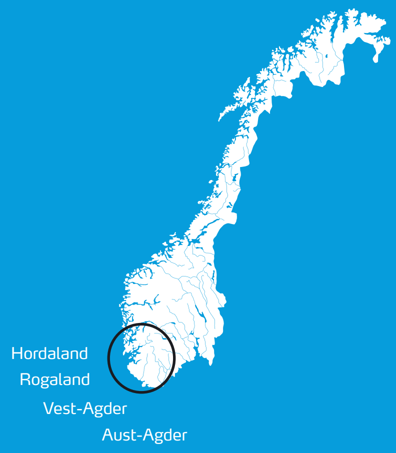
ANNUAL REPORT 2012

SpareBank 1 SR-BANK

OVERVIEW
OF OUR OFFICES



CENTRAL SWITCHBOARD

+47 915 02002 for retail customers
+47 915 02008 for corporate customers

HEADOFFICE/ADMINISTRATION:

Bjergsted Terrasse 1,
P.O.Box 250, N-4066 Stavanger

E-mail retail customers:
kundesenter@sr-bank.no

E-mail corporate customers:
bedrift@sr-bank.no

Fax +47 51 57 12 60

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KEY FIGURES

(Figures in NOK million)	2012	2011
Net interest income	**1 742**	1 756
Total other operating income	**2 044**	1 511
Total operating costs before loan losses	**1 888**	1 633
Operating profit before loan losses	**1 898**	1 634
Losses on loans and guarantees	**137**	139
Operating profit before tax	**1 761**	1 495

KEY FIGURES

	2012	2011
Total assets 31.12 (NOK million)	**141 543**	131 142
Net lending (MNOK)	**108 758**	100 588
Net lending incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**157 446**	145 917
Customer deposits (NOK million)	**67 594**	64 042
Lending growth incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**7,8 %**	11,2 %
Deposit growth	**5,5 %**	5,4 %
Capital ratio %	**13,1**	11,4
Tier 1 capital %	**12,1**	10,6
Core equity tier 1 capital %	**10,0**	8,3
Net primary capital (NOK million)	**14 568**	11 681
Return on equity %	**12,4**	11,2
Cost/income ratio	**49,9**	50,0
No. of full time equivalents	**1 207**	1 213
No. of branches	**53**	53
Market price at year-end	**37,20**	40,70
Earnings per share	**5,32**	5,42
Dividend per share	**1,50**	1,50
Effective yield on share	**-4,91**	-23,77

Please also refer to the complete review of key figures and definitions on pages 124 and 128.

GROUP PROFIT
BEFORE TAX:

1 761

million (NOK 1 495 million)

NET INTEREST
INCOME:

1 742

million (NOK 1 756 mill kr)

RETURN ON EQUITY
AFTER TAX:

12,4

per cent (11,2 per cent)

NET COMMISSION
AND OTHER INCOME:

1 466

million (NOK 1 192 million)

NET YIELD ON
FINANCIAL INVESTMENTS:

578

million (NOK 319 million)

GROWTH IN LENDING, GROSS
LAST 12 MONTHS INCLUDING
SB1 BOLIGKREDITT AND
SB1 NÆRINGSKREDITT:

7,8

per cent (11,2 per cent)

GROWTH IN DEPOSITS
LAST 12 MONTHS:

5,5

per cent (5,4 per cent)

WRITE-DOWN IN PER CENT
OF LENDING INCL.
SB1 BOLIGKREDITT

0,09

per cent (0,10 per cent)

MARKET AND CUSTOMER BASE

SPAREBANK 1 SR-BANK'S MARKET POSITION AND CUSTOMER BASE

LOCATIONS AND DISTRIBUTION NETWORK

SpareBank 1 SR-Bank is Norway's largest regional bank and the second largest Norwegian-owned bank. SpareBank 1 SR-Bank's core area is Rogaland, although its focus on the Agder counties and Hordaland has produced good growth, both in terms of market share and profitability, in just a few years. The counties in the market area are home to around 1.18 million inhabitants and approximately 208 000 companies and sole proprietorships are registered in the region.

Over the last forty years, Southern and Western Norway, and particularly the Stavanger region, have been at the centre of the development of Norway as an oil and energy producer. About 40 per cent of Norwegian oil service companies are located in the Stavanger region, and the majority of the Norwegian operating companies' headquarters are to be found here. Statoil, Norway's largest oil company, has its head office in Forus, Stavanger and the vast majority of the international operating companies also have their Norwegian headquarters in the Stavanger region. These include Total, ENI, ConocoPhillips and Shell. Government agencies such as Petoro, the Norwegian Petroleum Directorate and the Petroleum Safety Authority Norway also have their headquarters in Stavanger, as does the Oljeindustriens Landsforening (OLF).

Southern and Western Norway has a diverse and dynamic business sector that is known for its high degree of internationalisation, value creation and innovation. The region is well located in terms of international communication, the Norwegian Continental Shelf and regional transport routes.

The business sector's international orientation and networks make the region open and accessible to the outside world. In the wake of the Norwegian petroleum adventure, we have seen a sharp increase in entrepreneurship and new business establishments, and in general the region is home to a great deal of innovation.

The region is currently enjoying a significant level of industrial investment thanks to its main industry, oil and energy. This provides a basis for greater activity and value creation in the region through ripple effects. Major national and international companies are making large investments on the Norwegian Continental Shelf and positioning themselves in the region. This is leading to increased demand for labour and a tighter labour market than elsewhere in the country, as well as more pressure on housing prices.

The region's industrial structure is dominated by oil and gas related activities, but it also possesses expertise in many other areas:

- It is one of the most important producers of meat and dairy products and vegetables in Norway.
- The financial industry, led by SpareBank 1 SR-Bank, HitecVision and Skagen Fondene, has grown large.
- It is also home to an extensive food processing industry.

SpareBank 1 SR-Bank's geographic exposure stretches from Grimstad in Aust-Agder to Åsane in Hordaland. However, most of it is still in its core area, namely Rogaland.

SpareBank 1 SR-Bank practises a multi-channel strategy based on building on the personal relationships between the bank and its customers while making both traditional and new banking services readily available via digital channels. This simplifies customers' lives and helps strengthen customer relationships.

SpareBank 1 SR-Bank's most important competitors are full-service banks like DNB, Nordea, Fokus Bank and local savings banks. Because of the strong economic growth in its market area in recent years, the competition has invested heavily in establishing themselves and growth through aggressive pricing and recruiting employees from competitors.

CUSTOMER BASE

SpareBank 1 SR-Bank's market area covers about 24 per cent of Norway's population.

Overall, the region has experienced significant growth in employment and economic activity for a long time. The growth in employment in Rogaland has been significantly stronger than in Norway as a whole. Developments in the oil industry have provided a basis for growth in the labour market, meaning the county has attracted a significant share of immigration from abroad (especially from Western countries) and domestic migration. The county also has a relatively high birth rate and a relatively young population. However, compared with previous decades, the rate of growth that has been seen in recent years has been particularly rapid.

In its latest population forecast, Statistics Norway estimates that the population of Rogaland will grow by around 145 000 people by 2030 (mean estimate), which would imply an annual growth rate of about 1.42 per cent. The long-term forecast indicates that Rogaland will see the strongest growth in the country. This will mean an increase of 35 per cent compared with the current population. In the short-term, up to 2015, the estimated population growth in Rogaland is on a par with growth in Oslo and Akershus at approximately 2 per cent per annum. The significant future rise in population will require sufficient land for house building and jobs for a much larger population than today. This probably means that parts of the population will have to live further away from the current growth centres in Nord-Jæren and the Haugesund region.

Population growth in the Agder counties up to 2015 will be on a par with the national average, about 1.35 per cent per annum, although Statistics Norway's forecasts for 2030 indicate these counties will see annual growth of around 1.20 per cent compared with the national average of about 1.03 per cent.

Statistics Norway's forecasts for Hordaland indicate annual growth up to 2015 of about 1.54 per cent and in the longer term up to 2030 of about 1.18 per cent.

THE LEADING FINANCIAL GROUP IN SOUTHERN AND WESTERN NORWAY

ONE OF SCANDINAVIA'S MOST PROFITABLE FINANCIAL GROUPS DURING THE LAST

16 YEARS

174

YEARS OF VALUE CREATION

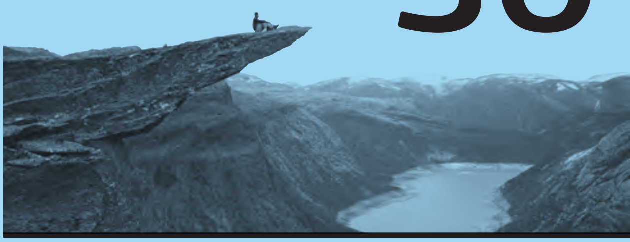
302.000

CUSTOMERS

IN 2012 WE CREATED MEASURABLE VALUES WORTH

3.0 MRD

PRIMARY BANK FOR **30** MUNICIPALITIES/ COUNTY MUNICIPALITIES



53

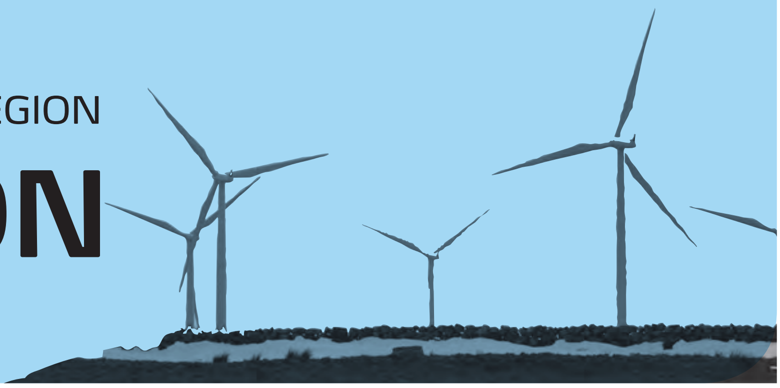
DEPARTMENTS

IN HORDALAND, ROGALAND AND AGDER

A FUTURE-ORIENTED GROWT REGION

1,2 MILLION

PEOPLE



READY FOR THE FUTURE

Not everyone has the chance to live and do business in a region with as high a level of activity as in Southern and Western Norway. The activity in of the region's businesses combined with good profitability is producing robust jobs. Record low unemployment ensures solid, predictable incomes for the people who live here. This in turn contributes to healthy purchasing power, which again creates new jobs. In other words, the economy in our region is enjoying a virtuous circle. The future looks bright. Expectations for the years ahead are high. This is especially true in relation to the level of activity on the Norwegian continental shelf, the region's economic engine.

EQUITY INCREASED BY NOK 2.8 BILLION

A growing community needs a sound and solid bank. SpareBank 1 SR-Bank is sound and well-equipped to meet the needs of both the business sector and people in our region. 2012 was the first year as a public limited company with all of our equity listed on the Oslo Stock Exchange. This change has had a huge impact on where we stand today. In 2012 we focused on solvency. Overall, our equity increased by 2.8 billion, in part due to that we, in an uncertain financial market, carried out a rights issue with shareholders and a private placement with employees that together raised NOK 1.52 billion. This means we are still in a position to create value for our region.

11 000 NEW CUSTOMERS

An increasing number of customers are choosing us to provide the financial services they need. We gained no fewer than 10 000 new retail customers and 1 000 new corporate customers during 2012. This clearly shows that we hold a good, strong position in Southern and Western Norway. We are also consolidating our position as the largest and most qualified estate agent in the region.

7 500 sold homes implies that a home was sold via EiendomsMegler 1 SR-Eiendom almost every hour of every single day in 2012. A total of more than 400 000 customers bought a product or service from us in 2012. We are proud of this vote of confidence from our customers.

1 330 COMPETENT AND COMMITTED EMPLOYEES

Our 1 330 employees feel they do a meaningful job for the Group and our region. Once again we are pleased to note that our employees are motivated by the tasks and requirements they face every day. This was demonstrated in our annual corporate survey. We want our organisation to consist of highly committed employees who want to, and can, help us improve. We believe that the difference between our competitors and us lies in the strength that each and every one of our 1 330 employees has; a strength that derives from the knowledge each of them possesses about the local market and customers. We are perceived as competent. This does not just happen. We focus on training and development every day. This has placed us among the leaders in our industry with the most authorised financial advisers. More than 85 per cent of our advisers are authorised.

We are well-equipped to meet tomorrow with significantly stronger equity, considerably more customers and very competent and committed employees. We look forward to still being there for our customers.

Arne Austreid
CEO

1 330

COMMITTED EMPLOYEES

11 000

NEW CUSTOMERS CHOSE US

SIGNIFICANT EVENTS IN 2012

EiendomsMegler 1 SR-Eiendom is consolidating its strong market position

More than

15.000

families purchased or sold properties via EiendomsMegler 1 SR-Eiendom during the year. The company is consolidating its position as Southern and Western Norway's leading estate agents.

SpareBank 1 SR-Finans continues to grow

The Group's leasing company delivered a record pre-tax profit of NOK 115.3 million and has more than

NOK 6 billion

in total assets. It is the region's clear leader in lease financing for corporate customers and car and boat loans for retail customers.

More than 11 000 new customer choose SpareBank 1 SR-Bank as their new financial partner

More than

10.000

new retail customers and

1000

new corporate customers chose to place their trust in us. Good products, the advice we offer, solid relationships and competitive prices are working well.

New digital banking solutions taking off

At year-end 2012, more people were logging into SpareBank 1 SR-Bank via its

mobile bank app

than via its traditional online solution.

Significantly stronger equity

SpareBank 1 SR-Bank strengthened its equity by

NOK 1.52 billion

via rights issues in June 2012. It needs the extra equity so it can meet the future with an aggressive approach and continue to grow along with the region.

Stricter regulatory requirements for the financial sector

The new,

stricter require-ments

for the banking industry's equity and funding needs are becoming increasingly clear - both internationally and in Norway. SpareBank 1 SR-Bank is monitoring developments closely and is well prepared for the expected changes.

THE GROUP

HISTORY

On 1 October 1976, 22 savings banks in Rogaland merged to form Norway's first regional savings bank, Sparebanken Rogaland. At that time, this was the most comprehensive merger that had been carried out among Norwegian savings banks. From the very beginning, the bank wa the nation's second largest savings bank, with total assets of NOK 1.5 billion. The regional savings bank grew through its active participation in Rogaland's social and business development, and this has been its guiding concept ever since 1839, when the first of the merged savings banks was founded in Egersund. The intention of the founders of the savings banks in the rural districts was to contribute to positive community development by channelling locally created value back into local communities.

In 1996, the bank was a co-founder of SpareBank 1 Alliance, which is a banking and product alliance. The Group's participation in the SpareBank 1 Alliance links it to independent banks with local roots. This allows it to combine efficient operations and economies of scale with the benefits of being close to our customers and the market. In March 2007, the bank formally changed its name from Sparebanken Rogaland to SpareBank 1 SR-Bank.

On 21 June 2011, the Ministry of Finance granted SpareBank 1 SR-Bank permission to convert from a savings bank to a limited liability company (limited liability savings bank) and to establish a savings bank foundation on specific terms and conditions. The conversion and establishment of Sparebankstiftelsen SR-Bank was completed with effect from 1 January 2012. The company's legal name was simultaneously changed to SpareBank 1 SR-Bank ASA.

THE GROUP

The Group had 1 330 employees as of 31 December 2012. The Group comprises the parent bank, SpareBank 1 SR-Bank ASA, and the subsidiaries SpareBank 1 SR-Finans AS, Eiendoms-Megler 1 SR-Eiendom AS, SR-Investering AS, and SR Forvalt-ning AS.

THE BANK

The Group's market areas are Rogaland, the Agder counties and Hordaland. The bank currently has 53 branches and total assets of NOK 142 billion. The bank has also sold approximately NOK 49 billion in mortgages to its part-owned mortgage companies SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Its registered head office is in Stavanger. Customer-orientated activities are organised into three divisions: the retail market, corporate market and capital market, respectively. The bank provides products and services in the fields of financing, investments, payment services, pensions and life and P&C insurance.

RETAIL MARKET

SpareBank 1 SR-Bank is the leading retail customer bank in

CEO
Arne Austreid

Executive VP Business Supportand development
Glenn Sæther

Executive VP Capital Market
Stian Helgøy

Executive VP Communication
Thor-Christian Haugland

Executive VP Corporate Market
Tore Medhus

Rogaland, with 279 396 customers and a market share of about 40 per cent. In addition to the retail customers, the division also serves 6 602 small business and agricultural customers and 2 786 clubs and associations.

CORPORATE MARKET

SpareBank 1 SR-Bank has 10 900 customers in the business and public administration sectors. About 40 per cent of all businesses in Rogaland cite SpareBank 1 SR-Bank as their main bank. The retail market division also has some small business and agricultural customers.

CAPITAL MARKET

The capital market division comprises the Group's securities activities, SpareBank 1 SR-Bank Markets, and the subsidiary SR-Forvaltning AS, which manages assets in the form of securities, securities funds and property for customers and the Group. SpareBank 1 SR-Bank Markets primarily serves the Group's customers and selected customers in our own market area and the country as a whole.

EIENDOMSMEGLER 1 SR-EIENDOM AS

EiendomsMegler 1 SR-Eiendom AS is the market leader in the Group's market area. It is the largest company in the nationwide EiendomsMegler 1 chain. This chain is in turn the largest chain of estate agents in Norway. In 2012, the company sold 7 449 properties from its 33 estate agent offices in Rogaland, the Agder counties and Hordaland. The activities cover commercial real estate, holiday homes, and new builds and used homes.

SPAREBANK 1 SR-FINANS AS

SpareBank 1 SR-Finans AS is Rogaland's leading leasing company with approximately NOK 6.1 billion in total assets. Its main products are lease financing for the business sector and car and boat loans for retail customers. The lease financing portfolio consists of a wide range of products and the company's customers span everything from sole proprietorships and small limited companies to large enterprises.

SR-FORVALTNING AS

SR-Forvaltning AS's goal is to be a local alternative offering a high level of expertise in asset management. The company manages portfolios for SpareBank 1 SR-Bank's pension fund, short-term portfolios for SpareBank 1 SR-Bank and portfolios for 2 500 external customers. The external customer base comprises pension funds, public and private enterprises and affluent individuals. Total assets amount to approximately NOK 6.1 billion.

SR-INVESTERING AS

SR-Investering AS's object is to contribute to the long-term creation of value through investments in the business sector in the Group's market area. The company primarily invests in private equity funds and companies in the SMB segment

CFO
Inge Reinertsen

Executive VP HR
Wenche Mikalsen

Executive VP Retail Market
Jan Friestad

Executive VP Head of Risk Management and Compliance
Frode Bø

that need capital in order to develop and expand. At the end of 2012, the company had investments and commitments totalling NOK 268.5 million in 20 private equity funds and companies.

THE SPAREBANK 1 ALLIANCE

The SpareBank 1 Alliance was established in 1996. It is a banking and product alliance in which the SpareBank 1 banks in Norway cooperate through the jointly-owned holding company SpareBank 1 Gruppen AS. The independent banks in the alliance are SpareBank 1 SR-Bank, SpareBank 1 SMN, SpareBank 1 Nord-Norge, Sparebanken Hedmark, and Samarbeidende Sparebanker (11 local savings banks in southern Norway). The SpareBank 1 Alliance's main goal is to ensure each bank's independence and regional affiliation through strong competitiveness, profitability and financial strength. At the same time, the SpareBank 1 Alliance represents a complete competitive banking alternative on a national level.

The SpareBank 1 Alliance represents one of the largest providers of financial products and services in the Norwegian market. It has established a national market profile and developed a joint brand building and communication strategy. The strategic market platform also provides a basis for joint product and concept development. Market efforts are mainly targeted at the retail market, small and medium sizes companies, and unions affiliated with the Norwegian Confederation of Trade Unions. Both the banks and the product areas are doing well in the current competition situation, and financial performance is good.

The product companies in the SpareBank 1 Alliance are owned by the banks through the holding company SpareBank 1 Gruppen AS. SpareBank 1 Gruppen owns all of the shares in SpareBank 1 Livsforsikring AS, SpareBank 1 Skadeforsikring AS, ODIN Forvaltning AS, SpareBank 1 Medlemskort AS, SpareBank 1 Gruppen Finans AS and 97.55 per cent of the shares in SpareBank 1 Markets AS.

The banks in the SpareBank 1 Alliance also own SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, EiendomsMegler 1 (chain), Alliansesamarbeidet SpareBank 1 DA, Bank 1 Oslo Akershus AS and BN Bank ASA.

THE OBJECT OF SPAREBANK 1 SR-BANK

SpareBank 1 SR-Bank's object is to create value for the region of which we are a part.

VISION

SpareBank 1 SR-Bank - recommended by the customer.

CORE VALUES

"The courage to have opinions, the strength to create"

By:

- taking a long-term approach
- being open and honest

and by:

- assuming responsibility and showing respect
- having the will and ability to improve

STRATEGY

SpareBank 1 SR-Bank aims to be the most attractive supplier of financial services in Western and Southern Norway.

BASED ON:

- Good customer experiences
- A strong team feeling and professionalism
- Local roots and decision-making authority
- Financial strength, profitability and confidence in the market

STRATEGIC CONCEPT:

One door in: this means that we strive to ensure that we are easy for customers to cooperate with, and that they know what to expect and feel comfortable regardless of the channel.

THE SPAREBANK 1 SR-BANK GROUP

SpareBank 1 SR-Bank ASA

- SpareBank 1 SR-Finans AS 100%
- SR-Investering AS 100%
- SR-Forvaltning AS 100%
- Eiendoms-Megler 1 SR-Eiendom AS 100%
- Bank 1 Oslo Akershus AS 19,5%*
- SpareBank 1 Boligkreditt AS 29,9%
- SpareBank 1 Gruppen AS 19,5%
- BN Bank ASA 23,5%
- SpareBank 1 Nærings-kreditt AS 27,8%

* As per 17.01. SpareBank 1 SR-Bank owns 4.8 per cent of Bank 1 Oslo Akershus AS.

ORGANISATIONAL CHART

General meeting

Supervisory board

Auditor

Audit Committee

Internal Auditor

Board

CEO
Arne Austreid

- Executive VP Corporate Market – Tore Medhus
- Executive VP Retail Market – Jan Friestad
- Executive VP Capital Market – Stian Helgøy
- Executive VP Business Support and development – Glenn Sæther
- Executive VP Communication – Thor-Christian Haugland
- Executive VP Head of Risk Management and Compliance – Frode Bø
- Executive VP HR – Wenche Mikalsen
- CFO – Inge Reinertsen

REPORT OF THE BOARD OF DIRECTORS

The SpareBank 1 SR-Bank Group achieved a pre-tax profit of NOK 1 761 million in 2012. The net profit for the year was NOK 1 361 million, compared with NOK 1 081 million in 2011. The return on equity after tax was 12.4 per cent, compared with 11.2 per cent for the year before. The improved result can be attributed to stronger underlying operations, low losses and better financial markets than in 2011.

The Board of Directors is satisfied with the result for 2012. The solid efforts of the staff, good credit quality of the loan portfolios, and close customer relationships were important drivers behind this positive financial performance despite the financial markets which are still demanding and the regulatory situation which remains unsettled. Our market position as South Western Norway's leading financial group was strengthened by 10 500 new retail customers and 1 000 new corporate customers.

Lending grew by 8.0 per cent in 2012. If the loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are taken into account, lending grew by 7.8 per cent, while deposits grew by 5.5 per cent. The deposit-to-loan ratio, measured in terms of deposits as a percentage of gross loans recognised in the balance sheet, decreased from 63.2 per cent to 61.7 per cent during 2012.

