in comprehensive income	-452	-507	92	346
67	17	13	61	Net pension cost	68	15	21	83
-94	-32	0	-51	Company contributions	-78	-3	-23	-103
-12	-3	-3	-13	Payments from operations	-15	-5	-5	-15
-185	-137	0	-6	Curtailments and settlements included in the income statement	-50	-9	-167	-224
584	584	162	162	Net pension obligations closing balance	176	176	703	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
Q4 2012	0	Effect of settlement	5
	0	Change in pension obligation over profit and loss	40

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 Q4 2012.

QUARTERLY INCOME STATEMENT	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
SpareBank 1 SR-Bank Group, MNOK	2012	2012	2012	2012	2011	2011	2011	2011	2010
Interest income	1.331	1.323	1.319	1.327	1.378	1.362	1.290	1.257	1.282
Interest expense	851	875	906	926	930	905	863	833	840
Net interest income	480	448	413	401	448	457	427	424	442
Commission income	330	280	273	222	211	200	221	202	194
Commission expenses	-17	-19	-20	-20	-12	-21	-19	-19	-15
Other operating income	98	113	126	100	106	102	123	98	104
Net commission and other income	411	374	379	302	305	281	325	281	283
Dividend income	0	1	21	3	1	1	13	6	0
Income from investment in associates	22	90	53	100	67	33	58	51	94
Net gains/losses on financial instrument valued at fair value	75	101	13	99	43	-27	2	71	89
Net return on investment securities	97	192	87	202	111	7	73	128	183
Total income	988	1.014	879	905	864	745	825	833	908
Personnel expenses	292	271	244	275	100	273	200	255	223
Administrative expenses	107	105	99	106	111	99	100	100	109
Other operating expenses	105	90	97	97	118	90	96	91	91
Total operating expenses	504	466	440	478	329	462	396	446	423
Operating profit before impairment losses	484	548	439	427	535	283	429	387	485
Impairment losses on loans and guarantees	26	43	34	34	45	30	13	51	71
Operating profit before tax	458	505	405	393	490	253	416	336	414
Tax expense	114	107	102	77	153	79	111	71	33
Profit after tax	344	398	303	316	337	174	305	265	381
Profitability									
Return on equity per quarter	11,2 %	13,6 %	11,8 %	12,9 %	13,9 %	7,2 %	12,6 %	11,2 %	16,9 %
Cost percentage	51,0 %	46,0 %	50,1 %	52,8 %	38,1 %	62,0 %	48,0 %	53,5 %	46,6 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	109.513	104.521	105.428	100.463	101.368	103.930	107.914	104.771	105.792
Deposits from customers	67.594	69.195	71.285	67.108	64.042	64.323	64.982	62.662	60.770
Total assets	141.543	138.663	139.615	134.683	131.142	132.965	134.715	132.555	134.778
Average total assets	140.555	139.002	136.674	132.949	132.392	134.579	133.469	133.916	133.557
Growth in loans over last 12 months	8,0 %	0,6 %	-2,3 %	-4,1 %	-4,2 %	3,6 %	11,5 %	8,6 %	13,2 %
Growth in deposits over last 12 months	5,5 %	7,6 %	9,7 %	7,1 %	5,4 %	15,5 %	15,8 %	17,5 %	11,8 %
Losses and non-performing commitments									
Impairment losses ratio [2]	0,10	0,16	0,13	0,13	0,18	0,11	0,05	0,19	0,28
Non-performing commitments as a percentage of total loans	0,42	0,54	0,49	0,44	0,41	0,57	0,40	0,40	0,42
Other doubtful commitments as a percentage of total loans	0,72	0,87	0,82	0,89	0,69	0,68	0,82	1,01	0,72
Solidity									
Capital adequacy ratio	13,1	12,0	11,9	11,0	11,4	11,2	11,5	11,8	12,4
Core capital ratio	12,1	11,5	11,4	10,5	10,6	9,6	10,0	10,2	10,2
Core Tier 1 capital	10,0	9,4	9,2	8,2	8,3	8,2	8,6	8,8	8,7
Core capital	13.507	12.746	12.514	10.960	10.846	9.523	9.760	9.734	9.442
Net equity and subordinated loan capital	14.568	13.273	13.041	11.425	11.681	11.114	11.200	11.235	11.482
Minimum subordinated capital requirement	8.897	8.856	8.797	8.333	8.167	7.921	7.778	7.611	7.400
Shares									
Market price at end of quarter	37,20	36,90	32,10	41,00	40,70	40,70	51,50	57,00	57,00
Number of shares issued, millions	255,75	255,75	255,75	199,49	127,31	127,31	127,31	127,31	127,31
Earnings per share, NOK (annualised) [1]	1,35	1,56	1,19	1,58	1,73	0,86	1,51	1,32	1,94
Price/earnings per share	6,89	5,91	6,74	6,49	5,88	11,83	8,53	10,80	7,35

[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