Net interest income totalled NOK 1 742 million in 2012, compared with NOK 1 756 million in 2011. Net interest income as a percentage of average total assets amounted to 1.27 per cent in 2012, down from 1.31 per cent in 2011. However, from a relatively low level in the 1st and 2nd quarters, net interest income rose significantly in the 3rd and 4th quarters, mainly due to the greater interest margin.

Net commissions and other operating income totalled NOK 1 466 million in 2012, up from NOK 1 192 million in 2011. This improvement can mainly be attributed to higher commissions from SpareBank 1 Boligkreditt. Income from estate agency and sales of insurance products was high and stable, while income from the Capital Market Division rose slightly. The net return on investment securities amounted to NOK 578 million in 2012, compared with NOK 319 million in 2011. This includes the Group's share of the profit from SpareBank 1 Gruppen AS, BN Bank ASA, Bank 1 Oslo Akershus AS, SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

The Group's operating costs amounted to NOK 1 888 million for the year, compared with NOK 1 633 million in 2011. Operating costs were affected in both 2011 and 2012 by non-recurring pension allocations. Adjustments to the Group's own pension schemes reduced costs by NOK 224 million in 2011, while the corresponding effect was NOK 45 million in 2012. The cost/income ratio, measured as operating costs in relation to income, was almost unchanged from 2011 at 49.9 per cent.

Good quality credit management and the continued good macroeconomic situation in Norway and the region contributed to stable net loan loss provisions of NOK 137 million compared with NOK 139 million in 2011. The Group's solid loans portfolio is supported by the relatively low level of loss provisions.

The allocation of the year's profit is based on the parent bank's distributable profit of NOK 1 211 million for 2012. The Board proposes that NOK 384 million be paid in dividends, corresponding to NOK 1.50 per share, while NOK 827 million be allocated to other equity and strengthening the Group's solvency.

The core equity capital ratio increased in 2012 from 8.3 per cent at the start of the year to 10.0 per cent at the end of 2012. In the same period the tier 1 capital ratio (including hybrid tier 1 capital) increased to 12.1 per cent from 10.6 per cent. In addition to retained earnings, equity was strengthened in the first half of 2012 through issues totalling NOK 1.52 billion. At year-end 2012, SpareBank 1 SR-Bank was in a solid financial position and well-equipped to meet the stricter regulatory requirements for solvency while developing its leading position in Norway's strongest growing region. Solvency significantly exceeds the Board's fixed minimum target for 2012 of a core equity capital ratio of 9 per cent.

Since the introduction of IFRS in 2005, and pursuant to IAS 19, SpareBank 1 SR-Bank has recognised pension liabilities according to an ongoing fair value assessment and estimate deviations directly against equity (comprehensive income). 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 used as per 31 December 2012 was 3.9 per cent (2.4 per cent) and this, together with changes to other pension assumptions, resulted in equity strengthening by NOK 325 million and the core tier 1 capital ratio by 0.3 percentage points.
The financial statements of the SpareBank 1 SR-Bank Group and the parent bank are prepared in accordance with IFRS, as adopted by the EU.

NATURE OF THE BUSINESS

At year-end 2012, the SpareBank 1 SR-Bank Group consisted of the parent bank and the following subsidiaries: EiendomsMegler 1 SR-Eiendom AS, SpareBank 1 SR-Finans AS, SR-Forvaltning AS and SR-Investering AS.

SpareBank 1 SR-Bank's head office is in Stavanger and it has 53 branches in the counties of Rogaland, Hordaland, Vest-Agder and Aust-Agder. The Group's primary activities are selling and procuring a wide range of financial products and services, investments services, and leasing and estate agency.

GROUP'S PERFORMANCE

SpareBank 1 SR-Bank recorded good progress in all of the Group's business areas in 2012. The Group further strengthened its position as the market leader in the retail and corporate markets in Rogaland. The Capital Market Division made good progress and established itself as the region's leading expert environment in its field. The Group's position in the estate agency market has helped EiendomsMegler 1 become the largest chain of estate agents in Norway. EiendomsMegler 1 SR-Eiendom AS is the market leader in Rogaland, and also strengthened its position in Hordaland and the Agder counties in 2012.

The Group's subsidiaries and its strategic stakes in the SpareBank 1 Alliance's product companies make a significant contribution to SpareBank 1 SR-Bank's earnings. Among the subsidiaries, the level of activity was particularly high in the estate agency company and the financing company SpareBank 1 SR-Finans. Collaboration between the Group's various business areas was further strengthened and clarified in 2012 by operationalising and refining our strategic "One door in" concept. This is helping to ensure the Group delivers a complete and competitive range of products and services to a steadily increasing number of customers.

The banking market was again characterised by tough competition for deposits and home mortgages in 2012. Low interest rates, higher financing costs, and strong competition resulted in the squeeze on interest margins lasting for the first half of the year. However, interest margins expanded in the second half of the year because of falling money market rates and risk premiums, and less intense competition due to the increasingly clear signals from the authorities concerning stricter requirements for the industry's future solvency levels. Overall, earnings were better in 2012 than in 2011. Net commissions and other operating income increased from 2011 to 2012. The increase was mainly attributable to increased commissions from SpareBank 1 Boligkreditt. Income from sales of insurance products and commissions from estate agency were stable and good.
The equity and interest rate markets were again volatile in 2012, but improved markedly in the second half of the year. The Group's holding of securities rose in value over the year as a whole.

Loan loss provisions were stable in 2012 and on a par with 2011. Loss provisions as a percentage of gross loans amounted to 0.13 per cent. The Board is satisfied with the quality of the loan portfolios and believes the risk management is good.

DEVELOPMENTS IN THE GROUP'S MARKET AREAS

Mainland Norway's gross domestic product (GDP) is expected to grow by around 3 per cent in 2013 according to Statistics Norway, which is about the same rate as in 2012. The forecasts particularly indicate growth in the private services sector and industrial output aimed at the petroleum industry. Weaker international economic trends have also dampened activities in the Norwegian economy to some extent.

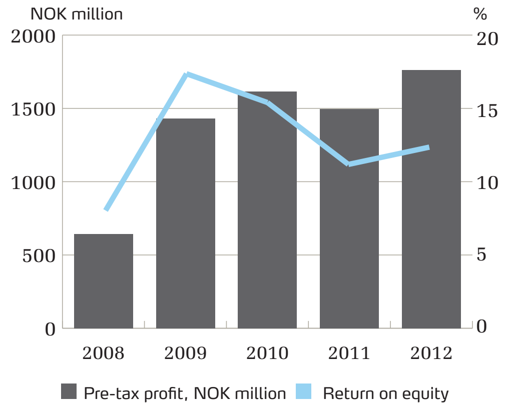
Demographic development trends are very important for the Group's framework conditions. For a long time now, the Group's primary area has seen high migration and population growth. The percentage of people with a disability is also significantly lower than the national average. The population is relatively young in and around the regional centres, and along the coast of Southern and Western Norway. The population growth trend has continued in recent years and Rogaland and Hordaland have in particular seen increases above the national average, while growth in the Agder counties has been in line with the national average. Statistics Norway's population growth forecasts reinforce expectations that growth in Rogaland and Hordaland especially will remain above the national average.

According to the Norwegian Labour and Welfare Administration (NAV) the unemployment rate in Norway was 2.7 per cent at the end of January 2013. In Rogaland the unemployment rate was 1.8 per cent, in Hordaland it was 2.1 per cent, and in Vest- and Aust-Agder it was 3.1 per cent and 3.6 per cent respectively.

Individual business surveys of economic activity are published for each of the Group's market areas. According to these reports, overall, companies in Rogaland, Hordaland and the Agder counties expect to see growth in 2013. The survey for Rogaland in particular shows that growth is expected to remain high. Responses from a representative selection of companies in various industries show that, despite the uncertainty and low growth in our most important export markets, employment is expected to continue growing in 2013. The challenge many companies may continue to face will be finding enough skilled labour. Parts of the business sector report some concern that stricter regulatory requirements for banks will present challenges in the form of reduced access to bank financing for new investments.

House prices continued to rise in 2012 and were, according to Statistics Norway, 5-10 per cent higher than the year before in the Group's market area.

Pre-tax profit and return on equity



FINANCIAL PERFORMANCE

NET INTEREST INCOME

The Group's net interest income decreased by NOK 14 million from NOK 1 756 million to NOK 1 742 million in 2012. The interest margin amounted to 1.27 per cent of average total assets, down from 1.31 per cent in 2011.

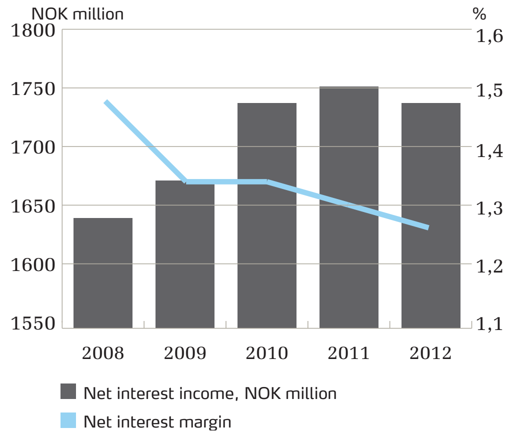
Net interest income performance must be viewed in the context of the sale of loan portfolios to the mortgage companies. Income from these loans is recognised as commissions after their sale. By year-end 2012, the bank had sold NOK 48.7 billion of home mortgages to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, compared to NOK 45.3 billion at year-end 2011. Commissions increased significantly throughout the year and amounted to NOK 339 million at the end of the year, compared with NOK 87 million in 2011.

OTHER OPERATING INCOME

Net commissions and other operating income totalled NOK 1 466 million in 2012, compared with NOK 1 192 million in 2011.

Net commissions were NOK 1 029 million in 2012, up from NOK 763 million the year before. Excluding commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, the increase was NOK 13 million compared with 2011. This is attributable to higher income from project facilitation, particularly as a result of the good teamwork between SpareBank 1 SR-Bank Markets and the Corporate Market Division.

Net interest income and interest margin



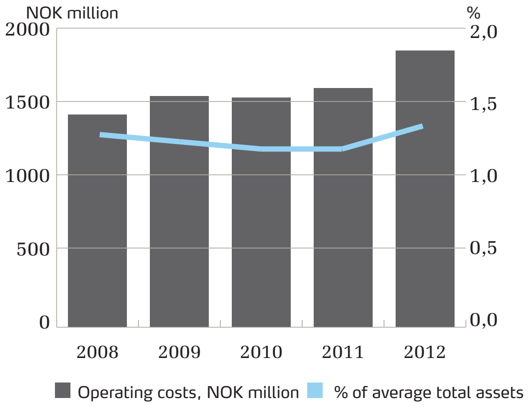
Other operating income amounted to NOK 437 million in 2012, an increase from NOK 429 million in 2011. This was primarily income from estate agency.

Net income from financial investments was NOK 578 million in 2012, an increase from NOK 319 million in 2011. NOK 130 million of this amount was capital gains on securities (capital losses of NOK 48 million) and NOK 158 million (NOK 137 million) was capital gains on interest rate and foreign exchange trading. Furthermore, income from ownership interests aggregated NOK 265 million (NOK 209 million), and dividends NOK 25 million (NOK 21 million).

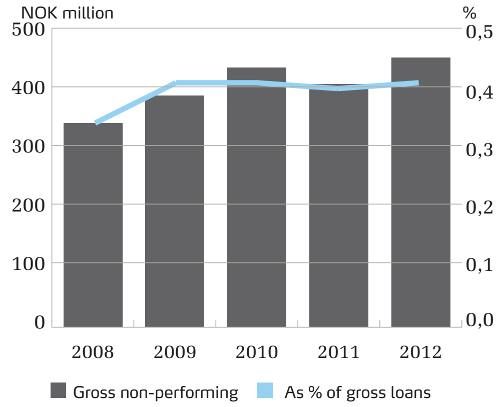
The capital gains on securities of NOK 130 million in 2012 were derived from gains of NOK 61 million in the portfolio of equities and equity certificates and gains of NOK 69 million in the fixed income portfolio. As of 31 December 2012, the Group is not directly exposed to foreign government debt outside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

The income from ownership interests of NOK 265 million in 2012 includes the Group's share of the profit from SpareBank 1 Gruppen, SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, Bank 1 Oslo Akershus, and BN Bank. The share of the profit from SpareBank 1 Gruppen was NOK 97 million (NOK 96 million) in 2012, of which NOK 9 million derives from a correction of the result for 2011. The share of the profit 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 changed estimate of the result for 2011. The share of the profit from BN Bank was NOK 44 million

Operating costs



Gross non-performing



(NOK 36 million), while NOK 8 million (NOK 28 million) was recognised as income due to the amortisation of badwill in connection with an acquisition in 2008.

OPERATING COSTS

The Group's operating costs totalled NOK 1 888 million in 2012. This represents an increase of NOK 255 million (15.6 per cent) compared with 2011. 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 resulted in 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 SR-Eiendom. Adjusted for these non-recurring effects, the underlying increase in costs in 2012 amounted to NOK 76 million, or 4.1 per cent.

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

At year-end 2012, the Group had 1 263 full time equivalents, of which 1 207 were full-time employees. The full time equivalents figure increased by 17.5 in 2012, compared with 67 in 2011.

LOSSES AND DEFAULTS

The Group recognised NOK 137 million in net loan loss provisions in 2012 (NOK 139 million). This corresponds to loss provisions as a percentage of gross loans of 0.13 per cent (0.13 per cent). Individual loss provisions increased by NOK 167 million, while group loss provisions decreased by NOK 30 million.

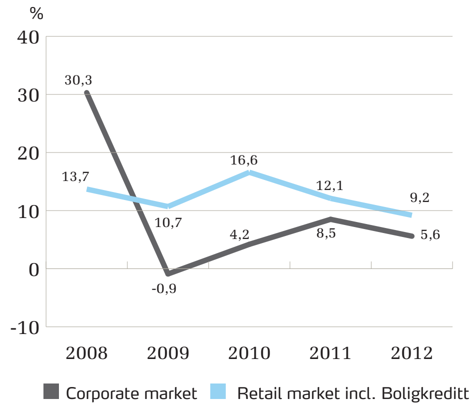
Gross non-performing commitments amounted to NOK 460 million at year-end 2012 (NOK 415 million). This corresponds to 0.42 per cent of gross loans (0.41 per cent). The portfolio of performing problem loans totalled NOK 787 million (NOK 696 million). This corresponds to 0.72 per cent of gross loans (0.69 per cent). Non-performing loans and problem commitments combined totalled NOK 1 247 million at year-end 2012, compared with NOK 1 111 million at year-end 2011. Measured as a percentage of gross loans this was a marginal increase from 1.10 per cent at year-end 2011 to 1.14 per cent at year-end 2012.

The loan loss provision ratio, measured as individual loss provisions as a percentage of non-performing and other loss-exposed loans, was 33 per cent (33 per cent) and 35 per cent (41 per cent) respectively at year-end 2012.

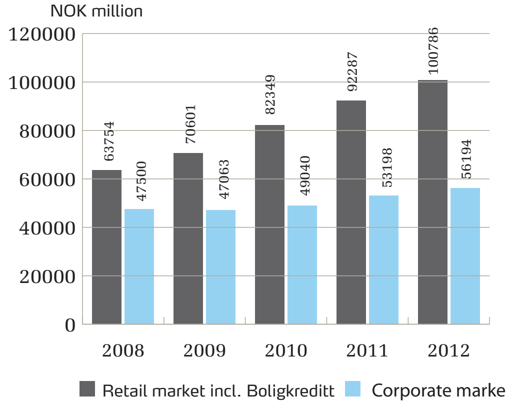
BALANCE SHEET

The Group's total assets recognised on the balance sheet increased from NOK 131.1 billion to NOK 141.5 billion at year-end 2012. The increase was due to lending growth and fewer sales of loan portfolios to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS than in 2011. At the end of the year, SpareBank 1 SR-Bank had a portfolio of home mortgages with SpareBank 1 Boligkreditt AS totalling NOK 48.2 billion, compared with NOK 44.7 billion at the end of 2011. If the loan portfolios of these part-owned mortgage companies are taken

Gross loans, % growth, retail and corporate market



Gross loans, retail and corporate market



the Group had NOK 12.0 billion (NOK 11.2 billion) of customer assets under management at year-end 2012, primarily though SR-Forvaltning and ODIN Funds.

RETAIL MARKET DIVISION[1]

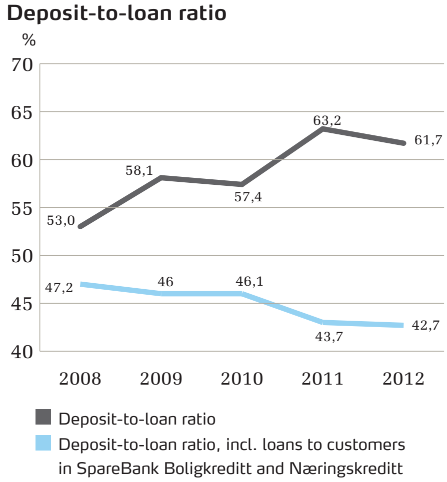
The division's profit contribution before loan loss provisions amounted to NOK 1 047 million in 2012. The NOK 288 million improvement in the result since last year was driven by better interest margins, growth in deposits and loans, and good cost management. Income from payment systems, investment services and insurance sales was stable. Loan loss provisions were very low and the percentage of non-performing loans was 0.29 per cent of total loans.

into account, lending growth amounted to 7.8 per cent and total loans NOK 158.2 billion at year-end 2012. Retail market lending rose by 8.8 per cent while lending to the corporate market and public sector increased by 4.0 per cent. The division between loans to the retail market (including SpareBank 1 Boligkreditt AS) and the corporate market/public sector (including SpareBank 1 Næringskreditt AS) was 64.3 per cent to 35.7 per cent, respectively, at year-end 2012, compared with 63.5 per cent to 36.5 per cent in 2011.

Total deposits amounted to NOK 67.6 billion at year-end 2012 an increase of 5.5 per cent during the year. Growth in the retail market and corporate market/public sector was 5.9 per cent and 2.2 per cent, respectively.

The deposit-to-loan ratio stood at 61.7 per cent at year-end 2012, compared with 63.2 per cent at year-end 2011. The Group has maintained a good deposit-to-loan ratio in a highly competitive market. In addition to ordinary deposits from customers,

Deposit-to-loan ratio



In 2012, the division increased its lending by 8.8 per cent and deposits by 5.9 per cent. The increase was primarily due to general market growth and a strong market position. The growth in retail market lending is expected to slow down somewhat in the future because of stricter credit guidelines and the regulatory requirement for more tied up capital.

In 2012, the division gained 10 500 new customers, with Hordaland and the Agder counties enjoying the highest growth. In general, the market area is characterised by a high influx of people and good activity related to the petroleum sector.

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

CORPORATE MARKET DIVISION[1]

The division's profit contribution before loan loss provisions 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. Lending grew by 4.0 per cent and deposits by 2.2 per cent during the year. Costs were NOK 25 million higher than in 2011, which is primarily due to an increase in the number of full-time equivalents.

The division is working actively on across-the-board sales of the Group's products, and enjoyed good growth in the number of both products and customers in 2012. Commissions and other operating income saw a good increase of 18.8 per cent during 2012.

Net individual loss provisions of NOK 157 million were recognised in 2012 compared with NOK 83 million in 2011, while group loss provisions in the same period decreased by

[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 funding (credit premium). Deviations between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated at the group level. The Group's real funding cost was higher than the interest on intercompany receivables throughout 2012, principally due to the falling NIBOR.

NOK 36 million. The total level of loan loss provisions was lower than the Group would expect during the business cycle. Activity in the region's business sector is high and the underlying quality of the portfolio contributed to the proportion of non-performing and loss-exposed loans being 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 division's areas of expertise complement traditional banking operations and the Group's resources within securities activities and asset management. The securities activities are organised under the SpareBank 1 SR-Bank Markets brand and include own account and customer trading in interest rate instruments, foreign exchange and equities, and corporate financial services, as well as settlement and administrative securities services. The asset management is organised as a separate subsidiary, SR-Forvaltning AS.

SpareBank 1 SR-Bank Markets had income of NOK 268 million in 2012 (NOK 214 million). Pre-tax profit was NOK 196 million (NOK 147 million). In 2012, SpareBank 1 SR-Bank Markets again completed several transactions with deliverables and income from several business areas in the division, and in cooperation with the corporate market division. Most of this income still comes from customer trading in interest rate and foreign exchange 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 projects, equity issues, and sales of companies. The share trading department saw its income from trading shares and bonds increase in relation to 2011.

SUBSIDIARIES

The subsidiaries' products and services enable the Group to both offer a broader range to customers and enhance the bank's earnings basis. Good internal teamwork and joint marketing make the Group a one-stop provider of financial services and products.

EiendomsMegler 1 SR-Eiendom AS is well represented throughout the Group's entire market area and has 33 offices from Grimstad to Bergen. It is the leading estate agent in Rogaland and Vest-Agder, and is also increasing its market share in both Hordaland and Aust-Agder. The company achieved a pre-tax profit of NOK 86.4 million (NOK 91.0 million).

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 9 400 new assignments in 2012. Even though the brokering figures are almost unchanged from 2011, the company strengthened its market position during the year. Developments in Rogaland, where it enjoys a market share of more than 40 per cent, were particularly good.

A new department for commercial properties was established at the end of 2012 and the company is now represented by commercial property departments in Kristiansand, Stavanger and Bergen. Sales of commercial buildings were somewhat lower than expected, partly due to the stricter deposit requirements and poorer access to foreign capital. On the other hand, activity in the rental market is high, especially in the Stavanger region.

SpareBank 1 SR-Finans AS offers lease financing for the business sector and secured car loans. The company achieved a pre-tax profit of NOK 115.2 million in 2012 (NOK 99.9 million). The improvement in profitability was mainly 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 during the year and amounted to NOK 6.0 billion at year-end 2012 (NOK 5.3 billion).

New sales within both leasing and car loans rose in 2012. Total new sales amounted to NOK 2 454 million (NOK 2 067 million), corresponding to an increase of 19 per cent compared with 2011.

SR-Forvaltning AS is a securities firm licensed to provide asset management services. 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 represents an increase of around NOK 200 million since the start of the year.

The purpose of SR-Investering AS is to contribute to long-term value creation through investments in the business sector in the Group's market area. The company primarily invests in private equity funds and companies in the SMB segment that need capital to develop and grow further. Its pre-tax profit amounted to NOK 21.5 million in 2012, compared to NOK 11.2 million in 2011. The improvement in profitability is attributable to the rise in value of the company's investment portfolio. At year-end 2012, the company had investments of NOK 172.1 million (NOK 143 million) and residual commitments linked to these of NOK 96.4 million (NOK 112 million).

SPAREBANK 1 BOLIGKREDITT AS AND SPAREBANK 1 NÆRINGSKREDITT AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are mortgage companies operating under licences issued by the Financial Supervisory Authority of Norway and issue covered bonds (with pre-emptive rights) on the bank's home mortgage and commercial properties portfolios respectively that are bought from the owner banks. The companies are owned by the savings banks that make up the SpareBank 1 Alliance and help ensure the owner banks have access to stable, long-term funding at competitive rates. At year-end 2012, SpareBank 1 Boligkreditt AS's total lending volume amounted to NOK 160.2 billion, NOK 48.2 billion of which were home mortgages bought from SpareBank 1 SR-Bank. The bank has a 29.9 per cent stake in the company and this is adjusted at the turn of each year depending on the sold volume percentage.

At year-end 2012, SpareBank 1 Næringskreditt AS had made loans totalling NOK 11.0 billion, NOK 0.5 billion of which were loans that had been bought from SpareBank 1 SR-Bank. The bank owns a 27.8 per cent stake in the company.

THE SPAREBANK 1 ALLIANCE

The SpareBank 1 Alliance's purpose is to acquire and provide competitive financial services and products and to exploit economies of scale in the form of lower costs and/or higher quality. Thus, the alliance helps ensure private individuals and companies local roots, expertise and a simpler everyday life. The alliance is also intended to help secure the participating banks' value creation for the benefit of their own regions and the banks' owners.

The SpareBank 1 banks run the alliance through their ownership and participation in the Alliansesamarbeidet SpareBank 1 DA, while the development and operation of product companies is organised through the banks' ownership of the holding company SpareBank 1 Gruppen AS.

SpareBank 1 Gruppen AS is owned by SpareBank 1 SR-Bank (19.5 per cent), SpareBank 1 Nord-Norge (19.5 per cent), SpareBank 1 SMN (19.5 per cent), Sparebanken Hedmark (12 per cent), Samarbeidende Sparebanker AS (19.5 per cent – owned by 11 savings banks in the south of Norway), together with the Norwegian Confederation of Trade Unions (LO)/trade unions affiliated to LO (10 per cent).

SpareBank 1 Gruppen AS owns 100 per cent of SpareBank 1 Livsforsikring AS[2], SpareBank 1 Skadeforsikring AS[2], ODIN Forvaltning AS, SpareBank 1 Medlemskort AS, SpareBank 1 Gruppen Finans Holding AS, and 97.2 per cent of the shares of SpareBank 1 Markets AS. SpareBank 1 Gruppen Finans Holding AS owns 100 per cent of the shares of Actor Fordringsforvaltning AS, SpareBank 1 Factoring AS and Actor Portefølje AS.

The stricter rules concerning the use of the tax exemption method for life insurance companies resulted in SpareBank 1 Livsforsikring AS recognising a higher tax charge of NOK 193 million in the 4th quarter 2012. Together with building up the business in SpareBank 1 Markets AS, this contributed to reducing SpareBank 1 Gruppen AS's net profit for 2012 to NOK 451 million from NOK 479 million in 2011. SpareBank 1 SR-Bank's share of the profit in 2012 was NOK 88.0 million, compared with NOK 94.0 million in 2011.

SpareBank 1 Gruppen AS bears administrative responsibility for the cooperation processes in the SpareBank 1 Alliance, where technology, brands, expertise, common processes/application of best practice and procurement are key elements. The alliance is also engaged in development work through three resource centres: learning (Tromsø), payments (Trondheim) and credit (Stavanger). The alliance's focus areas included refining self-service mobile solutions in 2012.

BN BANK ASA AND BANK 1 OSLO AKERSHUS AS

SpareBank 1 SR-Bank and the other savings banks in the SpareBank 1 Alliance acquired Glitnir Bank ASA in the 4th quarter of 2008. It has since been renamed BN Bank ASA. SpareBank 1 SR-Bank's owned a 23.5 per cent stake in it at year-end 2012. The share of the profit from BN Bank increased from NOK 36.1 million in 2011 to NOK 43.7 million in 2012. NOK 8.3 million was also recognised as a consequence of the difference between calculated and book equity in BN Bank, meaning that the total contribution to the Group's result was NOK 52.0 million. In 2011, the total income recognised as a result of amortisation plus the share of the profit was NOK 64.3 million.

The share of the profit from Bank 1 Oslo Akershus was NOK 24 million in 2012 (NOK 16 million).

EVENTS AFTER THE BALANCE SHEET DATE

The stake in Bank 1 Oslo Akershus AS was reduced from 19.5 per cent to 4.8 per cent on 17 January 2013 through the sale of 475 594 shares to Sparebanken Hedmark at a share price of NOK 494.00. The sale price corresponded to the book value of Bank 1 Oslo Akershus AS as of 30 September 2012. The new stake means that the core equity capital ratio in SpareBank 1 SR-Bank will be strengthened by around 0.1 per cent in the 1st quarter of 2013 although in the future the share of the profit will not be recognised in SpareBank 1 SR-Bank. The effect on the income statement is expected to be insignificant for the 1st quarter of 2013.

Sparebanken Hedmark and Samarbeidende Sparebanker AS have, on particular conditions, an option to acquire 2/3 and 1/3 of the remaining shares, respectively, prior to 31 December 2015. Sparebanken Hedmark's total share acquisition is contingent on the approval of the Financial Supervisory Authority of Norway.

ACCOUNTING POLICIES

SpareBank 1 SR-Bank prepares its parent bank and consolidated financial statements in accordance with International Financial

[2] SpareBank 1 Gruppen AS has decided to merge the life insurance company and the P&C insurance company into a single company called SpareBank 1 Forsikring AS. The merger requires the approval of the authorities, which could be given during the first quarter of 2013.

Reporting Standards (IFRS) as adopted by the EU.
The description of the accounting policies applied by the Group, in Note 2 to the accounts, sets out a more detailed account of important factors relating to treatment for accounting purposes in accordance with IFRS.

CORPORATE GOVERNANCE

Corporate governance in SpareBank1 SR-Bank ASA comprises the objectives and overriding principles according to which the Group is governed and controlled, to secure the interests of shareholders, customers and other groups. Governance of the Group's activities shall ensure prudent asset management and greater assurance that publicly declared goals and strategies are reached and realised.

The corporate governance principles are based on three main pillars: openness, predictability and transparency. The Group has defined the following main corporate governance principles:

- Value creation for shareholders and other interest groups
- A structure that ensures goal-oriented and independent management and control
- Systems that ensure good measurability and accountability
- Effective risk management
- Well set-out, easily understood and timely information
- Equal treatment of shareholders and a balanced relationship with other interest groups
- Compliance with legislation, regulations and ethical standards

SpareBank 1 SR-Bank has no provisions in its articles of association that restrict the right to sell the company's shares. The Board is not aware of any agreements between shareholders that limit opportunities to sell shares or to exercise voting rights for shares. According to the terms of the licence, the Sparebankstiftelsen SR-Bank foundation must own at least 25 per cent of outstanding shares. The Board approves the guidelines for remuneration to senior executives each year. The guiding policies for the coming financial year are presented to the general meeting for an advisory vote, while the binding guidelines for the allocation of shares, etc. as part of the Group's remuneration scheme for the coming financial year are presented to the general meeting for approval.

The Group's corporate governance policy is based on the Norwegian Code of Practice for Corporate Governance. Further information on corporate governance, pursuant to section 3-3b of the Accounting Act, can be found on SpareBank 1 SR-Bank's website (www.sr-bank.no).

RISK MANAGEMENT

SpareBank 1 SR-Bank's core activity is to create value by assuming recognised and acceptable risks. The Group, therefore, invests significant resources in maintaining and developing risk management systems and processes that are in line with leading international practice.
The risk and capital management should underpin the Group's strategic development and goal attainment, while ensuring financial stability and prudent asset management. This shall be achieved through:

- A strong corporate culture characterised by a high awareness of risk management
- A good understanding of which risks drive earnings
- Striving for optimal capital allocation within the adopted business strategy
- Avoiding unexpected single incidents that can seriously harm the Group's financial situation
- Exploiting synergies and diversification effects

The Group's risk is quantified, inter alia, by computing expected losses and risk-adjusted capital so it can cover any unexpected losses. Expected losses describe the amount one statistically expects to lose during a 12-month period, while risk-adjusted capital describes how much capital the Group believes it needs to cover the actual risk (expected and unexpected) to which the Group is exposed.

The most important risks the Group is exposed to are credit risk, market risk, liquidity risk, operational risk and ownership risk.

CREDIT RISK

Credit risk is managed via the framework procedures for granting credit, monitoring commitments and portfolio management.
The general credit strategy stipulates that the Group shall have a moderate risk profile. Defaults and losses developed positively in 2012 and the market area is characterised by persistent high activity and low unemployment. Together with a constant focus on risk management, this has helped to maintain the good credit quality of the portfolio.

The quality of the corporate portfolio remains solid and virtually unchanged. The quality of the retail market portfolio remains very good and its development in 2012 was characterised by slightly lower loan-to-collateral value ratios that further improve the portfolio's already low risk profile. Most of the portfolio is secured by mortgages on real estate, and the LTV is, for the most part, moderate. This indicates limited potential losses as long as these assets are not significantly impaired.

MARKET RISK

Market risk is managed on the basis of conservative limits for positions in interest instruments and currencies, as well as investments in shares and bonds. The Board reviews and approves the limits at least once a year.

Part of the Group's market risk is linked to investments in bonds and commercial papers. At the end of 2012, the Group had liquid assets in the form of bonds totalling NOK 18.7 billion of which NOK 7.7 billion was covered bonds used in the authorities' swap scheme in 2008/2009. When quantifying risks linked to impairment in the value of the liquidity portfolio, SpareBank 1 SR-Bank distinguishes between systematic risk (market risk) and unsystematic risk (default risk). Default risk associated with the aforementioned portfolio is quantified as credit risk.

Risk activities relating to trading in foreign exchange, interest rate instruments and securities arise within the limits, authorities and credit lines for counterparties that are adopted at any time. SpareBank 1 SR-Bank assumes, to a limited extent, the interest rate and foreign exchange risk in connection with trading activities for own account. As far as possible, income from operations is in the form of customer margins in order to ensure maximum stability and reliability of earnings.

The Group's market risk exposure is deemed moderate.

LIQUIDITY RISK

The bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. Liquidity risk shall be low. The Group's lending is financed primarily by customer deposits and long-term funding, including the sale of home mortgage portfolios to SpareBank 1 Boligkreditt AS. The liquidity risk is restricted by diversifying securities issued in terms of markets, funding sources, instruments and maturity periods.

The Group had good access to liquidity in 2012. Deposits from customers represent the Group's main source of funding. Deposits increased by NOK 3.6 billion between year-end 2011 and year-end 2012 for the Group as a whole. The deposit-to-loan ratio was reduced from 63.2 per cent at year-end 2011 to 61.7 per cent at year-end 2012.

Activity in the markets for long-term financing was high during the 1st quarter, and banks with a good credit rating had good access. The uncertainty surrounding European national debt grew in the 2nd quarter and fewer transactions were completed during this period. During the second half of the year, investors' interest in long-term financing increased again, although the number of issues was limited. Borrowing costs for new loans thus decreased for both covered bonds and senior bond issues. SpareBank 1 SR-Bank enjoyed good interest among investors for senior bond issues in the Euromarket and this interest has lasted into 2013 as well.

OPERATIONAL RISK

The processes for managing operational risk shall ensure, as far as possible, that no single incident caused by operational risk is able to seriously harm the Group's financial position. The risk management is based on insight into and an understanding of what creates and drives operational risk in the Group, and must, as far as possible, reconcile effective processes with the desired level of exposure.

The Group uses a systematic process to identify and quantify operational risks that the Group is exposed to at any time, and it has established its own systems for reporting adverse events and following up improvement measures. This helps SpareBank 1 SR-Bank continue to be a dominant organisation over time through proper prioritisation and continuous improvement.

As part of its on-going skills enhancement, SpareBank 1 SR-Bank has established a partnership with the University of Stavanger and the SpareBank 1 Alliance for a research and development project that will deliver new knowledge and specific tools for better managing operational risk in the financial industry. The goal of the project is to establish the Norwegian financial industry as a professional centre in Europe for education, innovation and applications relating to methods and processes for managing operational risk, and to position the alliance and University of Stavanger as leading environments within the management of operational risk. The project was started in the autumn of 2007 and is scheduled for completion in 2015.

OWNERSHIP RISK

Ownership risk is the risk that SpareBank 1 SR-Bank bears if it suffers negative results from stakes in strategically owned companies and/or the need to inject fresh capital into these companies. Ownership is defined as companies in which SpareBank SR-Bank has a significant stake and influence. SpareBank 1 SR-Bank is mainly exposed to ownership risk through its stakes in SpareBank 1 Gruppen AS (19.5 per cent), SpareBank 1 Boligkreditt AS (29.9 per cent), SpareBank 1 Næringskreditt AS (27.8 per cent) and BN Bank ASA (23.5 per cent).

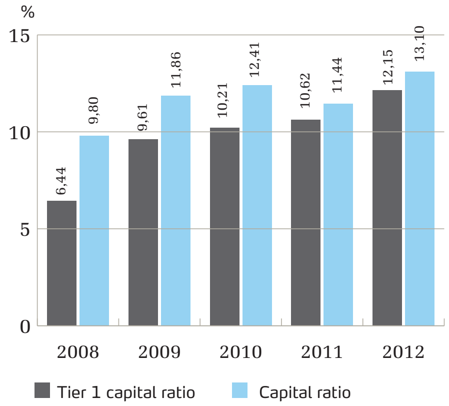
COMPLIANCE

SpareBank 1 SR-Bank is cognisant of the need to have good processes to ensure compliance with legislation and regulations. The Board adopts the Group's compliance policy that describes the main principles for responsibility and organisation.

The EU's systematic work on harmonising regulations within the EU/EEA results in new regulations to which the Group must adapt. The Group's continuously assesses the best way of adapting to new regulations and rules to ensure compliance and effectiveness of the organisation. New regulations and rules that affect the Group's operations must be included in routines and guidelines on an ongoing basis.

SpareBank 1 SR-Bank's compliance function is the responsibility

Tier 1 capital ratio and capital ratio



of the risk management and compliance department and is organised independently of the business units. The department

bears overall responsibility for the framework, monitoring and reporting within the area.

CAPITAL MANAGEMENT

Capital management shall ensure that SpareBank 1 SR-Bank balances the relationship between:

- Effective funding and capital allocation in relation to the Group's strategic objectives and adopted business strategy
- Competitive returns on equity
- Satisfactory capital adequacy on the basis of the adopted risk profile and the regulations issued by the authorities, as well as the demands of market players at any time
- Competitive terms and ample access to long-term funding from the capital markets
- Exploitation of growth opportunities in the Group's defined market area, and
- That no single incident is able to seriously harm the Group's financial position

A capital plan is drawn up every year to ensure long-term, effective capital management. These projections take into account both expected developments in the coming years and a situation involving a serious economic recession over several years. Various stress tests are carried out of both individual factors and scenario analyses where the Group is exposed to a range of negative macroeconomic events over several years. In addition, SpareBank 1 SR-Bank has prepared contingency plans for dealing with such crises as effectively as possible should they nevertheless arise.

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

Since the introduction of IFRS in 2005 and pursuant to IAS 19, SpareBank 1 SR-Bank has recognised pension liabilities according to an ongoing fair value assessment and estimate deviations directly against equity (comprehensive income). 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 of 31 December 2012 was 3.9 per cent (2.4 per cent) and this, together with a change in other pension assumptions, resulted in a strengthening of core equity tier 1 capital by 0.3 percentage points.

SpareBank 1 SR-Bank was in a sound financial position at year-end 2012 and held a leading position in Norway's strongest growing region. In addition to retained earnings and changed pension assumptions, equity was also strengthened by issues worth NOK 1.52 billion in June 2012. Tier 2 capital was also strengthened in 2012 through the issuing of new subordinated loans worth NOK 825 million. At year-end 2012, the Group's capital adequacy was 13.1 per cent, its tier 1 capital ratio was 12.1 per cent, and its core equity capital ratio was 10.0 per cent (all these figures take into account the so-called Basel I floor of 80 per cent). Some uncertainty still surrounds the regulations concerning the level of and implementation plan for higher capital requirements prior to the final clarification and implementation of Basel III/CRD IV, although SpareBank 1 SR-Bank will continue to build up capital to further strengthen its solvency. The Group is well-positioned to meet the expected regulatory requirements.

AUDIT

EXTERNAL AUDIT

The Group's external auditor is PricewaterhouseCoopers AS.

INTERNAL AUDIT

Internal audits are carried out by Ernst & Young AS. Internal audits report directly to the Board.

EMPLOYEES AND WORKING ENVIRONMENT

SpareBank 1 SR-Bank's employees are its most important resources for creating value for the benefit of its customers, region and the bank. At year-end 2012, the Group had 1 263 full time equivalents, of which 1 207 were full-time employees. The number of employees decreased by three full time equivalents in 2012. The Group is an important knowledge-based workplace in the region and is perceived as an attractive employer providing good development opportunities.

The Group's organisational and working environment surveys for 2012 show that employees are satisfied. The surveys are reviewed and followed up in all units in order to prevent negative trends and strengthen a healthy working environment characterised by a long-term approach, openness, honesty and security in line with the Group's basic values.

SKILLS DEVELOPMENT

The Group has purposely invested in developing in-house expertise over many years in order to satisfy the growing demands from customersand regulatory authorities. The goal is for customers to recognise that the company offers better advice and service than its competition. On average between 5-10 per cent of working hours are spent on updating and developing skills. Around NOK 10 000 was spent on upgrading skills per employee in 2012. 86 per cent of the bank's financial advisers and investment consultants were authorised at year-end 2012. EiendomsMegler 1 SR-Eiendom AS has carried out a similar training scheme for its real estate agents in line with new regulatory requirements. SpareBank 1 SR-Bank participates in the insurance industry's authorisation scheme for advisers who provide non-life insurance solutions in Norway. At year-end 2012, 81 per cent were authorised, which was in line with the plans adopted at the beginning of the year.

HEALTH, SAFETY AND THE ENVIRONMENT

Health, safety and environment (HSE) work is a high priority in the Group. A good working structure has been established and we deem the cooperation with employees' representatives to be very good. Compulsory HSE training was introduced for all managers and safety representatives in 2012, and the Group constantly strives to improve safety routines through various training measures. The bank suffered two robberies in 2012, and a total of 13 threats were reported during the year. No one was physically injured in these incidents. The Group is working to improve systems for reporting adverse events, injuries and accidents.

The Group strives to ensure sustainable environmental management and seeks to contribute both through its own operations and by influencing customers and suppliers to make environmental and climate-friendly choices. The Group's direct environmental impact is primarily related to greenhouse gas emissions and waste production through office operations, while its indirect impact is through the purchase of goods and services, as well as demands made of customers and suppliers.

SICK LEAVE AND THE INCLUSIVE WORKPLACE SCHEME

The Group has a set a long-time target for 97 per cent presence. Sick leave was in line with the target at year-end 2012.

Over time, the Group has worked comprehensively and systemically to promote and improve the employees' health, maintain this over time and help those who become sick to return to work. The Group constantly strives to lower sick leave through participation in the Inclusive Workplace scheme (IA) and good follow-up by managers.

SpareBank 1 SR-Bank has prepared a special life-phase document. The purpose of the life-phase document is to offer employees a range of measures that are suited to the individual's life-phase and that will generally improve the employee's everyday life and ensure a rise in the retirement age. The average retirement age was 63 years old and the goal is to increase this to 64.5 years old.

EQUAL OPPORTUNITIES

SpareBank 1 SR-Bank shall provide men and women with equal opportunities for personal development, pay and other career related issues. In 2012, women accounted for 56 per cent of the full time equivalents in the Group and men 43 per cent. There was no significant change in the gender ratio from 2011. The average age was 43.4 years old and average length of service 12 years. The Group's executive management team comprises eight men and one woman. In 2012, 40.5 per cent of the Group's managers were women.

THE BANK'S SHARES

The conversion of SpareBank 1 SR-Bank from an equity certificate bank to a public limited company (ASA) took place with effect from 1 January 2012 and the Sparebankstiftelsen SR-Bank foundation was established as part of this conversion process and is currently the largest owner. From and including 2 January 2012, the ticker on the Oslo Stock Exchange was changed to SRBANK.

The share price fell from NOK 40.70 to NOK 37.20 in 2012. If the paid dividend of NOK 1.50 is taken into account, this represents a negative yield of 4,9 per cent. The Oslo Stock Exchange Benchmark Index rose by 14.7 per cent in the same period.

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

The group profit per share was NOK 5.32. The Board proposes the payment of a dividend of NOK 1.50 per share for 2012, which corresponds to around 28 per cent of the group profit per share. The dividend paid in 2011 was NOK 1.50.

GOING CONCERN

Solvency was significantly strengthened in 2012. The profit outlooks and macroeconomic framework conditions also appear to be relatively good. Together with implemented and planned measures, this contributes to a good prospect of further progress for the Group in 2013. The annual financial statements have therefore been prepared on the basis of a going concern assumption.

ALLOCATION OF PROFIT FOR THE YEAR/DIVIDEND

SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price. Consideration is given to financial needs, including capital adequacy requirements and the Group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the Board is to distribute approximately half of the annual net profit for the period as dividends.

The dividend distributed is based on the parent bank's profit. The parent bank's distributable profit was NOK 1 211 million for 2012. In its consideration of the proposed dividend for 2012, the Board gave weight to the new regulatory requirements for solvency as well as the importance of maintaining a consistent dividend policy over time. Therefore, the Board proposes a dividend of NOK 1.50 per share for 2012, which corresponds to around 28 per cent of the earnings per share.

The Board proposes the following overall allocations for the 2012 accounting year:

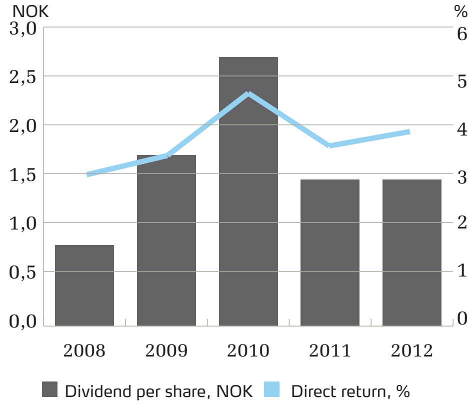
	NOK million
Parent bank's net profit for the period	1 241
Transferred from the fund for valuation differences	30
Distributable	1 211
Dividend (NOK 1.50 per share)	384
Retained earnings	827
Total	**1 211**

In the opinion of the Board, following the proposed allocations and other completed and planned actions, SpareBank 1 SR-Bank's financial strength will be good and it will have sufficient flexibility to support the Group's planned activities for the future.

OUTLOOK FOR 2013

The economic upturn in Norway continued in 2012. Despite higher employment, unemployment still rose from 3.1 per cent of the labour force to 3.5 per cent at year-end 2012. Inflation is low, while wage inflation in 2012 was on a par with 2011. Low interest rates also resulted in continued strong growth in house prices and

Dividend per share and direct return



home investments. This in turn contributed to higher output, both within the building and construction industry and the private services sector. A high level of investment associated with petroleum activities also stimulated growth, especially in the Group's market area. Norway's most important trading partners are expected to experience continued weak economic growth and the Norwegian economy is unlikely to receive much help from exporting goods and services in the next few years. Should the situation in Europe worsen, this could further reduce global growth and thus represent a risk to the positive macro picture in Norway as well.

Petroleum activities and the household sector are expected to stand for the most important contributions to economic growth. With continued good growth in income levels and high population growth, especially in central regions, the demand for housing will probably remain high going forward. Enduring low interest rates will reinforce this trend. The anticipated growth in house building could over time increase the supply of homes meaning price rises for used homes would slow down. Even if interest rates must be expected to gradually normalise to some extent in the years ahead, the interest burden for general retail customers will probably not grow to a level that would result in a marked setback for the housing market. The business survey for Rogaland, which is published by SpareBank 1 SR-Bank and others, also indicates that a continued high level of activity, low unemployment and growth, especially within petroleum activities, are expected. SpareBank 1 SR-Bank's primary areas are, to a great extent, directly and indirectly affected by activities in the petroleum sector and the prospects for this sector appear to be good, including because of significant new finds on the Norwegian continental shelf. Norges Bank's forecasts for oil investments in the next few years indicate that a solid level of investment will probably endure. The Board would like to stress that there is a great deal of uncertainty surrounding the assessment of future conditions.

SpareBank 1 SR-Bank has good liquidity and believes it will continue to enjoy 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 need of the Norwegian banking sector to cover part of its funding requirements internationally.

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. Some uncertainty still surrounds the level of and implementation plan for higher capital requirements in accordance with Basel III/CRD IV, although SpareBank 1 SR-Bank will continue to build up capital to further strengthen its solvency. The Group is well-positioned to continue developing its leading position in Norway'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. Non-performance and loan loss provisions are expected to remain relatively low.

The Board would like to thank the Group's employees and officers for their good contributions and positive teamwork in 2012 as well. A constructive relationship between the region's inhabitants, the business sector and the bank is important for growth in the Group's market area. With this in mind the Board would like to thank the Group's customers, owners and other partners for their loyal support of SpareBank 1 SR-Bank in 2012 and assure them that it will make every effort to ensure that this teamwork continues in the future.

More information about the board members on www.sr-bank.no under Investor Relations.

Odd Torland | Birthe Cecilie Lepsøe | Oddvar Rettedal | Sally Lund-Andersen | Kristian Eidesvik

Stavanger, 5.3.2013

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland

Erling Øverland

Erik Edvard Tønnesen

Birthe Cecilie Lepsøe

Catharina Hellerud

Odd Torland

Sally Lund-Andersen

Oddvar Rettedal

Arne Austreid
Chief Executive Officer

Erik Edvard Tønnesen   Gunn-Jane Håland   Erling Øverland   Catharina Hellerud

ANNUAL ACCOUNTS

INCOME STATEMENT

Parent bank 2011	Parent bank 2012	(Figures in NOK million)	Note	Group 2012	Group 2011
5 132	**5 126**	Interest income	19	**5 300**	5 287
3 543	**3 568**	Interest costs	19	**3 558**	3 531
1 589	**1 558**	**Net interest income**		**1 742**	1 756
791	**1 068**	Commissions	20	**1 105**	834
74	**80**	Commission costs	20	**76**	71
5	**14**	Other operating income	20	**437**	429
722	**1 002**	**Net commissions and other operating income**		**1 466**	1 192
20	**25**	Dividends		**25**	21
269	**339**	Income from ownership interests	38	**265**	209
70	**270**	Net income from financial investments	21	**288**	89
359	**634**	**Net yield from financial investments**		**578**	319
2 670	**3 194**	**Total net income**		**3 786**	3 267
604	**849**	Personnel costs	22	**1 082**	828
631	**613**	Other operating costs	23	**806**	805
1 235	**1 462**	**Total operating costs before loan losses**		**1 888**	1 633
1 435	**1 732**	**Operating profit before loan losses**		**1 898**	1 634
121	**128**	Losses on loans and guarantees	11	**137**	139
1 314	**1 604**	**Operating profit before tax**		**1 761**	1 495
378	**363**	Tax	25	**400**	414
936	**1 241**	**Net profit for the period**		**1 361**	1 081
		Earnings per share			
4,70	**4,85**	Earnings per share		**5,32**	5,42
4,70	**4,85**	Diluted earnings per share		**5,32**	5,42
		Statement of Comprehensive Income			
936	**1 241**	Net profit for the period		**1 361**	1 081
-291	**413**	Estimate deviations pensions		**452**	-346
82	**-116**	Tax effect of estimate deviations pensions		**-127**	97
-	**-**	Share of comprehensive income in associated companies and joint ventures		**13**	-19
-209	**297**	**Total profit items recognised against equity**		**338**	-268
727	**1 538**	**Total profit**		**1 699**	813

BALANCE SHEET

Parent bank 2011	Parent bank 2012	(Figures in NOK million)	Note	Group 2012	Group 2011
		Assets			
263	**1 314**	Cash and receivables from the central bank	36	**1 314**	263
5 391	**6 354**	Loans to and receivables from financial institutions	7	**1 087**	723
95 278	**102 859**	Net lending to customers	8,12,14	**108 758**	100 588
19 846	**18 672**	Commercial paper and bonds	27	**18 677**	19 850
3 728	**4 588**	Financial derivatives	28	**4 578**	3 716
491	**498**	Equities, units and other equity interests	29	**671**	631
84	**84**	Activities that will be sold	41	**85**	85
3 352	**3 812**	Investments in ownership interests	38	**4 964**	4 389
716	**809**	Investments in group companies	38	**-**	-
-	**-**	Intangible assets	30	**43**	54
380	**347**	Tangible fixed assets	31	**363**	401
277	**833**	Other assets	32	**1 003**	442
129 806	**140 170**	**Total assets**		**141 543**	131 142
		Liabilities			
4 785	**4 560**	Debt to financial institutions	7	**4 522**	4 782
7 395	**7 299**	Public deposits related to covered bond swap scheme		**7 299**	7 395
64 214	**67 756**	Deposits from customers	33	**67 594**	64 042
36 338	**40 691**	Securities issued	34	**40 691**	36 338
2 010	**2 282**	Financial derivatives	28	**2 282**	2 010
58	**132**	Payable tax	25	**209**	130
296	**597**	Deferred tax liabilities	25	**631**	329
1 161	**1 334**	Other liabilities	35,24	**1 455**	1 384
4 975	**4 223**	Subordinated loan capital	37	**4 223**	4 975
121 232	**128 874**	**Total liabilities**		**128 906**	121 385
		Equity			
3 180	**6 385**	Share capital	40	**6 385**	3 180
625	**1 587**	Share premium reserve		**1 587**	625
299	**384**	Allocated dividend		**384**	299
43	**72**	Fund for unrealised gains		**72**	43
-	**2 868**	Other equity		**4 209**	1 183
1 448	**-**	Dividend equalisation fund		**-**	1 448
2 631	**-**	Primary capital		**-**	2 631
55	**-**	Compensation fund		**-**	55
293	**-**	Endowment fund		**-**	293
8 574	**11 296**	**Total equity**		**12 637**	9 757
129 806	**140 170**	**Total liabilities and equity**		**141 543**	131 142

Stavanger 5.3.2013

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland

Catharina Hellerud

Odd Torland

Erling Øverland

Sally Lund-Andersen

Oddvar Rettedal

Erik Edvard Tønnesen

Birthe Cecilie Lepsøe

Arne Austreid
CEO

STATEMENT OF CHANGES IN EQUITY

(Figures in NOK million)

Parent bank	Share capital	Shareholders' equity Equity share capital	Share premium reserve	Compensation fund	Primary capital	Retained earnings Endowment fund	Dividend equalisation fund	Fund for unrealised gains	Other equity
Equity as of 31.12.10		3 180	625	55	2 477	372	1 511	43	-
Grants from endowment fund		-	-	-	-	-79	-	-	-
Corrections		-	-	-	-	-	-1	-	-
Dividend 2010, finally resolved 2011		-	-	-	-	-	-336	-	-
Net profit for the period		-	-	-	339	-	597	-	-
Estimate deviation after tax on pension schemes		-	-	-	-77	-	-132	-	-
Total profit items recognised against equity		-	-	-	-77	-	-132	-	-
Total profit		-	-	-	262	-	465	-	-
Equity as of 31.12.11		**3 180**	**625**	**55**	**2 739**	**293**	**1 639**	**43**	**-**
Equity as of 31.12.11		**3 180**	**625**	**55**	**2 739**	**293**	**1 639**	**43**	**-**
Conversion limited savings bank	4 984	-3 180	882	-55	-2 739	-293	-1 639	-	2 040
Equity as of 01.01.12	**4 984**	**-**	**1 507**	**-**	**-**	**-**	**-**	**43**	**2 040**

	Share capital	Share premium reserve	Other equity	Fund for unrealised gains	Total equity
Equity as of 01.01.12	4 984	1 507	2 040	43	8 574
Dividend 2011, finally resolved 2012			-299		-299
Trade in own shares	-5	-3	1		-7
Private placement	1 406	113	2		1 521
Share issue costs		-30			-30
Value adjustment equities available for sale				-1	-1
Net profit for the period			1 211	30	1 241
Estimate deviation after tax on pension schemes			297		297
Total profit items recognised against equity			297		297
Total profit			1 508	30	1 538
Equity as of 31.12.12	**6 385**	**1 587**	**3 252**	**72**	**11 296**

Group	Share capital	Equity share capital	Share premium reserve	Compensation fund	Primary capital	Endowment fund	Dividend equalisation fund	Fund for unrealised gains	Other equity
			Shareholders' equity					Retained earnings	
Equity as of 31.12.10		3 180	625	55	2 477	372	1 511	43	1 139
Grants from endowment fund		-	-	-	-	-79	-	-	-
Corrections		-	-	-	-	-	-1	-	5
Dividend 2010, finally resolved 2011		-	-	-	-	-	-336	-	-
Corrected equity in associated companies		-	-	-	-	-	-	-	-47
Net profit for the period		-	-	-	339	-	597	-	145
Estimate deviation after tax on pension schemes		-	-	-	-77	-	-132	-	-40
Share of comprehensive income from associated companies		-	-	-	-	-	-	-	-19
Total profit items recognised against equity		-	-	-	-77	-	-132	-	-59
Total profit		-	-	-	262	-	465	-	86
Equity as of 31.12.11		**3 180**	**625**	**55**	**2 739**	**293**	**1 639**	**43**	**1 183**

Equity as of 31.12.11		**3 180**	**625**	**55**	**2 739**	**293**	**1 639**	**43**	**1 183**
Conversion limited savings bank	4 984	-3 180	882	-55	-2 739	-293	-1 639	-	2 040
Equity as of 01.01.12	**4 984**	**-**	**1 507**	**-**	**-**	**-**	**-**	**43**	**3 223**

	Share capital	Share premium reserve	Other equity	Fund for unrealised gains	Total equity
Equity as of 01.01.12	4 984	1 507	3 223	43	9 757
Dividend 2011, finally resolved 2012			-299		-299
Trade in own shares	-5	-3	1		-7
Private placement	1 406	113	2		1 521
Share issue costs		-30			-30
Value adjustment equities available for sale				-1	-1
Corrected equity in associated companies			-3		-3
Net profit for the period			1 331	30	1 361
Estimate deviation after tax on pension schemes			325		325
Share of comprehensive income from associated companies			13		13
Total profit items recognised against equity			338		338
Total profit			1 669	30	1 699
Equity as of 31.12.12	**6 385**	**1 587**	**4 593**	**72**	**12 637**

STATEMENT OF CASH FLOW

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Note	Group 2012	Group 2011
4 779	**-7 632**	Change in gross lending to customers	8	**-8 145**	4 424
4 278	**4 339**	Interest receipts from lending to customers		**4 698**	4 586
3 275	**3 542**	Change in deposits from customers	33	**3 552**	3 272
-1 875	**-1 893**	Interest payments on deposits from customers		**-1 872**	-1 851
-4 018	**-920**	Change in receivables and deposits with financial institutions	7	**-336**	-3 697
-51	**-110**	Interest on receivables and debt to financial institutions		**-291**	-218
-1 110	**1 174**	Change in commercial paper and bonds	27	**1 173**	-1 108
529	**628**	Interest receipts from commercial paper and bonds		**628**	529
850	**795**	Commission receipts		**1 257**	1 322
194	**150**	Capital gains from sale of trading		**150**	194
-1 177	**-1 340**	Payments for operations		**-1 746**	-1 574
-291	**-58**	Paid tax	25	**-130**	-307
-826	**-221**	Other accruals		**-455**	-994
4 557	**-1 546**	**A Net change in liquidity from operations**		**-1 517**	4 578
-82	**-47**	Investments in tangible fixed assets	31	**-67**	-103
-	**24**	Receipts from sale of tangible fixed assets	31	**33**	-
-913	**-563**	Change in long-term investments in equities		**-563**	-913
10	**-**	Receipts from sales of long-term investments in equities		**-**	10
289	**364**	Dividends from long-term investments in equities		**364**	289
-696	**-222**	**B Net change in liquidity from investments**		**-233**	-717
2 032	**14 999**	Increase in securities issued	34	**14 999**	2 032
-6 350	**-11 083**	Repayment - securities issued		**-11 083**	-6 350
-1 221	**-1 011**	Interest payments on securities issued		**-1 009**	-1 222
1 750	**825**	Increase in subordinated loans	37	**825**	1 750
-783	**-1 528**	Repayments - subordinated loans	37	**-1 528**	-783
-150	**-241**	Interest payments on subordinated loans		**-241**	-150
-	**1 521**	Share issues	40	**1 521**	-
-336	**-299**	Dividend to shareholders		**-299**	-336
-5 058	**3 183**	**C Net change in liquidity from financing**		**3 185**	-5 059
-1 197	**1 415**	**A+B+C Net change in cash and cash equivalents in the year**		**1 435**	-1 198
1 578	**381**	Cash and cash equivalents 01.01		**388**	1 586
381	**1 796**	**Cash and cash equivalents 31.12**		**1 823**	388
		Specification of cash and cash equivalents			
263	**1 314**	Cash and receivables from the central bank		**1 314**	263
118	**482**	Receivables from financial institutions at call		**509**	125
381	**1 796**	**Cash and cash equivalents 31.12**		**1 823**	388

Cash and cash equivalents include cash and deposits in the central bank, and that part of total loans to and deposits in financial institutions that relate to pure placements in financial institutions.
The statement of cash flow shows how the parent bank and Group generated liquid assets and how these were applied.
In total, the Group's cash and cash equivalents rose to NOK 1 823 million in 2012.

NOTE 1 GENERAL INFORMATION

The SpareBank 1 SR-Bank Group consists of the parent bank SpareBank 1 SR-Bank ASA ("the Bank") and its subsidiaries: SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering AS, SR-Forretningsservice AS, SR-Forvaltning AS, and Kvinnherad Sparebank Eigedom AS, as well as the second tier subsidiary EiendomsMegler 1 Drift AS. Rygir Industrier AS and its subsidiaries (repossessed assets) also became a subsidiary of the Bank on 31 December 2012.

As of 31 December 2012, the Bank owned 29.9% of SpareBank 1 Boligkreditt AS and 27.8% of SpareBank 1 Næringskreditt AS. The Group treats these as associated companies.

The Bank also owns 19.5% of SpareBank 1 Gruppen AS, 19.5% of Bank 1 Oslo Akershus AS, 23.5% of BN Bank ASA and 17.7% of Alliansesamarbeidet SpareBank 1 DA. These ownership interests are treated as joint ventures. In addition to this SpareBank 1 SR-Bank owns 19.0% of SpareBank 1 Kredittkort AS and 26.0% of SpareBank 1 Kundesenter AS.

SpareBank 1 SR-Bank, SpareBank 1 SMN, SpareBank 1 Nord-Norge and Samarbeidende Sparebanker AS each own 19.5% of SpareBank 1 Gruppen AS and Bank 1 Oslo Akershus AS. The other owners are Sparebanken Hedmark (12.0%) and the Norwegian Confederation of Trade Unions (LO) (10.0%). The SpareBank 1 Alliance's management structure is regulated by an agreement between the owners. SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge each own 23.5% of BN Bank ASA. SpareBank 1 SMN owns 33.0% and Samarbeidende Sparebanker AS owns 20.0%. BN Bank ASA's management structure is regulated by an agreement between the owners.

The bank's head office is in Stavanger and it has 53 branches in Rogaland, Vest-Agder, Aust-Agder and Hordaland. Some of the branches share premises with EiendomsMegler 1 SR-Eiendom AS. All of the subsidiaries have their head offices in Stavanger.

SpareBank 1 SR-Bank was a savings bank until 31 December 2011, but was converted into a public limited company with effect from 1 January 2012. Please see note 42 for information about the conversion.

The Group's core activities are selling and procuring financial products and services, as well as leasing and estate agency.

The consolidated financial statements were authorised for issue by the Annual General Meeting and Supervisory Board on 25 April 2013. The Annual General Meeting is the Bank's supreme authority.

NOTE 2 ACCOUNTING POLICIES

BASIS FOR PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Bank's financial statements and the consolidated financial statements for 2012 for SpareBank 1 SR-Bank ("the Group") have been prepared in accordance with International Finance Reporting Standards (IFRS) as adopted by the EU. This includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor the Standing Interpretations Committee (SIC).

SpareBank 1 SR-Bank's consolidated financial statements have been prepared in accordance with IFRS since 1 January 2005. Use of the same rules for the financial statements of savings banks was first permitted with effect from 1 January 2007. The annual financial statements of the Bank and the Group for 2012 have been prepared in accordance with IFRS.

The basis for measurement used in both the Bank's and the consolidated financial statements is acquisition cost, with the following modifications: financial derivatives, financial assets and financial liabilities are recognised at fair value with value changes through profit or loss.
Preparing financial statements in accordance with IFRS requires the use of estimates. Furthermore, applying international reporting standards requires management to use its judgement. Areas that involve a great deal of discretionary estimates, a high degree of complexity, or areas where assumptions and estimates are significant for the Bank's and the consolidated financial statements are described in note 3.

The annual financial statements are presented in accordance with IFRS and interpretations that are obligatory for annual financial statements presented as of 31 December 2012. The annual financial statements have been prepared on the basis of a going concern assumption.

New and amended standards implemented in 2012:

No new or amended IFRS rules or IFRIC interpretations came into effect in 2012 that had a material effect on the Group's annual financial statements.

Standards, amendments and interpretations of existing standards that have not come into effect and which the Group has chosen not to adopt early:

The Group has chosen not to adopt any new or amended IFRS rules or IFRIC interpretations early.

IAS 1 Presentation of Financial Statements has been amended with the result that items in comprehensive income must be divided into two groups: those that will subsequently be reclassified to profit or loss and those that will not. The amendment does not change the items that must be included in comprehensive income.

IAS 19 Employees Benefits was amended in June 2011. The amendment means that all remeasurements must be recognised

in comprehensive income immediately (no corridor), all costs from previous periods' pensions accrual must be recognised immediately, and that interest costs and expected returns must be replaced with a net interest amount calculated using the discount rate on the net pension liability (asset).
IFRS 9 Financial Instruments regulates the classification, measurement and accounting of financial assets and financial liabilities. IFRS 9 was published in November 2009 and October 2010, and replaces those parts of IAS 39 which deal with recognising, classifying and measuring financial instruments. According to IFRS 9, financial assets must be divided into two categories based on the measuring method: those that are measured at fair value and those that are measured at amortised cost. Classification takes place upon initial recognition. The classification will depend on the company's business model for dealing with its financial instruments and the characteristics of the contractual cash flows generated by the instrument. The requirements for financial liabilities are generally similar to those in IAS 39. The main change, in cases where a company has chosen fair value for financial liabilities, is that the part of the change in fair value due to changes in the company's own credit risk must be recognised in the comprehensive income statement instead of the income statement, if this does not entail accrual errors in measuring the result. The Group has not yet assessed the total impact of the standard on the financial statements, but is planning to apply IFRS 9 once the standard comes into force and is approved by the EU. The standard comes into effect for accounting periods that start on 1 January 2015. The Group also wants to look at the impact of the remaining part phases of IFRS 9 once these are finalised by IASB.

IFRS 10 Consolidated Financial Statements is based on the current principle of using the control concept as the key criterion for determining whether a company should be included in the consolidated financial statements of the parent company. The standard provides expanded guidance on determining whether control exists in cases where this is difficult. The Group has not considered all the possible consequences of IFRS 10. The Group plans to apply the standard in 2013 even through the EU does not require its application before 1 January 2014.

IFRS 12 Disclosures of Interest in Other Entities contains disclosure requirements for financial interests in subsidiaries, joint ventures, associated companies, special purpose entities (SPE) and other companies not recognised in the balance sheet. The Group has not assessed the full effects of IFRS 12. The Group plans to apply the standard in 2013 even through the EU does not require its application before 1 January 2014.

IFRS 13 Fair Value Measurement defines what is meant by fair value when the term is used in IFRS, provides a unified description of how fair value should be determined by IFRS, and defines what additional information should be disclosed when fair value is used. The standard does not expand the scope of recognition at fair value, but provides guidance on the application method where its use is already required or permitted by other IFRSs. The Group applies fair value as the measurement criterion for certain assets and liabilities. The Group has not assessed the full effects of IFRS 13 but will apply the standard in the 2013 accounting year.

Otherwise, no other IFRSs and IFRIC interpretations not yet in force are expected to have a material impact on the financial statements.

PRESENTATION CURRENCY

The presentation currency is Norwegian kroner (NOK), which is also the Group's functional currency. All figures are in NOK million unless otherwise stated.

SUBSIDIARIES

Subsidiaries' assets are valued using the cost method of accounting in the Bank's financial statements. Investments are assessed at the acquisition cost of the shares assuming that no write-downs have been necessary.

Dividends, group contributions and other distributions are recognised as income in the year that they are approved by the Annual General Meeting. If the dividend/group contribution exceeds the share of the retained profit after the acquisition, the amount in excess represents a repayment on invested capital, but is, pursuant to the amended IAS 27, recognised as income in the year that it is paid.

CONSOLIDATION

The consolidated financial statements include all subsidiaries. Subsidiaries are defined as entities in which the Group has a controlling influence over the entity's financial and operational strategy, normally through direct or indirect ownership of more than half of the voting capital. When deciding whether or not a controlling influence exists, the effect of potential voting rights that can be exercised or converted on the balance sheet date is included. Subsidiaries are consolidated from the date the Bank has taken over control and cease to be consolidated from the date the Bank relinquishes control.

The acquisition method is applied when recording the acquisition of subsidiaries. When acquiring control in a business (business merger) all identifiable assets and liabilities are recorded at fair value in accordance with IFRS 3. A positive difference between the fair value of the purchase price and the fair value of identifiable assets and liabilities is recorded as goodwill, while any negative difference (badwill) is recognised as income upon the acquisition. The Group has not applied IFRS 3 retrospectively to business combinations that were carried out prior to 1 January 2004.

Intra-group transactions, intra-company balances and realised and unrealised profit between group companies are eliminated. The accounting policies in subsidiaries are changed when this is necessary to ensure consistency with the Group's accounting policies.

The minority interests' share of the Group's profit is presented on a separate line under net profit for the period in the income statement.
Their share of the minority's equity is shown as a separate item.

ASSOCIATED COMPANIES

Associated companies are entities in which the Group has a significant interest but not control. Normally, significant influence arises when the Group has a stake of between 20% and 50% of the voting capital. Associated companies are recorded in accordance with the cost method of accounting in the Bank's financial statements and the equity method in the consolidated financial statements.

New investments are recorded at acquisition cost in consolidated financial statements. Investments in associated companies include goodwill/badwill identified at the time of the acquisition, reduced by any possible later write-downs.
The Group's share of profits or losses in associated companies are recorded and added to the book value of the investments, together with the share of unrecognised changes in equity.

JOINT VENTURES

Joint ventures can be jointly owned operations, jointly controlled assets or jointly controlled enterprises. Joint control implies that the Group, by agreement, exercises control together with other participants. Jointly controlled enterprises are dealt with in accordance with the cost method of accounting in the Bank's financial statements and the equity method in the consolidated financial statements.

LENDING AND LOAN LOSSES

Loans with variable rates are measured at amortised cost in accordance with IAS 39. The amortised cost is the acquisition cost minus repayments on the principal, taking into account transaction costs, plus or minus cumulative amortisation using the effective interest method, and less any amount for impairment in value or exposure to loss. The effective interest rate is the interest that exactly discounts estimated future cash receipts and payments over the expected life of the financial instrument.

Fixed rate loans to customers are earmarked upon initial recognition at fair value, with value changes through profit or loss, in accordance with IAS 39.9. Gains and losses resulting from changes in fair value are recorded through profit or loss as a change in value. Accrued interest and premiums/discounts are recorded as interest. The interest risk inherent in fixed rate loans is managed using operational interest rate swaps that are recorded at fair value. The Bank uses the fair value option for measuring fixed rate loans, as this largely eliminates inconsistencies in measuring other comparable instruments in the balance sheet.

SALES OF LOANS

The Bank has concluded an agreement concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. In line with the administration contract between the Bank and financial institutions, the Bank administers the loans and maintains the contact with customers. The Bank receives a fee in the form of commissions for the duties involved in administering the loans. There is a residual involvement related to sold loans upon possible limited settlement of losses against commissions. According to the administration contract with the Bank, the financial institutions can sell on loans that are purchased from the Bank while the Bank's right to administer customers and receive commissions follow the loans. Should the Bank be unable to serve customers, the right to serve and commissions may lapse. The Bank also has the option to buy back loans under certain conditions and thus the Bank is considered to have retained genuine control of the sold loans based on IAS 29.30.c. The Bank has thus neither retained nor transferred the material risk and return associated with the sold loans. The Bank recognises the amount associated with the residual involvement as an asset or liability. The Bank also recognises as a liability the fair value of the residual credit risk associated with sold loans. This has been calculated as very small. Based on an assessment of significance, the Bank has not recognised any amount for residual involvement in the sold loans. This is described in note 9.

ASSESSMENT OF IMPAIRMENT OF FINANCIAL ASSETS

On each balance sheet date, the Group assesses whether there is any objective evidence that the cash flow expected when the item was initially recorded will not be realised and that the value of the financial asset or group of financial assets has been reduced. An impairment in value of a financial asset assessed at amortised cost or group of financial assets assessed at amortised cost has been incurred if, and only if, there is objective evidence of impairment that could result in a reduction in future cash flows to service the commitment. The impairment must be the result of one or more events that have occurred after the initial recognition (a loss event) and it must be possible to measure the result of the loss event (or events) in a reliable manner. Objective evidence that the value of a financial asset or group of financial assets has been reduced includes observable data that is known to the Group relating to the following loss events:

- The issuer or borrower is experiencing significant financial difficulties
- Breach of contract, such as a default or delinquency in payment of instalments and interest
- The Bank granting the borrower special terms for financial or legal reasons relating to borrower's financial situation
- Likelihood of the debtor entering into debt negotiations or other financial reorganisation
- Disappearance of an active market for the financial asset because of financial difficulties
- Observable data indicating that there is a measurable decline in future cash flows from a group of financial assets since the initial recognition of those assets, even though the decline cannot yet be fully identified with the individual financial assets in the group including:
  - adverse changes in the payment status of the borrowers in the group
  - national or local economic conditions that correlate with defaults of the assets in the group

The Group first considers whether there is individual objective evidence of impairment of financial assets that are significant individually. For financial assets that are not individually significant, the objective evidence of impairment is considered individually or collectively. If the Group decides that there is no objective evidence of impairment of an individually assessed financial asset, significant or not, the asset is included in a portfolio of financial assets with the same credit risk characteristics. The group is tested for any impairment on a portfolio basis. Assets that are tested individually for impairment and where impairment can be identified or is still identified are not included in the portfolio assessment of impairment. See note 3.

If there is objective evidence that impairment has occurred, the amount of the loss is calculated as the difference between the asset's book (carrying) value and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's latest effective interest rate. The book value (carrying value) of the asset is reduced using an allowance account and the loss is recorded in the income statement.

Future cash flows from a group of financial assets that are tested for impairment on a portfolio basis are estimated on the basis of the contractual cash flows for the group and historical losses on assets with a similar credit risk. Historical losses are adjusted for existing observable data in order to take into account the effects of existing circumstances that were not present at the time of the historical losses and to adjust for the effect of earlier circumstances that do not exist today.

NON-PERFORMING AND LOSS EXPOSED COMMITMENTS

The total commitment to a customer is considered to be in default (non-performing) and included in the Group's summaries of defaulted loans when an instalment or interest is not paid 90 days after due date or a line of credit is overdrawn for 90 days or more. Loans and other commitments that are not in default, but where the customer's financial situation makes it likely that the Group will incur a loss, are classified as loss exposed commitments.

REALISED LOSSES

When it is highly probable that the losses are final, the losses are classified as realised losses. Realised losses that are covered by earlier specific loss provisions are recorded against the provisions. Realised losses without cover by way of loan loss provisions and over or under coverage in relation to previous loan loss provisions are recognised through profit or loss.

REPOSSESSED ASSETS

As part of the handling of non-performing loans and guarantees, the Group acquires, in some cases, assets that have been lodged as security for such commitments. At the time of takeover, the assets are valued at their assumed realisation value and the value of the loan commitment is adjusted accordingly. Repossessed assets that are to be realised are classified as holdings or fixed assets held for sale and recorded in accordance with the relevant IFRS standards (normally IAS 16, IAS 38, IAS 39 or IFRS 5).

LEASES

Financial leases are recorded in the balance sheet under the main item "Net lending to customers" and recognised in accordance with the amortised cost principle. All fixed income during the expected term of the lease is included when calculating the lease's effective interest.

The Group has no sale and lease back contracts covering property, plant and equipment.

SECURITIES

Securities comprise equities and units, commercial paper and bonds. Equities and units are recognised either as held for sale or at fair value with change in value through profit or loss. Commercial papers and bonds are classified either as held for sale, at fair value with value change through profit or loss, as held to maturity or as a receivable. The Group uses the price on the trade date upon initial recognition of securities.

All financial instruments that are classified as held for sale or at fair value with value change through profit or loss, are measured at fair value, and changes in the value from the opening balance are recorded as income from financial investments. The Group is of the opinion that financial instruments classified at fair value with value change through profit or loss provide more relevant information about the values of these items in the balance sheet than if they were assessed at amortised cost. The financial instruments included in this category are regularly reported and managed based on fair value. Commercial paper and bonds that are classified as held to maturity or as a receivable are measured at amortised cost using an effective interest rate method. See description of this method in the section on lending.

In conjunction with the extraordinary and negative developments in the world's financial markets in the third quarter of 2008, the IASB adopted on 13 October 2008 amendments to IAS 39 Financial instruments
 - Recognition and measurement and IFRS 7 Financial instruments
 - Disclosure. The amendments were approved by the EU on 15 October 2008 and adopted by the Norwegian Ministry of Finance in a regulation dated 16 October 2008. The amendments resulted in permission, under certain conditions, to reclassify financial assets in the categories held for sale at fair value with change in value through profit or loss and available for sale to the categories held to maturity, and loans and receivables with effect from 1 July 2008. The Bank chose to make use of this option.
Instruments that are traded in an active market where observable market prices usually exist were reclassified to the category held to maturity, whilst instruments where market prices do not exist and the value is normally determined based on alternative valuation methods, were reclassified to the category loans and receivables. The reclassification called for a reversal of unrealised losses at the time of reclassification. The reversed amount is amortised over the individual instrument's remaining term and is included in the line interest income/interest costs.
The reclassification is carried out based on major and abnormal fluctuations that have arisen owing to the turbulent financial markets. The Bank has traditionally deposited a large part of the portfolio in Norges Bank and held these bonds to maturity. These bonds have generally had extremely high creditworthiness and therefore, in the Bank's opinion, abnormal price fluctuations have adversely affected the result in the period. The Bank is both willing and able to hold the reclassified portfolio to maturity.

DERIVATIVES AND HEDGING

Derivatives consist of currency and interest rate instruments. Derivatives are recognised at fair value through profit or loss.

The Group uses derivatives for operational hedging purposes to minimise the interest rate risk inherent in fixed rate instruments (commercial paper and bonds). The efficiency of the hedging is assessed and documented 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 based on the fair value option in IAS 39.3, and changes in these values compared to the opening balance are recorded in the income statement. See note 28 for further information.

GOODWILL/BADWILL

Goodwill is the positive difference between the cost of acquiring a business and the fair value of the Bank's share of the net identifiable assets in the business at the time of acquisition. Goodwill on the acquisition of subsidiaries is classified as intangible assets. Goodwill on the acquisition of shares in associated companies and joint ventures is included in the investment and tested for depreciation as part of the book (carrying) value of the investment. Goodwill is not subject to amortisation, but is subject to annual impairment testing with the purpose of identifying any indications that impairment may have occurred, in accordance with IAS 36. Assessments of impairment are made at the lowest level at which it is possible to identify cash flows. Write-downs of goodwill cannot be reversed.
In those cases where the cost of acquiring a business is lower than the fair value of the Bank's share of net identifiable assets at the time of acquisition, so-called badwill, the difference is immediately recorded as income and included in income from ownership interests.

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.

ASSETS THAT WILL BE SOLD

These items in the balance sheet contain the Group's assets it has decided to sell. The items include assets and liabilities relating to repossessed properties and property companies that are to be syndicated and disposed of by selling parts to customers. The items are recognised at fair value.

FUNDING

Funding is initially recorded at the cost at which it is raised, which is fair value of the proceeds received after deducting transaction costs. Loans raised with variable rates are thereafter measured at amortised cost, and any discount/premium is accrued over the term of the loan. Fixed rate funding is assessed at fair value with discounting according to the applicable interest curve, though not taking into account changes in credit spreads and transaction costs. The Group applies the fair value option when measuring fixed rate loans, as this largely eliminates inconsistencies in measuring other comparable instruments in the balance sheet. The same applies to derivatives on the liability side. Deposits from customers are assessed at amortised cost.

PENSIONS

SpareBank 1 SR-Bank currently has two types of pension scheme.

Defined benefit 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 covered 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 elected to apply this principle.

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

Defined contribution scheme

In the case of defined contribution plans, the company pays a contribution to an insurance company. The company has no further payment obligations once the subscriptions have been paid. The subscriptions are recorded as a payroll 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.

CONTINGENT LIABILITIES

The Group issues financial guarantees as part of its ordinary business. Gross latent liabilities are specified in note 35. Impairment assessments are made as part of assessing loans losses and in accordance with the same policies, and are reported with these, ref. note 11. Provisions are made for other uncertain liabilities if it is more probable than not that the liability will materialise and the financial consequences can be reliably calculated. Information is disclosed about contingent liabilities that do not satisfy the criteria for balance sheet recording if they are significant.

Provisions for restructuring costs are made when the Group has a contractual or legal liability.

SUBORDINATED LOANS AND HYBRID TIER 1 CAPITAL

Subordinated loans have a lower priority than all other debt. 50% of the dated subordinated loans can be regarded as tier 1 capital in the capital ratio, whilst 100% of perpetual subordinated loans can be included in tier 1 capital. Subordinated loans are classified as subordinated loan capital in the balance sheet and are measured at fair value with value change through profit or loss or amortised cost in the same way as other long-term loans. The Bank uses the fair value option for measuring fixed rate loans, as this largely eliminates inconsistencies in measuring other comparable instruments in the balance sheet.

Hybrid tier 1 capital are bonds with nominal interest, but the Group is not obliged to pay any interest in periods when no dividend is paid and the investor cannot later claim any interest that has not been paid, i.e. interest is not accumulated. Hybrid instruments are approved as tier 1 capital elements limited upward to 15% or 35% of the total tier 1 capital depending on the type of hybrid tier 1 capital. The Financial Supervisory Authority of Norway (Finanstilsynet) can demand that hybrid instruments be written down proportionally with equity if the Bank's tier 1 capital ratio falls below 5%, or the capital ratio falls below 8%. Write-downs on tier 1 capital must be written up again before any dividend can be paid to shareholders or the equity is written up. Hybrid tier 1 capital is classified as subordinated loan capital in the balance sheet and is measured at fair value with changes in value through profit or loss.

DIVIDENDS

Dividends are recognised as equity in the period prior to being approved by the Bank's Annual General Meeting.

INTEREST INCOME AND INTEREST COSTS

Interest income and interest costs related to assets and liabilities that are measured at amortised cost are recorded continuously in the income statement in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of the expected cash flow over the expected life of a financial asset or liability being equal to the book value (carrying value) of the respective financial asset or liability. When calculating an effective interest rate, the cash flow effect inherent in the agreement is estimated, without taking into account future impairment. The calculations take therefore into account inter alia fees, transaction costs, premiums and discounts.

If a financial asset is written down due to impairment, a new effective interest rate is calculated based on adjusted estimated cash flows.

Interest income and costs for financial instruments measured at fair value are classified as interest income and interest costs respectively. Other changes in value are classified as income from financial instruments.

COMMISSIONS AND COMMISSION COSTS

Commissions and commission costs are generally accrued in line with the delivery/receipt of a service. Fees relating to interest-bearing instruments are not recognised as commissions, but are included in the calculation of the effective interest rate and recognised accordingly through profit or loss. Advisory/consultancy fees are accrued in accordance with the signed agreement, typically at the time the service is delivered.

The same applies to day-to-day management services. Fees and charges related to the sale or brokerage of financial instruments, properties or other investment objects that do not generate balance sheet items in the consolidated financial statements, are recognised when the transaction is completed.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Transactions involving foreign currencies are converted into Norwegian kroner using the exchange rates at the time of the transactions. Gains and losses linked to completed transactions or to the conversion of holdings of balance sheet items in foreign currency on the balance sheet date are recognised through profit or loss. Gains and losses on non-monetary items are included in the income statement in the same way as the corresponding balance sheet item.
The exchange rate on the balance sheet date is used when converting balance sheet items.

TAXES

Taxes consist of payable tax and deferred tax. Payable tax is the estimated tax on the year's taxable profit.

Deferred taxes are accounted for using the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book values of assets and liabilities for accounting purposes and for taxation purposes. However, no liabilities or assets are calculated for deferred taxes on goodwill that do not give a tax deduction, nor items that are recognised for the first time and do not affect the financial or taxable profit.
Deferred tax assets are calculated for tax loss carry forwards. Assets with deferred tax are included only to the extent that future taxable profits are expected to make it possible to exploit the related tax benefit.

Under IFRS, the company's wealth tax is not defined as a tax cost. This is therefore recognised as an operating cost. Wealth tax no longer applies after the conversion to an ASA.

STATEMENT OF CASH FLOW

The statement of cash flow shows cash flows grouped by source and application area. Cash is defined as cash, deposits in central banks, and deposits in financial institutions with no period of notice. The statement of cash flow is prepared using the direct method.

SEGMENT REPORTING

A business segment is part of an entity that is engaged in providing individual products or services that are subject to risks and returns that are different from those of other business segments. A geographic market (segment) is a part of a business that supplies products and services within a limited geographic area that is subject to risks and returns that are different from other geographic markets. As regards segment reporting, the Group's executive management team is considered to be supreme decision-making authority. The figures in the segment reporting are based on internal reporting to Group's executive management team.

EVENTS AFTER THE BALANCE SHEET DATE

The financial statements are published after the Board of Directors has approved them. The Supervisory Board, the Annual General Meeting and the regulatory authorities may refuse to approve the published financial statements subsequent to this but they cannot change them.
Events occurring up to the time when the financial statements are approved for publication involving issues that were already known on the balance sheet date will form part of the information basis for determining accounting estimates and will thus be fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant.

The financial statements have been prepared on the basis of a going concern assumption. In the Board of Directors' opinion, this assumption was valid at the time the financial statements were approved for publication.

The Board's proposed dividend is specified in the Board of Directors' Report and note 43. The proposed divided is classified as equity until it has finally been approved.

NOTE 3 CRITICAL ESTIMATES AND JUDGEMENTS CONCERNING USE OF THE ACCOUNTING POLICIES

LOSSES ON LOANS AND GUARANTEES

The Group assesses its entire corporate market portfolio annually. Large commitments, non-performing loans and high-risk exposures are subject to quarterly assessments. Loans to private customers are subject to evaluation when they are in default for more than 60 days. Large non-performing loans are evaluated on a quarterly basis.

The Group's risk classification systems are described under financial risk management.

The Group makes write-downs if there is objective evidence that can be identified for an individual commitment, and the objective evidence entails a reduction in future cash flows for servicing the commitment. Objective evidence may be default, bankruptcy, insolvency or other significant financial difficulties.

Individual write-downs are calculated as the difference between the loan's book (carrying) value and the present value of future cash flows based on the effective interest rate at the time of the calculation of the initial individual write-down. Subsequent changes in interest rates are taken into account for loan agreements with variable rates if these changes affect the expected cash flow.

Group write-downs are calculated on groups of loans where there is objective evidence indicating that a loss event has occurred after the initial recording of the loans. Objective evidence comprises observable data that results in a measurable reduction in estimated future cash flows from the loan group. The development of probability for default is one such objective evidence that is used to identify a possible need to make a write-down. Where a need to make group write-downs has been identified, loan losses shall be calculated as the difference between the carrying value (book value) and the present value of the estimated future cash flows, discounted at the effective interest rate. The basis for calculating this difference (which corresponds to the level of the group write-downs) is based on the loans' expected losses.

The assessment of individual and group write-downs will always call for a considerable degree of discretionary judgement. Predictions based on historical data may prove to be incorrect because of the uncertainty of the relevance of historical data as a decision-making basis. When the value of assets pledged as collateral is linked to special objects or industrial sectors in a crisis, it may be necessary to realise the collateral in markets that are rather illiquid and, therefore, the assessment of collateral securities' values may be subject to considerable uncertainty.

FAIR VALUE OF EQUITY INTERESTS

Financial assets assessed at fair value through profit or loss will normally be traded in active markets and the fair value can thus be determined with reasonable certainty. For assets classified as held for sale, this is not necessarily the case. Similarly, market values for assets and liabilities that are recognised at amortised cost and appear in notes may be estimates based on discounted expected future cash flows, multiplier analyses or other calculation methods. Such methods can be subject to significant uncertainty. With the exception of a few equities, liquidity in the Norwegian stock market is poor. Share prices will under most circumstances be the last known traded price.

FAIR VALUE OF DERIVATIVES

The fair value of derivatives is usually determined by using valuation methods where the price of the underlying object, for example, interest and currency rates, is obtained from the market. In the case of options, volatility will be either observed implicit volatility or calculated volatility based on historical price movements for the underlying object.

PENSIONS

Net pension liabilities and the pension costs for the year are based on a number of estimates, the most important of which are the yield on pension assets, future interest and inflation rates, future wage development, staff turnover, development in the Norwegian National Insurance base amount (G) and the general development in the number of persons receiving disability benefits and life expectancy. Uncertainty is largely related to gross liabilities and not to net liabilities that are shown in the balance sheet. Changes in estimates because of changes in the above parameters will be recorded directly against equity on an ongoing basis.

INCOME TAX

When calculating the Group's income tax, a considerable degree of discretion is called for. For many transactions and calculations, uncertainty will be linked to the final tax liability. The Group records tax liabilities linked to future decisions in tax cases and disputes based on the additional tax liability that will accrue. If the final outcome of a case differs from the amount originally allocated amount, the difference will affect the recorded tax costs and allocations for deferred tax in the period the difference is established.

NOTE 4 SEGMENT INFORMATION

The executive management team 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, capital market and subsidiaries of significant importance. The Bank's own investment activities are not a separate reportable segment and are included in the item "other activities" together with activities that cannot be allocated to the retail market, the corporate market, capital market or subsidiaries of considerable significance. The figures for business areas and geography are based on internal management reporting. Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are reported under "Net commissions and other income".

Reporting per business area:
(Figures in NOK million)

2012	Retail market	Corporate market	Capital market	Eiendoms-Megler 1	SR-Finance	SR-Forvaltning	SR-Investering	Eliminations	Other activities	SR-Bank Group
Interest income	1 852	1 476	690	19	352	1	1	-199	1 108	5 300
Interest costs	954	610	632	13	169	-	-	-192	1 372	3 558
Net interest income*	898	866	58	6	183	1	1	-7	-264	1 742
Commissions	775	258	58	-	3	65	1	-45	-10	1 105
Commission costs	48	25	3	-	14	22	-	-42	6	76
Other operating income	-	-	-	426	-	-	-	-3	14	437
Net commissions and other operating income	727	233	55	426	-11	43	1	-6	-2	1 466
Dividends	-	-	6	-	-	-	-	-	19	25
Income from ownership interests	-	-	-	-	-	-	-	-	265	265
Net yield from financial investments	10	18	150	-	-	-	18	-25	117	288
Net yield from financial investments	10	18	156	-	-	-	18	-25	401	578
Personnel costs	394	174	55	190	29	19	-2	-7	230	1 082
Administration costs	114	23	11	43	9	4	-	-	213	417
Other operating costs	80	24	7	113	10	3	-	6	146	389
Total operating costs	588	221	73	346	48	26	-2	-1	589	1 888
Operating profit before loan loss provisions	1 047	896	196	86	124	18	22	-37	-454	1 898
Change in individual write-downs loans and guarantees	1	157	-	-	9	-	-	-	-	167
Change in group write-downs loans and guarantees	6	-36	-	-	-	-	-	-	-	-30
Operating profit before tax	**1 040**	**775**	**196**	**86**	**115**	**18**	**22**	**-37**	**-454**	**1 761**
***Net interest income**										
Net external interest income	898	870	58	-13	352	-	-	-	-423	1 742
Net internal interest income	-	-4	-	19	-169	1	1	-	152	-
Net interest income	898	866	58	6	183	1	1	-	-271	1 742
Balance										
Gross lending to customers	54 526	47 148	-	-	6 073	-	-	-	1 766	109 513
Individual write-downs	-97	-264	-	-	-62	-	-	-	-	-423
Write-downs for groups of loans	-22	-261	-	-	-45	-	-	-	-4	-332
Other assets	-	-	646	208	104	49	207	-	31 571	32 785
Total assets per segment	**54 407**	**46 623**	**646**	**208**	**6 070**	**49**	**207**	**-**	**33 333**	**141 543**
Deposits from customers	38 865	25 391	-	-	-	-	-	-	3 338	67 594
Other liabilities	-	-	646	148	5 534	31	25	-	54 928	61 312
Total liabilities per segment	**38 865**	**25 391**	**646**	**148**	**5 534**	**31**	**25**	**-**	**58 266**	**128 906**
Equity	-	-	-	60	536	18	182	-	11 841	12 637
Total assets and liabilities per segment	**38 865**	**25 391**	**646**	**208**	**6 070**	**49**	**207**	**-**	**70 107**	**141 543**
Total loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**48 155**	**533**								**48 688**

(Continuation note 4)

2011	Retail market	Corporate market	Capital market	Eiendoms-Megler 1	SR-Finance	SR-Forvaltning	SR-Investering	Eliminations	Other activities	SR-Bank Group
Interest income	1 662	1 354	680	21	317	1	2	-185	1 435	5 287
Interest costs	815	618	648	12	157	-	-	-179	1 460	3 531
Net interest income*	847	736	32	9	160	1	2	-6	-24	1 756
Commissions	509	216	67	-	4	69	2	-43	10	834
Commission costs	40	26	4	-	11	25	-	-38	3	71
Other operating income	-	-	-	426	-	-	-	-2	5	429
Net commissions and other operating income	469	190	63	426	-7	44	2	-7	12	1 192
Dividends	-	-	7	-	-	-	-	-	14	21
Income from ownership interests	-	-	-	-	-	-	-	-	209	209
Net yield from financial investments	12	21	112	-	-	-	11	-51	-16	89
Net yield from financial investments	12	21	119	-	-	-	11	-51	207	319
Personnel costs	365	149	52	189	20	13	3	-6	43	828
Administration costs	118	25	10	42	8	3	-	-1	205	410
Other operating costs	86	22	5	113	8	2	-	-7	166	395
Total operating costs	569	196	67	344	36	18	3	-14	414	1 633
Operating profit before loan loss provisions	759	751	147	91	117	27	11	-50	-219	1 634
Change in individual write-downs loans and guarantees	36	83	-	-	17	-	-	-	-	136
Change in group write-downs loans and guarantees	6	-3	-	-	-	-	-	-	-	3
Operating profit before tax	**717**	**671**	**147**	**91**	**100**	**27**	**11**	**-50**	**-219**	**1 495**
***Net interest income**										
Net external interest income	847	737	32	-12	317	-	-	-	-165	1 756
Net internal interest income	-	-1	-	21	-157	1	2	-	134	-
Net interest income	847	736	32	9	160	1	2	-	-31	1 756
Balance										
Gross lending to customers	49 655	45 147	-	-	5 420	-	-	-	1 146	101 368
Individual write-downs	-109	-246	-	-	-63	-	-	-	-	-418
Write-downs for groups of loans	-17	-300	-	-	-45	-	-	-	-	-362
Other assets	-	-	683	309	92	51	197	-	29 222	30 554
Total assets per segment	**49 529**	**44 601**	**683**	**309**	**5 404**	**51**	**197**	**-**	**30 368**	**131 142**
Deposits from customers	36 689	23 530	-	-	-	-	-	-	3 823	64 042
Other liabilities	-	-	683	260	4 922	37	16	-	51 425	57 343
Total liabilities per segment	**36 689**	**23 530**	**683**	**260**	**4 922**	**37**	**16**	**-**	**55 248**	**121 385**
Equity	-	-	-	49	482	14	181	-	9 031	9 757
Total assets and liabilities per segment	**36 689**	**23 530**	**683**	**309**	**5 404**	**51**	**197**	**-**	**64 279**	**131 142**
Total 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 funding (credit premium). Deviations between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated at the group level. The Group's real funding cost was higher than the interest on intercompany receivables in 2012, principally due to the falling NIBOR.

(Continuation note 4)

The Group primarily operates in a geographical area bounded by Grimstad in the south east and Bergen in the north west. Important asset classes (loans and deposits) are also segmented geographically in separate notes under loans and deposits.

	Rogaland		**Agder**		**Hordaland**		**SR-Bank Group**	
Geographic distribution	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net interest income	**1 367**	1 442	**162**	140	**213**	174	**1 742**	1 756
Net commissions and other operating income	**1 214**	987	**132**	115	**120**	90	**1 466**	1 192
Net yield from financial investments	**573**	314	**4**	2	**1**	2	**578**	319
Operating costs	**1 607**	1 358	**136**	137	**145**	138	**1 888**	1 633
Operating profit before loan losses	**1 547**	1 385	**162**	121	**189**	129	**1 898**	1 634
Losses on loans and guarantees	**80**	77	**33**	44	**24**	19	**137**	139
Operating profit before tax	**1 467**	1 308	**129**	77	**165**	110	**1 761**	1 495
Gross lending to customers	**86 223**	80 037	**10 785**	10 213	**12 505**	11 118	**109 513**	101 368
Individual write-downs	**-250**	-240	**-90**	-110	**-83**	-68	**-423**	-418
Write-downs for groups of loans	**-323**	-353	**-4**	-4	**-5**	-5	**-332**	-362
Other assets	**32 760**	30 548	**11**	3	**14**	4	**32 785**	30 554
Total assets per segment	**118 410**	109 992	**10 702**	10 101	**12 431**	11 048	**141 543**	131 142
Deposits from customers	**60 489**	57 194	**2 835**	2 521	**4 270**	4 328	**67 594**	64 042
Other liabilities	**60 086**	56 282	**537**	459	**689**	602	**61 312**	57 343
Total liabilities per segment	**120 575**	113 476	**3 372**	2 979	**4 959**	4 930	**128 906**	121 385
Equity	**12 518**	9 644	**52**	49	**67**	64	**12 637**	9 757
Total assets and liabilities per segment	**133 093**	123 120	**3 424**	3 028	**5 026**	4 994	**141 543**	131 142

NOTE 5 CAPITAL ADEQUACY

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
3 183	**6 394**	Share capital	**6 394**	3 183
-3	**-9**	- Own shares	**-9**	-3
625	**1 587**	Share premium reserve	**1 587**	625
299	**384**	Allocated dividend	**384**	299
43	**72**	Fund for unrealised gains	**72**	43
-	**2 868**	Other equity	**4 209**	1 183
1 448	**-**	Dividend equalisation fund	**-**	1 448
2 631	**-**	Primary capital	**-**	2 631
55	**-**	Compensation fund	**-**	55
293	**-**	Endowment fund	**-**	293
8 574	**11 296**	**Total recorded equity**	**12 637**	9 757
		Tier 1 capital		
-	**-**	Deferred tax, goodwill and other intangible assets	**-56**	-71
-2	**-1**	Fund for unrealised gains, available for sale	**-1**	-2
-299	**-384**	Deduction for allocated dividend	**-384**	-299
-421	**-462**	- 50% deduction for primary capital in other financial institutions	**-17**	-21
-250	**-278**	50% deduction in expected losses IRB less loss provisions	**-319**	-255
-	**-**	50% capital adequacy reserve	**-727**	-665
2 273	**2 242**	Hybrid tier 1 capital	**2 374**	2 402
9 875	**12 413**	**Total tier 1 capital**	**13 507**	10 846
		Tier 2 capital in excess of tier 1 capital		
-	**-**	Hybrid tier 1 capital in excess of 15% and 35%	**-**	-
1 565	**1 876**	Dated subordinated loans	**2 124**	1 776
-421	**-462**	- 50% deduction for primary capital in other financial institutions	**-17**	-21
-250	**-278**	50% deduction in expected losses IRB less loss provisions	**-319**	-255
-	**-**	50% capital adequacy reserve	**-727**	-665
894	**1 136**	**Total tier 2 capital**	**1 061**	835
10 769	**13 549**	**Net primary capital**	**14 568**	11 681
		Minimum requirement primary capital Basel II		
2 060	**2 328**	Participation in specialised enterprises	**2 328**	2 060
2 104	**2 346**	Participation in other enterprises	**2 346**	2 104
33	**32**	Participation in mass market SMB	**39**	37
393	**400**	Participation in mass market private individuals	**796**	758
75	**55**	Participation in other mass market	**58**	78
464	**619**	Equity positions	**-**	-
5 129	**5 780**	**Total credit risk IRB**	**5 567**	5 037
97	**168**	Debt risk	**149**	94
47	**44**	Equity risk	**44**	47
-	**-**	Currency risk	**-**	-
213	**207**	Participations calculated after other market risk	**277**	254
331	**366**	Operational risk	**447**	408
-	**-**	Transitional scheme	**908**	861
412	**423**	Participations calculated using standard method credit risk	**1 624**	1 576
-67	**-74**	Deductions	**-119**	-110
6 162	**6 914**	**Minimum primary capital requirement**	**8 897**	8 167
13,98 %	**15,68 %**	Capital ratio	**13,10 %**	11,44 %
12,82 %	**14,36 %**	- of which tier 1 capital	**12,15 %**	10,62 %
1,16 %	**1,31 %**	- of which tier 2 capital	**0,95 %**	0,82 %
9,87 %	**11,77 %**	Core equity tier 1 capital, transitional rules	**10,01 %**	8,27 %
12,82 %	**14,36 %**	Tier 1 capital ratio, IRB	**13,53 %**	11,88 %
9,87 %	**11,77 %**	Core equity capital ratio, IRB	**11,15 %**	9,25 %

(Continuation note 5)

The minimum requirement for the capital ratio is 8%.
The equity value of dated subordinated loan capital is reduced by 20% every year in the last 5 years before maturity.
To the extent the Group has primary capital in other financial institutions, this is directly deducted from the Group's own primary capital for that part which exceeds 2% of the receiving financial institution's primary capital.
If the Group has primary capital in other financial institutions that constitutes less than 2% of the individual financial institution's primary capital, the total of such capital is deducted from the Group's primary capital for that part which exceeds 10% of the Group's primary capital.
If the Group has been instructed to maintain a 100% capital adequacy reserve for specific assets, an amount corresponding to the assets' book value must be deducted from the primary capital and in the basis for calculation.
The basis for calculation is weighted according to risk.
The tier 1 capital ratio was 12.5% for 2012 and 10.62% for 2011.

NOTE 6 FINANCIAL RISK MANAGEMENT

The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk. SpareBank 1 SR-Bank invests significant resources in developing risk management systems and processes that are in line with leading international practice.

SpareBank 1 SR-Bank is exposed to various types of risk:

- Credit risk: the risk of loss resulting from the customer's inability or unwillingness to fulfil his obligations
- Liquidity risk: the risk that the Group is unable to refinance its debt or does not have the ability to fund increases in assets without significant additional costs
- Market risk: the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets
- Operational risk: the risk of losses due to weak or inadequate internal processes or systems, human error or external incidents.
- Ownership risk: the risk that SpareBank 1 SR-Bank bears if it suffers negative results from stakes in strategically owned companies and/or the need to inject fresh capital into these companies. Ownership is defined as companies in which SpareBank SR-Bank has a significant stake and influence.
- Compliance risk: the risk that the Group incurs public sanctions/penalties or financial loss as a result of failure to comply with legislation and regulations.
- Business risk: the risk of unexpected income and cost variations due to changes in external factors such as market conditions or government regulations
- Reputation risk: the risk of a failure in earnings and access to capital because of lack of trust and reputation in the market, i.e. customers, counterparties, stock market and authorities
- Strategic risk: the risk of losses resulting from the wrong strategic decisions.
- Concentration risk: the risk of an accumulation of exposure to an individual customer, sector or geographical area arising. Sectoral concentration risk is exposure that can arise across different types of risk or business areas in the Group, e.g. due to common underlying risk drivers such as the price of oil.

SpareBank 1 SR-Bank's risk and capital management underpins the Group's strategic development and goal attainment, while ensuring financial stability and prudent asset management. This is achieved through a strong organisational culture that is characterised by:

- A high awareness of risk management
- A good understanding of which risks drive earnings.
- Striving for optimal capital application within the adopted business strategy
- Preventing unexpected single events from damaging the Group's financial position to a serious extent.
- Making the most of all synergy and diversification effects

In order to ensure an effective and adequate process for risk and capital management, the framework is based on a variety of elements that reflect the manner in which the Board and the executive management team run the Group. The principal elements are described below:

The Group's strategic targets: SpareBank 1 SR-Bank shall be southern and western Norway's most attractive supplier of financial services based on:

- Good customer experiences
- A strong team spirit and professionalism
- Local roots and decision-making authority
- Financial strength, profitability and confidence in the market

Risk identification and analysis: The process for risk identification is based on the Group's strategic targets. The process is forward-looking and covers all of the Group's significant risk areas. In areas where the effect of the established control and management measures is not considered satisfactory, improvement measures are implemented. Measures that reduce probability shall take precedence over measures that reduce consequences.

Capital allocation: The return on risk-adjusted capital is one of the most important strategic performance goals in the internal management of

SpareBank 1 SR-Bank. This implies that capital is allocated to business areas in accordance with the calculated risk of the operation and the return on capital is monitored continuously.

The Group's risk is quantified, inter alia, through calculations of expected losses and the need for risk-adjusted capital to be able to cover any unexpected losses. Expected losses describe the loss that statistically must be expected in a portfolio over a 12-month period (long-term outcome). Risk-adjusted capital describes how much capital the Group believes it needs to cover the real risk that the Group has assumed.

The Group has decided that the risk-adjusted capital shall, in principle, cover 99.97% of possible unexpected losses. In the case of the ownership risk associated with SpareBank 1 Gruppen AS, the Group has chosen a confidence level of 99.5% as a result of the risk being, to a great extent, insurance risk with a different loss distribution. A confidence level of 99.5% for insurance risk is in line with the international Solvency II regulations. This has been applied to statistic methods for calculating risk-adjusted capital, and qualitative assessments are also carried out.

Financial projections and stress tests: Projections of expected financial development are made for the next 5 years, based on the strategic targets and the business plan. In addition, projections are made of a situation involving a serious economic recession. To assess the consequences of an economic downturn for SpareBank 1 SR-Bank, the Group largely focuses on those areas of the economy that affect financial development. This is primarily the development in the demand for credit, the stock market, interest rate market and the development of credit risk. In addition to having an impact on the yield of the underlying assets, an economic recession will also have an impact on customer savings habits. The purpose of these projections is to calculate how the financial development in activities and the macroeconomic situation will impact the Group's financial development, including the return on equity, the funding situation and capital adequacy.

Evaluation and measures: The analyses provide the executive management team and the Board with sufficient understanding of the risk so that they can assess whether the Group has an acceptable risk profile and ensure that the Group is adequately capitalised in light of the risk profile and strategic targets.

SpareBank 1 SR-Bank prepares capital plans in order to achieve long-term and effective capital management and ensure that the Group's capital adequacy is acceptable taking into account the risk exposure. The capital plan takes into account both expected developments and a situation with a serious economic downturn over a number of years. SpareBank 1 SR-Bank has also prepared contingency plans for such critical situations.

Reporting and follow-up: The Group's overriding risk exposure and risk trends are followed up through periodic risk reports that are submitted to the executive management team and the Board. General risk monitoring and reporting is performed by the Risk Management and Compliance Department which is organised independently of the business units. The department reports directly to the CEO.

Organisation and corporate culture: SpareBank 1 SR-Bank aims to maintain a strong organisational culture characterised by a high level of risk management awareness. The corporate culture comprises management philosophy and the people in the organisation with their personal attributes, such as integrity, core values and ethics. It is difficult to compensate for an inadequate organisational culture by using other control and management measures. SpareBank 1 SR-Bank has established clear core values and a code of conduct and made the entire organisation aware of them.

SpareBank 1 SR-Bank seeks independence in its risk management and the responsibility for risk management is therefore split between various roles in the organisation.

RISK EXPOSURE IN SPAREBANK 1 SR-BANK

SpareBank 1 SR-Bank is exposed to various types of risk and the most important risk groups are described below:

Credit risk is managed via the framework procedures for granting credit, monitoring commitments and portfolio management. The Group's credit strategy comprises overriding credit strategy limits to ensure a diversified portfolio and a satisfactory risk profile. This limits the probability of default, expected losses, risk-adjusted capital and how high the total loan exposure can be in the corporate market.

The Group particularly focuses on the concentration risk associated with exposure to large individual customers and certain industries. In order to avoid undesirable concentration risk, the strategic credit limits also set restrictions in relation to exposure and risk profile at a portfolio level, and for different industries and individual customers. These restrictions are additional to the limits stipulated by the Regulation regarding Major Commitments. The Group's credit policy guidelines stipulate minimum requirements that apply to all types of financing, except commitments granted as part of the exercise of special credit hedging authorities. In addition to the general credit policy guidelines, a set of more specific credit policy guidelines related to sectors or segments that can entail a special risk have been prepared. For example, in the case of financing property commitments, minimum requirements are imposed for equity, advance sales of housing projects and degree of financing in relation to rental income on rental property.

The Board is responsible for the Group's granting of loans and credit, but delegates the responsibility to the CEO, within certain limits. The CEO then delegates these within his own authority. Delegated credit authority is linked to a commitment's expected losses and the probability of default. The authority is personal. The credit review routines regulate in detail all factors related to the granting of credit by the group and follow-up of commitments.

The Group utilises credit models for risk classification, risk pricing and portfolio management. The risk models are based on three main components:

1. Probability of default: Customers are classified into default classes based on the probability of them defaulting on their obligations during a period of 12 months, based on a long-term outcome. The probability of default is calculated on the basis of historical series of data for financial key figures related to earnings and deterioration, as well as the basis of non-financial criteria such as conduct and age. Nine default classes (A - I) are used to classify customers' probability of default. The Group has two additional default classes (J and K) for customers with defaulted and/or written-down commitments.

2. Exposure at default: This is an estimate of what the Group's exposure will be were a customer to default. This exposure consists of lending volume, guarantees and approved, but not drawn limits respectively. Guarantees and approved, but not drawn limits on the corporate market are multiplied by a conversion factor of 75%. For the retail market, approved, but not drawn limits are multiplied by a conversion factor of 100%.

3. Loss given default: This is an estimate of how much the Group can potentially lose if the customer defaults on his obligations. The valuation takes in account the value of underlying securities and the costs the Group incurs from recovering defaulted commitments. The Group sets realisation values on collateral security lodged based on experience over time, and such that these, based on a conservative assessment reflect the expected realisation value in a period of recession. Seven different classes are used (1 - 7) for classifying commitments in relation to loss given default.

The Group continuously develops and tests the risk management system and the credit granting process to ensure that it is of high quality over time. Quantitative validation is intended to ensure that the estimates used for the probability of default, exposure at default and loss given default are always of adequately good quality. Analyses are carried out to assess the models' ability to rank the customers according to risk (discrimination ability), and the ability to determine the correct level for the risk parameters. In addition, the stability of the models' estimates and the models' cyclical sensitivity are analysed. The quantitative validation will, in certain circumstances, be supplemented by more qualitative valuations, especially if only limited statistical data is available.

In addition to the credit risk in the lending portfolio, the Group has credit risk through its exposure in the liquidity reserve portfolio. This portfolio consists mainly of low risk commercial paper and bonds that qualify for loans from Norges Bank. The Group is also exposed to credit risk through the portfolio in SpareBank 1 SR-Finans AS, which principally consists of leasing and car loans. The portfolio accounts for around 5% of total lending exposure. For further information please see notes 7 to 14.

Liquidity risk is managed via the Group's general liquidity strategy, which is reviewed and adopted by the Board at least once a year. Liquidity management is based on conservative limits and reflects the Group's moderate risk profile. The Group's Treasury Department is responsible for liquidity management, while the Risk Management and Compliance Department monitors and reports on the utilisation of limits in accordance with the liquidity strategy.

The Group's lending is mainly funded by customer deposits and long-term security debt. The liquidity risk is restricted by diversifying securities issued in terms of markets, funding sources, instruments and maturity periods. Sales of well-secured housing loans to SpareBank 1 Boligkreditt help dampen funding needs and thus the liquidity risk to which SpareBank 1 SR-Bank is exposed.

For further information see notes 17 and 18.

Market risk is managed through the market risk strategy, which defines the Group's willingness to assume risk. The strategy and the associated specification of the necessary risk ceilings, reporting procedures and authorities are reviewed and adopted by the Board at least once a year.

Market risk in SpareBank 1 SR-Bank primarily relates to the Group's long-term investments in securities. In addition, the Group is exposed to some market risk through trading activities in interest rate and currency markets, as well as from activities that underpin ordinary funding and lending activities. The Group's market risk is measured and monitored on the basis of conservative limits that are renewed and approved by the Board at least once a year. The size of the limits is determined on the basis of stress tests and analyses of negative market movements.
The Group's exposure to market risk is moderate.

Interest rate risk is the risk of losses incurred due to changes in interest rates. The Group's interest rate risk is regulated by limits for maximum value change following a change in the interest rate level of 1%. The interest rate commitments for the Group's instruments are mostly short-term and the Group's interest rate risk is low.

Currency rate risk is the risk of losses due to fluctuations in foreign exchange rates. The Group measures currency risk on the basis of net positions in the different currencies in which the Group has exposure. Currency risk is regulated by nominal limits for maximum aggregate currency positions and maximum positions within individual currencies. The scope of the Group's trading in foreign currency is modest and the currency rate risk is considered moderate.

Price risk is the risk of losses that arise following changes in the value of the Group's commercial paper, bonds and equity instruments. When quantifying risks linked to impairment in the value of the liquidity portfolio, SpareBank 1 SR-Bank distinguishes between systematic risk (market risk) and unsystematic risk (default risk). Default risk is quantified as credit risk. Of the liquidity portfolio's total holdings amounting to NOK 18.6 billion, bonds classified as held to maturity account for NOK 7.9 billion. These investments are recognised at amortised cost and are therefore not exposed to market risk. The Group's risk exposure to this type of risk is regulated through limits for maximum investments in the different portfolios.

For more information see notes 15, 16 and 28.

Operational risk is managed via the risk strategy, which is set annually. The strategy is intended to ensure that the Group has an efficient risk management and monitoring system to prevent any events generated by operational risk from severely damaging the Group's financial position. The risk management is based on insight into and an understanding of what creates and drives operational risk in the Group, and must, as far as possible, reconcile effective processes with low risk exposure.

In order to ensure that risk is managed according to an updated and relevant risk picture, annual working meetings are held with process owners and managers from all important business areas and support processes in the Group. The purpose of the working meetings is to assess the analysed risk picture and identify and quantify new risk factors, as well as assess which potential measures could reduce operational risk exposure. The scope of these working meetings amounted to 300 working hours in 2012.

As part of our continuous professionalisation of risk management work, SpareBank 1 SR-Bank has for many years participated in a research and development project together with the University of Stavanger and the SpareBank 1 Alliance. Its purpose is to develop new methods and models for managing operational risk. The models developed in this project are based on all the available knowledge for estimating probabilities and consequences in relation to future events, including the Group's scoring of risk drivers and relevant measures. The models will be implemented in SpareBank 1 SR-Bank during 2013 and are expected to result in further integration between identifying and quantifying risk scenarios, and continuous risk management in business operations.

Ownership risk is managed through limits for risk-adjusted capital that are reviewed and adopted by the Board at least once a year. Ownership is defined as companies in which SpareBank SR-Bank has a significant stake and influence. SpareBank 1 SR-Bank is mainly exposed to ownership risk through its stakes in SpareBank 1 Gruppen AS (19.5%), Bank 1 Oslo Akershus AS (19.5%), BN Bank ASA (23.5%), SpareBank 1 Boligkreditt AS (29.9%) and SpareBank 1 Næringskreditt AS (27.8%).

Compliance risk is managed through the framework regulations for compliance that are primarily based on EBA's internal governance, Basel Committee on Banking Supervision, Compliance and the compliance function in banks, and the FSA's "Module for evaluating overriding management and control". SpareBank 1 SR-Bank's compliance policy is intended to ensure the Group does not incur any public sanctions/penalties, or any financial loss, due to a failure to implement or comply with legislation and regulations. The Group's compliance policy is adopted by the Board and describes the main principles for responsibility and organisation.

SpareBank 1 SR-Bank is cognisant of the need for good processes to ensure compliance with legislation and regulations. One of the main areas of focus in 2012 was streamlining the Group's compliance process. Other areas included monitoring compliance with money laundering regulations, technical adjustments in accordance with the specification of a licence for the treatment of personal information and the authorisation system for financial advisers.

SpareBank 1 SR-Bank's compliance function is the responsibility of the Risk Management and Compliance Department and is organised independently of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the area.

NOTE 7 FINANCIAL INSTITUTIONS - RECEIVABLES AND LIABILITIES

(Figures in NOK million)

Parent bank			Group	
2011	**2012**		**2012**	2011
		Loans to and receivables from financial institutions		
118	**482**	At call	**509**	125
5 273	**5 872**	With agreed maturities or notice	**578**	598
5 391	**6 354**	**Total**	**1 087**	723
		Specified by the most important currencies		
4 279	**4 837**	NOK	**27**	51
615	**982**	EUR	**969**	566
324	**403**	USD	**20**	22
173	**132**	Other currencies	**71**	84
5 391	**6 354**	**Total**	**1 087**	723
2,7 %	**2,5 %**	**Average interest rate**	**2.5%**	2.7%
		Debt to financial institutions		
1 652	**2 474**	At call	**2 437**	1 650
3 038	**2 031**	With agreed maturities or notice	**2 030**	3 037
95	**55**	Accrued interest	**55**	95
4 785	**4 560**	**Total**	**4 522**	4 782
		Specified by the most important currencies		
3 360	**3 121**	NOK	**3 091**	3 357
971	**939**	EUR	**936**	971
351	**442**	USD	**437**	351
8	**3**	Other currencies	**3**	8
95	**55**	Accrued interest	**55**	95
4 785	**4 560**	**Total**	**4 522**	4 782
2,2 %	**1,5 %**	**Average interest rate**	**1.5%**	2.2%

The average interest rate is calculated on the basis of the actual interest cost during the year as a percentage of the average outstanding debt to financial institutions.

NOTE 8 LOANS TO AND RECEIVABLES FROM CUSTOMERS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Distribution by type of receivable		
-	-	Financial leasing	4 628	4 118
14 099	15 325	Overdraft facilities and operating credits	15 325	14 099
3 978	3 592	Building loans	3 755	4 090
77 420	84 085	Instalment loans	85 220	78 595
150	283	Excess value of fixed rate lending/amortisation of front-end fees	292	150
303	297	Accrued interest	293	316
95 950	103 582	**Gross loans**	109 513	101 368
-355	-436	Individual write-downs	-423	-418
-317	-287	Write-downs for groups of loans	-332	-362
95 278	102 859	**Net loans**	108 758	100 588
		Distribution by market		
46 547	51 431	Retail market	52 569	47 593
48 453	51 066	Corporate market	55 723	52 563
497	505	Public sector	636	746
150	283	Unallocated	292	150
303	297	Accrued interest	293	316
95 950	103 582	**Gross loans**	109 513	101 368
-355	-436	Individual write-downs	-423	-418
-317	-287	Write-downs for groups of loans	-332	-362
95 278	102 859	**Net loans**	108 758	100 588
		Of which subordinated loan capital		
60	60	Primary capital in financial institutions	-	-
43	43	Primary capital in other financial institutions	43	43
103	103	**Primary capital recording as lending**	43	43
1 693	1 822	**Loans to employees**	2 369	2 197
877	1 474	Of which loans in SpareBank 1 Boligkreditt AS	1 895	1 131
		The terms are one percentage point lower than the standardised rate set by the Ministry of Finance.		
44 694	48 217	Loans sold to SpareBank 1 Boligkreditt	48 217	44 694
85	337	Received commissions from SpareBank 1 Boligkreditt	337	85
635	471	Loans sold to SpareBank 1 Næringskreditt	471	635
2	3	Received commissions from SpareBank 1 Næringskreditt	3	2
		Total lending by risk groups		
56 339	67 551	Lowest risk	68 569	57 276
45 486	45 820	Low risk	48 800	48 070
11 294	11 813	Medium risk	13 346	12 637
320	633	High risk	684	405
2 760	2 165	Highest risk	2 365	3 005
969	1 149	Non-performing	1 297	1 193
117 168	129 131	**Total**	135 061	122 586
-11 450	-12 300	Grants	-12 300	-11 450
-9 768	-13 248	Guarantees	-13 248	-9 768
95 950	103 582	**Gross loans**	109 513	101 368

(Continuation note 8)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Gross lending by risk class		
48 206	**58 149**	Lowest risk	**59 318**	49 063
32 950	**33 105**	Low risk	**36 006**	35 754
10 599	**8 456**	Medium risk	**9 880**	11 833
272	**386**	High risk	**434**	350
2 519	**1 805**	Highest risk	**2 046**	2 746
951	**1 101**	Non-performing	**1 244**	1 156
453	**580**	Unallocated	**585**	466
95 950	**103 582**	**Total**	**109 513**	101 368
		Individual write-downs by risk class 1)		
357	**437**	Non-performing	**424**	420
357	**437**	**Total**	**424**	420

[1] In the event of a write-down, all the loan capital is moved to the default class irrespective of earlier classification.

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Expected annual average net loss by risk class [2]		
1	**1**	Lowest risk	**1**	1
55	**60**	Low risk	**65**	60
95	**102**	Medium risk	**115**	108
9	**14**	High risk	**15**	10
115	**90**	Highest risk	**104**	128
23	**18**	Non-performing	**22**	23
298	**285**	**Total**	**322**	330

[2] The expected average annual net loss is the amount that the parent bank and the Group statistically expect to lose on the lending portfolio over a 12-month period. The calculations are based on a long-term average over an economic cycle.

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Total commitments by sector and industry		
4 257	**5 553**	Agriculture/forestry	**5 800**	4 502
510	**686**	Fisheries/fish farming	**801**	615
2 699	**3 270**	Mining operations and extraction	**3 328**	2 809
2 311	**1 997**	Industry	**2 732**	2 910
5 640	**4 217**	Power and water supply/building and construction	**5 064**	6 540
3 150	**3 525**	Wholesale and retail trade, hotels and restaurants	**4 027**	3 573
10 651	**8 457**	Overseas shipping, pipeline transport and other transport	**8 978**	11 034
26 694	**34 480**	Property management	**34 608**	26 860
8 039	**8 681**	Service sector	**10 321**	9 203
3 319	**2 977**	Public sector and financial services	**2 976**	3 591
67 270	**73 843**	**Total industry**	**78 635**	71 637
49 898	**55 288**	Retail customers	**56 426**	50 949
117 168	**129 131**	**Total**	**135 061**	122 586
		Gross lending by sector and industry		
3 528	**3 894**	Agriculture/forestry	**4 141**	3 773
311	**481**	Fisheries/fish farming	**597**	416
2 618	**2 293**	Mining operations and extraction	**2 351**	2 728
1 087	**1 400**	Industry	**2 135**	1 686
3 123	**2 957**	Power and water supply/building and construction	**3 804**	4 022
2 064	**2 472**	Wholesale and retail trade, hotels and restaurants	**2 975**	2 487
6 173	**5 930**	Overseas shipping, pipeline transport and other transport	**6 451**	6 553
23 586	**24 178**	Property management	**24 306**	23 749
5 664	**5 879**	Service sector	**7 650**	6 827
796	**2 087**	Public sector and financial services	**1 949**	1 068
48 950	**51 571**	**Total industry**	**56 359**	53 309
46 547	**51 431**	Retail customers	**52 569**	47 593
453	**580**	Unallocated	**585**	466
95 950	**103 582**	**Total**	**109 513**	101 368

(Continuation note 8)

Parent bank 2011	Parent bank 2012	Individual write-downs by sector and industry	Group 2012	Group 2011
4	2	Agriculture/forestry	6	10
-	-	Fisheries/fish farming	-	-
-	-	Mining operations and extraction	7	8
17	6	Industry	21	31
16	16	Power and water supply/building and construction	20	21
12	15	Wholesale and retail trade, hotels and restaurants	22	19
39	48	Overseas shipping, pipeline transport and other transport	58	50
127	115	Property management	122	128
48	146	Service sector	78	57
-	-	Public sector and financial services	-	-
263	348	**Total industry**	334	324
94	89	Retail customers	90	96
335	436	**Total**	423	418

Parent bank 2011	Parent bank 2012	Expected annual average net loss by sector and industry	Group 2012	Group 2011
3	1	Agriculture/forestry	3	5
1	-	Fisheries/fish farming	1	1
27	33	Mining operations and extraction	34	27
9	14	Industry	21	19
13	34	Power and water supply/building and construction	41	18
12	12	Wholesale and retail trade, hotels and restaurants	19	21
32	22	Overseas shipping, pipeline transport and other transport	24	33
98	74	Property management	75	98
58	42	Service sector	49	63
4	18	Public sector and financial services	18	4
257	250	**Total industry**	285	289
41	35	Retail customers	37	41
298	285	**Total**	322	330

Parent bank 2011	Parent bank 2012	Gross lending by geographic area	Group 2012	Group 2011
67 736	73 082	Rogaland	76 872	71 256
8 355	9 053	Agder counties	9 650	8 872
11 998	13 259	Hordaland	14 029	12 660
738	706	International	733	738
6 670	6 902	Other	7 644	7 376
453	580	Unallocated	585	466
95 950	103 582	**Total**	109 513	101 368

Loans and receivables related to financial leasing	2012	2011
Gross investments related to financial leasing		
Up to 1 year	1 406	1 306
Between 1 to 5 years	3 166	2 824
Later than 5 years	457	533
Total	5 029	4 663
Net investments related to financial leasing		
Up to 1 year	1 229	1 123
Between 1 to 5 years	2 884	2 532
Later than 5 years	412	474
Total	4 525	4 129

NOTE 9 LOANS SOLD TO SPAREBANK 1 BOLIGKREDITT AND SPAREBANK 1 NÆRINGSKREDITT

Loans sold to SpareBank 1 Næringskreditt AS
SpareBank 1 Næringskreditt AS was established in 2009 and has a licence from the Financial Supervisory Authority of Norway to operate as a mortgage company that issues covered bonds. Covered bonds issued by SpareBank 1 Næringskreditt AS have an Aa3 rating from Moody's. The company is owned by the savings banks that make up the SpareBank 1 Alliance and shares premises with SpareBank 1 Boligkreditt AS in Stavanger. SpareBank 1 SR-Bank ("the Bank") owned a 27.8% stake as of 31 December 2012 (30.7% as of 31 December 2011). The purpose of the mortgage company is to ensure the alliance banks access to stable, long-term funding for commercial property at competitive prices. SpareBank 1 Næringskreditt AS acquires loans with collateral in commercial property and issues covered bonds in accordance with the regulations established for this in 2007. As part of the SpareBank 1 Alliance, the Bank can offer the company the opportunity to buy loans and the Bank sells loans as part of its funding strategy. Loans sold to SpareBank 1 Næringskreditt AS are secured by collateral in commercial property up to a ceiling of 60% of their valuation. The sold loans are legally owned by SpareBank 1 Næringskreditt AS and the Bank has, apart from the right to administer them and receive commissions for this and the right to take over fully or partially written down loans, no right to use the loans. At year-end 2012, the book value of sold loans amounted to NOK 0.47 billion (NOK 0.63 billion in 2011). The Bank administers the sold loans and receives commissions based on the net return on the loans the Bank has sold less the company's costs.

The Bank has, together with the other owners of SpareBank 1 Næringskreditt AS, concluded agreements that establish liquidity facilities for SpareBank 1 Næringskreditt AS. This means that the banks have committed to purchasing covered bonds in those circumstances where SpareBank 1 Næringskreditt AS cannot refinance its activities in the market. The purchase is limited to the total value at any given time of the amounts due in the company in the next 12 months. Previous purchases under this agreement are deducted from future obligations to buy. In principle, each owner is liable for its share of the need or alternatively twice the primary responsibility under the same agreement. The bonds can be deposited in Norges Bank and thus result in no material increase in risk for the Bank. In line with its internal policy, SpareBank 1 Næringskreditt AS holds liquidity for the amount due in the next 12 months. This is deducted when assessing the banks' responsibilities. Therefore, it would only be after SpareBank 1 Næringskreditt AS no longer had adequate funding to cover the amount due in the next 12 months that the Bank would report any commitment here in relation to the capital ratio or major commitments.

The Bank also has concluded shareholder agreements with the shareholders in SpareBank 1 Næringskreditt AS. This means that the Bank must contribute to ensuring that SpareBank 1 Næringskreditt AS's tier 1 capital ratio is at least 9.0% and possibly supply tier 1 capital if it falls to a lower level and the risk-weighted balance sheet cannot be reduced in some other manner. SpareBank 1 Næringskreditt AS has internal guidelines concerning having a tier 1 capital ratio of at least 10.0%. Based on a concrete assessment the Bank has chosen not to hold capital for this obligation because the risk of the Bank being forced to contribute is regarded as very small. In connection with this, it should be pointed out that a number of relevant alternatives may exist should such a situation arise.

The margins for the loans sold to SpareBank 1 Næringskreditt AS could fail if SpareBank 1 Næringskreditt AS's funding costs climb faster than the lending rate rises. If the net interest margin for the Bank's customers at a portfolio level falls below a specific level (margin floor), the Bank must pay in the difference between the portfolio's actual net interest margin and the margin floor limited upwards to 0.20%.

The loans sold to SpareBank 1 Næringskreditt AS are very well collateralised and are very unlikely to result in losses. The Bank has a mutual involvement in the form of a possible settlement against commissions. Should accounting credit losses or margin failure occur in relation to one or more sold loans, SpareBank 1 Næringskreditt AS can reduce the commissions the Bank receives by the loss. The reduction in commissions for the Bank is limited to the calendar year's total commissions and if SpareBank 1 Næringskreditt AS's loss is subsequently covered the commissions are repaid to the Bank. The maximum amount the Bank's recognised commissions can be reduced by for the calendar year was calculated at NOK 3 million as of 31 December 2012 and NOK 2 million as of 31 December 2011. The fair value of the liability has been calculated and is considered insignificant. The liability has therefore not affected the balance sheet or income statement during the period. The amounts are thus not recognised gross as an asset and liability in the Bank's balance sheet.

The remuneration received for the loans sold by the Bank to SpareBank 1 Næringskreditt AS corresponds to the book value of sold loans and was deemed to almost match the loans' fair value as of 31 December 2012 and as of 31 December 2011.

Loans sold to SpareBank 1 Boligkreditt AS
SpareBank 1 Boligkreditt AS is owned by the savings banks that make up the SpareBank 1 Alliance and shares premises with SpareBank 1 Næringskreditt AS in Stavanger. The Bank owned a 29.9% stake as of 31 December 2012 (34.4% as of 31 December 2011). The purpose of the mortgage company is to ensure the alliance banks access to stable, long-term funding for home mortgages at competitive prices. Covered bonds issued by SpareBank 1 Boligkreditt AS have an Aaa and AAA rating from Moody's and Fitch, respectively. SpareBank 1 Boligkreditt AS also issues bonds with a lower rating that are not covered bonds. SpareBank 1 Boligkreditt AS acquires loans with collateral in housing and issues covered bonds in accordance with the regulations established for this in 2007. As part of the SpareBank 1 Alliance, the Bank can offer SpareBank 1 Boligkreditt AS the opportunity to buy loans and the Bank sells loans to SpareBank 1 Boligkreditt AS as part of its funding strategy. Loans sold to

(Continuation note 9)
SpareBank 1 Boligkreditt AS are secured by collateral in housing up to a ceiling of 75% of their valuation. The sold loans are legally owned by SpareBank 1 Boligkreditt AS and the Bank has, apart from the right to administer them and receive commissions, as well as the right to take over fully or partially written down loans, no right to use the loans. At year-end 2012, the book value of transferred loans amounted to NOK 48.2 billion (NOK 44.7 billion in 2011).
The Bank administers the sold loans and receives commissions based on the net return on the loans the Bank has sold less the company's costs.

The Bank has, together with the other owners of SpareBank 1 Boligkreditt AS, concluded agreements that establish liquidity facilities for SpareBank 1 Boligkreditt AS. This means that the banks have committed to purchasing covered bonds in those circumstances where SpareBank 1 Boligkreditt AS cannot refinance its activities in the market. The purchase is limited to the total value at any given time of the amounts due in the company in the next 12 months. Previous purchases under this agreement are deducted from future obligations to buy. In principle, each owner is liable for its share of the need or alternatively twice the primary responsibility under the same agreement. The bonds can be deposited in Norges Bank and thus result in no material increase in risk for the Bank. In line with its internal policy, SpareBank 1 Boligkreditt AS holds liquidity for the amount due in the next 12 months. This is deducted when assessing the banks' responsibilities. Therefore, it would only be after SpareBank 1 Boligkreditt AS no longer had adequate funding to cover the amount due in the next 12 months that the Bank would report any commitment here in relation to the capital ratio or major commitments.

The Bank also has concluded shareholder agreements with the shareholders in SpareBank 1 Boligkreditt AS. This means that the Bank must contribute to ensuring that SpareBank 1 Boligkreditt AS's tier 1 capital ratio is at least 9.0% and possibly supply tier 1 capital if it falls to a lower level and the risk-weighted balance sheet cannot be reduced in some other manner. SpareBank 1 Boligkreditt AS has internal guidelines concerning having a tier 1 capital ratio of at least 10.0%. Based on a concrete assessment the Bank has chosen not to hold capital for this obligation because the risk of the Bank being forced to contribute is regarded as very small. In connection with this, it should be pointed out that a number of relevant alternatives may exist should such a situation arise.

The margins for the loans sold to SpareBank 1 Boligkreditt AS could fail if SpareBank 1 Boligkreditt AS's funding costs climb faster than the lending rate rises. If the net interest margin for the Bank's customers at a portfolio level falls below a specific level (margin floor), the Bank must pay in the difference between the portfolio's actual net interest margin and the margin floor limited upwards to 0.10%.

The loans sold to SpareBank 1 Boligkreditt AS are very well collateralised and are very unlikely to result in losses. The Bank has a mutual involvement in the form of a possible settlement against commissions. Should accounting credit losses or margin failure occur in relation to one or more sold loans, SpareBank 1 Boligkreditt AS can reduce the commissions the Bank receives by the loss. The reduction in commissions for the Bank is limited to the calendar year's total commissions and if SpareBank 1 Boligkreditt AS's loss is subsequently covered the commissions are repaid to the Bank. The maximum amount the Bank's recognised commissions can be reduced by for the calendar year was calculated at NOK 337 million as of 31 December 2012 and NOK 85 million as of 31 December 2011. The fair value of the liability has been calculated and is considered insignificant. The liability has therefore not affected the balance sheet or income statement during the period. The amounts are thus not recognised gross as an asset and liability in the Bank's balance sheet.

The remuneration received for the loans sold by the Bank to SpareBank 1 Boligkreditt AS corresponds to the book value of sold loans and was deemed to almost match the loans' fair value as of 31 December 2012 and as of 31 December 2011.

NOTE 10 AGE DISTRIBUTION OF DUE BUT NOT WRITTEN DOWN LOANS

(Figures in NOK million)

The table below shows amounts due on loans, overdrafts/deposits and by number of days after their due date that are not due to delays in payment services.

Parent bank 2012	Less than 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	1 405	45	47	114	1 611
- Corporate market	621	44	25	73	763
Total	**2 026**	**89**	**72**	**187**	**2 374**
2011					
Loans to and receivables from customers					
- Retail market	1 298	45	18	60	1 421
- Corporate market	583	29	42	60	714
Total	**1 881**	**74**	**60**	**120**	**2 135**
Group **2012**					
Loans to and receivables from customers					
- Retail market	1 405	53	48	127	1 633
- Corporate market	621	83	83	87	874
Total	**2 026**	**136**	**131**	**214**	**2 507**
2011					
Loans to and receivables from customers					
- Retail market	1 298	48	18	72	1 436
- Corporate market	583	46	51	64	744
Total	**1 881**	**94**	**69**	**136**	**2 180**

NOTE 11 LOSSES ON LOANS AND GUARANTEES

(Figures in NOK million)

Parent bank						
2011			**2012**			
RM	CM	Total	**RM**	**CM**	**Total**	**Losses on loans and guarantees**
39	-30	9	**-12**	**91**	**79**	Change in individual write-downs in the period
6	-3	3	**6**	**-36**	**-30**	Change in group write-downs in the period
9	53	62	**11**	**91**	**102**	Realised losses on commitments previously written down
-	64	64	**2**	**10**	**12**	Realised losses on commitments not previously written down
-	7	7	**-**	**9**	**9**	Change in losses on repossessed assets in the period
2	4	6	**1**	**4**	**5**	Amortised loans
-2	-28	-30	**-1**	**-48**	**-49**	Recoveries on loans and guarantees previously written down
54	67	121	**7**	**121**	**128**	**Total losses on loans and guarantees**
						Individual write-downs
50	296	346	**90**	**267**	**357**	Individual write-downs to cover losses on loans and guarantees as of 01.01
-9	-53	-62	**-11**	**-91**	**-102**	Realised losses in the period on loans and guarantees previously written down individually
-16	-80	-96	**-23**	**-39**	**-62**	Reversal of write-downs in previous years
4	26	30	**10**	**69**	**79**	Increase in write-downs on commitments previously written down individually
-	1	1	**-1**	**-1**	**-2**	Amortised cost
61	77	138	**13**	**153**	**166**	Write-down of commitments not previously written down individually
90	267	357	**78**	**358**	**436**	**Individual write-downs to cover losses on loans and guarantees as of 31.12**
						Write-downs on groups of loans
11	303	314	**17**	**300**	**317**	Write-downs to cover losses on loans and guarantees as of 01.01
6	-3	3	**6**	**-36**	**-30**	Write-downs to cover losses on loans and guarantees in the period
17	300	317	**23**	**264**	**287**	**Group write-downs to cover losses on loans and guarantees as of 31.12**
						Losses by sector and industry
	-1 %	-1		**-0 %**	**-2**	Agriculture/forestry
	-1 %	-1		**0 %**	**-**	Fisheries/fish farming
	0 %	-		**0 %**	**-**	Mining operations and extraction
	-3 %	-4		**-2 %**	**-3**	Industry
	2 %	3		**6 %**	**8**	Power and water supply/building and construction
	2 %	3		**6 %**	**8**	Wholesale and retail trade, hotels and restaurants
	11 %	13		**2 %**	**3**	Overseas shipping, pipeline transport and other transport
	24 %	29		**29 %**	**37**	Property management
	23 %	28		**83 %**	**106**	Service sector
	2 %	3		**-23 %**	**-30**	Transferred from write-downs on groups of loans
	40 %	48		**1 %**	**1**	Retail customers
	100 %	121		**100 %**	**128**	**Losses on lending to customers**

	2008	2009	2010	2011	**2012**	**Non-performing and impaired commitments**
	332	355	408	384	**406**	Non-performing commitments
	1 214	696	656	587	**839**	Other impaired commitments
	1 546	1 051	1064	971	**1245**	**Total impaired loans**
	-324	-303	-346	-357	**-437**	Individual write-downs
	7	1	13	11	**0**	Interest on reversal of discounted write-downs
	1 229	749	731	625	**808**	**Net impaired commitments**

Interest income from non-performing and written down commitments as of 31 December 2012 totalled NOK 70 million in the parent bank and NOK 62 million in the Group. The fair value of collateral furnished for loans and receivables subject to individual write-downs is equal to the book value plus the write-down. The collateral is in the form of cash, securities, guarantees and properties.

Group					
2012			2011		
RM	CM	Total	RM	CM	Total
-12	**90**	**78**	37	-21	16
6	**-36**	**-30**	8	-3	5
11	**94**	**105**	9	57	66
7	**17**	**24**	3	71	74
-	**9**	**9**	-	7	7
1	**4**	**5**	2	4	6
-4	**-50**	**-54**	-5	-30	-35
9	**128**	**137**	54	85	139
92	**328**	**420**	54	349	403
-11	**-94**	**-105**	-9	-57	-66
-26	**-63**	**-89**	-19	-89	-108
10	**69**	**79**	4	28	32
-1	**-1**	**-2**	-	-	-
25	**95**	**120**	63	96	159
89	**334**	**423**	93	327	420
27	**335**	**362**	19	338	357
6	**-36**	**-30**	8	-3	5
33	**299**	**332**	27	335	362
	1 %	**1**		-1 %	-1
	0 %	**-**		-1 %	-1
	-1 %	**-1**		0 %	-
	-1 %	**-2**		3 %	4
	7 %	**9**		4 %	6
	8 %	**11**		3 %	4
	1 %	**1**		11 %	15
	31 %	**42**		22 %	30
	75 %	**103**		22 %	31
	-22 %	**-30**		4 %	5
	2 %	**3**		33 %	46
	100 %	**137**		100 %	139

2012	2011	2010	2009	2008
460	415	443	395	348
787	696	762	753	1 264
1 247	1 111	1 205	1 148	1 612
-424	-420	-402	-337	-349
-	11	13	1	7
823	702	816	812	1 270

NOTE 12 CREDIT RISK EXPOSURE FOR EACH INTERNAL RISK CLASS

(Figures in NOK million)

	Average unsecured exposure in %	**Total commitment**	Average unsecured exposure in %	Total commitment
Parent bank	**2012**	**2012**	2011	2011
Lowest risk	**2,45**	**67 551**	1,25	56 339
Low risk	**33,75**	**45 820**	29,35	45 486
Medium risk	**56,41**	**11 813**	60,18	11 294
High risk	**54,45**	**633**	65,37	320
Highest risk	**73,85**	**2 165**	78,53	2 760
Non-performing and written down	**53,90**	**1 149**	37,82	969
Total	**20,40**	**129 131**	20,14	117 168
Group				
Lowest risk	**2,46**	**68 569**	1,27	57 276
Low risk	**33,55**	**48 800**	29,49	48 070
Medium risk	**55,49**	**13 346**	58,31	12 637
High risk	**54,04**	**684**	62,31	405
Highest risk	**71,00**	**2 365**	77,19	3 005
Non-performing and written down	**52,14**	**1 297**	37,38	1 193
Total	**20,87**	**135 061**	20,63	122 586

SpareBank 1 SR-Bank sets the realisation value of lodged collateral security so that these, based on a conservative estimate, reflect the assumed realisation value in a recession. For example, pledged security in the form of a negative pledge and unlisted shares will, according to the Group's internal guidelines not be given any realisation value and thus are regarded as unsecured. The conservative estimate implies that the realisation actually achieved may be higher than the estimated realisation value.

NOTE 13 MAXIMUM CREDIT RISK EXPOSURE

(Figures in NOK million)

Maximum exposure to credit risk for balance sheet components, including derivatives.
Exposure is shown gross before assets pledged as security and permitted offsetting.

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Assets		
3	**1 007**	Receivables from the central bank	**1 007**	3
5 391	**6 354**	Loans to and receivables from financial institutions	**1 087**	723
95 278	**102 859**	Loans to and receivables from customers	**108 758**	100 588
19 846	**18 672**	Commercial paper and bonds	**18 677**	19 850
3 728	**4 588**	Derivatives	**4 578**	3 716
124 246	**133 480**	**Total credit risk exposure balance sheet items**	**134 107**	124 880
		Liabilities		
9 768	**13 248**	Guarantees issued	**13 248**	9 768
12 256	**12 531**	Unused credit lines	**12 531**	12 256
3 386	**4 062**	Loan commitments	**4 427**	3 927
25 410	**29 841**	**Total financial guarantees and loan commitments**	**30 206**	25 951
149 656	**163 321**	**Total credit risk exposure**	**164 313**	150 831

Credit risk exposure related to financial assets by geographic area

Parent bank 2011	Parent bank 2012	**Banking activities**	Group 2012	Group 2011
89 951	**99 364**	Rogaland	**98 224**	90 347
10 220	**11 609**	Agder counties	**12 206**	10 447
14 798	**16 768**	Hordaland	**17 538**	15 067
2 751	**1 051**	International	**1 078**	2 665
8 362	**11 269**	Other	**12 012**	8 739
126 082	**140 061**	**Total banking activities**	**141 058**	127 265
		Market activities		
15 692	**12 795**	Norway	**12 800**	15 696
3 846	**5 626**	Europe/Asia	**5 626**	3 846
308	**251**	North America	**251**	308
19 846	**18 672**	**Total market activities**	**18 677**	19 850
3 728	**4 588**	Derivatives	**4 578**	3 716
149 656	**163 321**	**Total by geographic area**	**164 313**	150 831

NOTE 14 CREDIT QUALITY PER CLASS OF FINANCIAL ASSET

(Figures in NOK million)

The Bank manages the credit quality of financial assets in accordance with its internal credit rating guidelines.
The table shows the credit quality per class of asset for loan-related assets in the balance sheet, based on the Bank's own credit rating system.

Parent bank

	Neither due nor written down						
2012	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**	**Due and individually**	**Total**
Loans							
Loans to and receivables from financial institutions	6 354	-	-	-	-	-	6 354
Loans to and receivables from customers							
- Retail market	39 426	10 890	675	33	134	273	51 431
- Corporate market	18 813	22 158	7 753	350	1 671	826	51 571
- Unallocated	-	-	-	-	-	-	580
Total loans	**64 593**	**33 048**	**8 428**	**383**	**1 805**	**1 099**	**109 936**
Financial investments							
Norwegian government bonds	10	-	-	-	-	-	10
Listed commercial paper and bonds	17 199	346	108	123	133	-	17 909
Unlisted commercial paper and bonds	382	156	5	74	33	-	650
Accrued interest	-	-	-	-	-	-	103
Total financial investments	**17 591**	**502**	**113**	**197**	**166**	**-**	**18 672**
Total loan-related assets	**82 184**	**33 550**	**8 541**	**580**	**1 971**	**1 099**	**128 608**
2011							
Loans							
Loans to and receivables from financial institutions	5 391	-	-	-	-	-	5 391
Loans to and receivables from customers							
- Retail market	32 757	11 212	705	56	173	1 645	46 548
- Corporate market	14 116	21 242	9 956	199	2 340	1 097	48 950
- Unallocated	-	-	-	-	-	-	453
Total loans	52 264	32 454	10 661	255	2 513	2 742	101 342
Financial investments							
Norwegian government bonds	3 321	-	-	-	-	-	3 321
Listed commercial paper and bonds	14 591	698	411	163	90	-	15 953
Unlisted commercial paper and bonds	95	2	148	117	87	-	449
Accrued interest	-	-	-	-	-	-	123
Total financial investments	18 007	700	559	280	177	-	19 846
Total loan-related assets	70 271	33 154	11 220	535	2 690	2 742	121 188

(Continuation note 14)

Group

2012	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Due and individually	Total
	Neither due nor written down						
Loans							
Loans to and receivables from financial institutions	1 087	-	-	-	-	-	1 087
Loans to and receivables from customers							
- Retail market	40 132	11 290	682	35	137	293	52 569
- Corporate market	19 293	24 659	9 170	395	1 893	949	56 359
- Unallocated	-	-	-	-	-	-	585
Total loans	**60 512**	**35 949**	**9 852**	**430**	**2 030**	**1 242**	**110 600**
Financial investments							
Norwegian government bonds	10	-	-	-	-	-	10
Listed commercial paper and bonds	17 199	346	108	123	133	-	17 909
Unlisted commercial paper and bonds	382	156	5	74	38	-	655
Accrued interest	-	-	-	-	-	-	103
Total financial investments	**17 591**	**502**	**113**	**197**	**171**	**-**	**18 677**
Total loan-related assets	**78 103**	**36 451**	**9 965**	**627**	**2 201**	**1 242**	**129 277**

2011							
Loans							
Loans to and receivables from financial institutions	723	-	-	-	-	-	723
Loans to and receivables from customers							
- Retail market	33 410	11 565	711	58	174	1 675	47 593
- Corporate market	14 312	23 687	11 192	276	2 568	1 274	53 309
- Unallocated	-	-	-	-	-	-	466
Total loans	48 445	35 252	11 903	334	2 742	2 949	102 091
Financial investments							
Norwegian government bonds	3 321	-	-	-	-	-	3 321
Listed commercial paper and bonds	14 591	698	411	163	90	-	15 953
Unlisted commercial paper and bonds	95	2	148	117	91	-	453
Accrued interest	-	-	-	-	-	-	123
Total financial investments	18 007	700	559	280	181	-	19 850
Total loan-related assets	66 452	35 952	12 462	614	2 923	2 949	121 941

Classification of financial investments:

Bonds are allocated to SpareBank 1 SR-Bank's risk classes based on external ratings. If a security has an official rating, this must be applied, but if no official rating exists, external brokers' shadow ratings are used as the basis for risk classification. The list below illustrates the relationship between SpareBank 1 SR-Bank's risk classes and Standard & Poor's rating matrix (Long-Term Credit Ratings).

Bank's risk classes	S&P rating
Lowest risk	AAA, AA+, AA and AA-
Low risk	A+, A and A-
Medium risk	BBB+, BBB, BBB-
High risk	BB+, BB, BB-
Highest risk	B+ and lower

NOTE 15 MARKET RISK RELATED TO INTEREST RATE RISK

(Figures in NOK million)

The table specifies the effect on the result of a positive parallel shift in the interest rate curve of 1 percentage point at the end of the last 2 years if all financial instruments are measured at fair value.

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Currency		
-2	**6**	NOK	**6**	-2
1	**5**	EUR	**5**	1
-13	**-4**	USD	**-4**	-13
-2	**-**	CHF	**-**	-2
-1	**-**	Other	**-**	-1

Interest rate risk arises because the Group's assets and liabilities may be subject to different fixed rate periods.
Interest rate instrument trading must at all times comply with the adopted limits and authorities.
The Group's limits define quantitative targets for the maximum potential loss. The commercial risk is quantified and monitored continuously.
The Group's general limits for interest rate risk define the maximum loss from a 1 percentage point change in interest rates.
The maximum loss following a 1% change in interest rates totals NOK 75 million with NOK 30 million of the total balance in Trading and NOK 45 million of the total balance in Treasury.

NOTE 16 MARKET RISK RELATED TO CURRENCY RISK

(Figures in NOK million)

The table specifies the net currency exposure incl. financial derivatives.

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Currency		
1	**-24**	EUR	**-24**	1
-	**24**	USD	**24**	-
1	**2**	CHF	**2**	1
1	**-**	GBP	**-**	1
7	**5**	Other	**5**	7
10	**7**	**Total**	**7**	10
0,3	**0,2**	Effect on result of 3% change before tax	**0,2**	0,3

Currency risk arises when differences exist between the Group's assets and liabilities in the individual currency.
Currency trading must at all times comply with the adopted limits and authorities.
The Group's limits define quantitative targets for the maximum net exposure in currency, measured in NOK.
The commercial risk is quantified and monitored continuously.
The Group has defined limits for the net exposure in each currency, as well as limits for aggregated net currency exposure (expressed as the highest of the sum of long and short positions).
The overnight price risk for spot trading in currencies must not exceed NOK 100 million per individual currency, and NOK 125 million in aggregate.

NOTE 17 LIQUIDITY RISK

(Figures in NOK million)

Parent bank [1]

2012	Upon request [1]	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	2 830	869	361	517	-	4 577
Public deposits related to covered bond swap scheme	-	873	-	7 099	-	7 972
Deposits from customers	64 167	2 253	1 336	-	-	67 756
Securities issued	511	2 005	4 678	28 567	9 411	45 172
Subordinated loan capital	24	-	-	-	5 300	5 324
Total liabilities	**67 532**	**6 000**	**6 375**	**36 183**	**14 711**	**130 801**
Derivatives						
Contractual cash flows out	-	-7 884	-5 877	-13 486	-1 312	-28 559
Contractual cash flows in	-	7 651	5 387	11 901	636	25 575
2011						
Debt to financial institutions	1 914	2 027	269	622	-	4 832
Public deposits related to covered bond swap scheme	-	-	98	7 768	-	7 866
Deposits from customers	60 252	1 705	2 257	-	-	64 214
Securities issued	405	3 772	2 178	29 871	2 684	38 910
Subordinated loan capital	37	1 014	-	-	5 127	6 178
Total liabilities	62 608	8 518	4 802	38 261	7 811	122 000
Derivatives						
Contractual cash flows out	-	-9 542	-4 369	-10 059	-1 361	-25 331
Contractual cash flows in	-	9 059	4 065	8 889	904	22 917

Group [1]

2012	Upon request	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	2 792	869	361	517	-	4 539
Public deposits related to covered bond swap scheme	-	873	-	7 099	-	7 972
Deposits from customers	64 005	2 253	1 336	-	-	67 594
Securities issued	511	2 005	4 678	28 567	9 411	45 172
Subordinated loan capital	24	-	-	-	5 300	5 324
Total liabilities	**67 332**	**6 000**	**6 375**	**36 183**	**14 711**	**130 601**
Derivatives						
Contractual cash flows out	-	-7 577	-5 876	-13 486	-1 312	-28 251
Contractual cash flows in	-	7 647	5 281	11 719	609	25 256
2011						
Debt to financial institutions	1 911	2 027	269	622	-	4 829
Public deposits related to covered bond swap scheme	-	-	98	7 768	-	7 866
Deposits from customers	60 080	1 705	2 257	-	-	64 042
Securities issued	405	3 772	2 178	29 871	2 684	38 910
Subordinated loan capital	37	1 014	-	-	5 127	6 178
Total liabilities	62 433	8 518	4 802	38 261	7 811	121 825
Derivatives						
Contractual cash flows out	-	-9 264	-4 369	-10 059	-1 361	-25 053
Contractual cash flows in	-	9 059	4 065	8 611	904	22 639

[1] Also see note 6 financial risk management.

NOTE 18 MATURITY ANALYSIS OF ASSETS AND DEBT/LIABILITIES

(Figures in NOK million)

Overdraft facilities and operating credits (including flexi loans) and accrued interest are included in the "upon request" interval.

Parent bank

31.12.2012	Upon request [1)]	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and receivables from the central bank	1 314					1 314
Loans to and receivables from financial institutions	5 234	1 060			60	6 354
Gross lending to customers	33 451	1 228	3 212	14 252	51 439	103 582
- Individual write-downs	-436					-436
- Write-downs on groups of loans	-287					-287
Net lending to customers	**32 728**	**1 228**	**3 212**	**14 252**	**51 439**	**102 859**
Commercial paper and bonds at fair value	87	166	2 518	7 819	148	10 738
Commercial paper and bonds at amortised cost	16	37	146	7 735		7 934
Financial derivatives	617	218	267	1 889	1 597	4 588
Equities, units and other equity interests	498					498
Activities that will be sold	84					84
Investments in ownership interests	3 812					3 812
Investments in group companies	809					809
Tangible fixed assets and intangible assets	347					347
Other assets	833					833
Total assets	**46 379**	**2 709**	**6 143**	**31 695**	**53 244**	**140 170**
Liabilities						
Debt to financial institutions	2 830	869	361	500		4 560
Public deposits related to covered bond swap scheme		870		6 429		7 299
Deposits from customers	64 167	2 253	1 336			67 756
Securities issued	511	2 002	4 499	26 128	7 551	40 691
Financial derivatives	356	79	218	888	741	2 282
Payable tax	132					132
Deferred tax liabilities	597					597
Other liabilities	1 334					1 334
Subordinated loan capital	24				4 199	4 223
Total liabilities	**69 951**	**6 073**	**6 414**	**33 945**	**12 491**	**128 874**

(Continuation note 18)

Group

31.12.2012	Upon request [1]	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and receivables from the central bank	1 314					1 314
Loans to and receivables from financial institutions	27	1 060				1 087
Gross lending to customers	33 309	1 289	3 419	18 200	53 296	109 513
- Individual write-downs	-423					-423
- Write-downs on groups of loans	-332					-332
Net lending to customers	**32 554**	**1 289**	**3 419**	**18 200**	**53 296**	**108 758**
Commercial paper and bonds at fair value	87	166	2 518	7 819	153	10 743
Commercial paper and bonds at amortised cost	16	37	146	7 735		7 934
Financial derivatives	617	218	264	1 882	1 597	4 578
Equities, units and other equity interests	671					671
Activities that will be sold	85					85
Investments in ownership interests	4 964					4 964
Investments in group companies	-					-
Tangible fixed assets	406					406
Other assets	1 003					1 003
Total assets	**41 744**	**2 770**	**6 347**	**35 636**	**55 046**	**141 543**
Liabilities						
Debt to financial institutions	2 792	869	361	500		4 522
Public deposits related to covered bond swap scheme		870		6 429		7 299
Deposits from customers	64 005	2 253	1 336			67 594
Securities issued	511	2 002	4 499	26 128	7 551	40 691
Financial derivatives	356	79	218	888	741	2 282
Payable tax	209					209
Deferred tax liabilities	631					631
Other liabilities	1 455					1 455
Subordinated loan capital	24				4 199	4 223
Total liabilities	**69 983**	**6 073**	**6 414**	**33 945**	**12 491**	**128 906**

[1] Non-financial assets have for presentation purposes been added to the "upon request" column.
Deposits have been added to the "upon request" column but there is no expectation that all deposits would have to be settled within a short space of time.

NOTE 19 NET INTEREST INCOME

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Interest income		
189	**185**	Interest on receivables from financial institutions	**17**	33
4 285	**4 263**	Interest on lending to customers	**4 602**	4 594
598	**608**	Interest on commercial paper and bonds	**608**	598
		Interest on written-down financial assets		
60	**70**	- Loans and receivables from customers	**73**	62
5 132	**5 126**	**Total interest income**	**5 300**	5 287
		Interest costs		
237	**335**	Interest on debt to financial institutions	**348**	248
1 882	**1 888**	Interest on deposits from customers	**1 867**	1 858
1 262	**1 117**	Interest on securities issued	**1 115**	1 263
162	**228**	Interest on subordinated loan capital	**228**	162
-	**-**	Fee to the Norwegian Banks Guarantee Fund	**-**	-
3 543	**3 568**	**Total interest costs**	**3 558**	3 531
1 589	**1 558**	**Net interest income**	**1 742**	1 756

NOTE 20 NET COMMISSIONS AND OTHER OPERATING INCOME

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
81	**94**	Guarantee commissions	**89**	78
14	**13**	Interbank commissions	**13**	14
22	**24**	Securities trading	**22**	18
-	**-**	Management	**63**	68
87	**90**	Brokerage commissions	**59**	56
87	**340**	Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**340**	87
254	**264**	Payment systems	**264**	254
149	**153**	Insurance services	**156**	153
97	**90**	Other commissions	**99**	106
791	**1 068**	**Total commissions**	**1 105**	834
11	**9**	Interbank commissions	**9**	11
60	**68**	Payment systems	**68**	60
3	**3**	Other commission costs	**-1**	-
74	**80**	**Total commission costs**	**76**	71
5	**5**	Operating income from investment properties	**3**	5
-	**-**	Property sales	**425**	424
-	**9**	Other operating income	**9**	-
5	**14**	**Total other operating income**	**437**	429
722	**1 002**	**Net commissions and other operating income**	**1 466**	1 192

NOTE 21 NET INCOME FROM FINANCIAL INSTRUMENTS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Changes in value of interest rate instruments		
-12	**69**	Commercial paper and bonds - held for sale	**69**	-13
65	**143**	Net change in value hedged fixed rate loans	**143**	65
-278	**-947**	Net change in value hedged bond debt	**-947**	-278
		Changes in values hedging and derivatives		
-15	**1**	Net change in values derivatives hedged against bonds (assets)	**1**	-15
-47	**-115**	Net change in value of derivatives hedged against fixed rate lending	**-115**	-47
274	**941**	Net change in value of derivatives hedged against bonds (debt)	**941**	274
		Change in value of equity instruments		
-59	**13**	Equity instruments - held for sale	**13**	-59
4	**30**	Equity instruments at fair value	**48**	24
-68	**135**	**Total net income from financial instruments at fair value**	**153**	-49
-	**-**	Realised available for sale instruments	**-**	-
-	**-**	**Total net income from securities available for sale**	**-**	-
		Currency trading		
138	**135**	Net gain currency	**135**	138
70	**270**	**Net income from financial investments**	**288**	89

The Bank does not practise hedge accounting.

NOTE 22 PERSONNEL COSTS, REMUNERATION STATEMENT AND BENEFITS FOR EXECUTIVE PERSONNEL AND ELECTED REPRESENTATIVES

THE BOARD'S STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

SpareBank 1 SR-Bank ASA remuneration policy

SpareBank 1 SR-Bank ASA remuneration policy
SpareBank 1 SR-bank ASA has established a remuneration scheme that applies to all employees.

The Group's remuneration scheme shall:

- be consistent with the Group's overall objectives, risk tolerance and long-term interests
- help to promote and provide incentives for good management and control of the Group's risk, discourage excessive or unwanted risk taking, and help to avoid conflicts of interest
- comply with the regulations governing remuneration schemes in financial institutions, investment firms and management companies dated 1 December 2010.

The total remuneration shall be competitive but the Group shall not be a wage leader. It shall ensure that the Group attracts, develops and retains the most competent employees over time. The scheme will ensure a reward model that is perceived to be fair, predictable and future-oriented and motivating.

Decision process

The Board of SpareBank 1 SR-Bank ASA has established a Remuneration Committee consisting of three board members.

The Remuneration Committee prepares matters for the Board and is mainly responsible for:

- annually reviewing and proposing the total salary and remuneration for the CEO
- annually considering proposals for corporate scorecard (CEO's scorecard)
- annually considering the Group's remuneration scheme, including strategy and guiding principles for variable remuneration
- advising the CEO on matters relating to remuneration and other key benefits and other personnel-related issues for the Group's executive personnel
- ensuring that the practice of the Group's remuneration arrangements are reviewed annually by an independent control function
- preparing a statement on the fixing of salaries and other remuneration to executive personnel (ref. section 6-16a of the Public Limited Liability Companies Act)
- considering other conditions as determined by the Board and/or Remuneration Committee
- reviewing other personnel-related matters concerning the Group's remuneration scheme that are likely to involve significant reputation risk.

Guidelines for the coming financial year

CEO's remuneration

The CEO's salary and other financial benefits shall be fixed annually by the Board based on the recommendation of the Remuneration Committee. Fixed salary is determined on the basis of results achieved, and market trends for similar positions. The CEO's variable remuneration is fixed on the basis of a comprehensive assessment based on the following factors: customer/market perspective, internal processes, organisation and expertise, as well as financial perspective. Variable compensation can be earned annually, but must be based on goals achieved in the last two years. The CEO can receive group bonuses on a par with other employees. Any variable remuneration, including group bonuses, may amount to up to 25% of fixed salary including holiday pay. No performance-based benefits are paid over and above the said schemes. Variable pay is not included in pensionable salary.

Half of the variable remuneration, with the exception of the group bonus, is paid in the form of shares in SpareBank 1 SR-Bank ASA, where 1/3 can be used in each of the next three years. That part of the variable remuneration that is paid in shares will be reduced if the recalculation basis for calculating the variable remuneration in the qualifying year shows that the calculation basis is considerably lower than the calculation basis that was assumed in the qualifying year.

The CEO may also receive benefits in kind to the extent that the benefits are naturally related to the CEO's function in the Group and are in line with market practice in general.

A life-long pension scheme has been entered into for the CEO with the pensionable age being the end of the year in which he reaches the age of 64 years, and then with an annual salary up to the age of 67 representing 67 per cent of pensionable salary. From the age of 67, the CEO will receive a supplementary retirement pension which, together with the SpareBank 1 SR-Bank's pension fund, pension from the National Insurance Scheme and statutory early retirement pension (AFP) will constitute 67% of pensionable pay, assuming full earning period.

The CEO has no agreement concerning termination benefits if he leaves his post prior to reaching retirement age.

Remuneration of other executive personnel

The CEO fixed the remuneration of executive personnel in accordance with SpareBank 1 SR-Bank's adopted remuneration scheme at any given time. Executive personnel are employees who report to the CEO, i.e. the executive management team.

Salaries are fixed after considering the performance and conditions in the market for the various areas. Salaries should promote good performance and ensure that the Group achieves its strategic goals. Remuneration should not be detrimental to the Group's reputation nor shall the Group be a market leader. Salaries should ensure that the Group has the ability to attract and retain executives with the skills and experience required.

Variable remuneration is fixed on the basis of a comprehensive assessment based on the following factors: customer/market perspective, internal processes, organisation and expertise, as well as financial perspective. Variable compensation can be earned annually, but must be based on goals achieved in the last two years. Executive personnel may receive a group bonus on a par with other employees. Any variable remuneration, including group bonuses, may amount to up to 25% of fixed salary including holiday pay. For the Executive Vice President Capital Market variable pay, including group bonus may be up to 50% of fixed salary including holiday pay. No performance-based benefits are paid over and above the said schemes. Variable pay is not included in pensionable salary. The Executive Vice President, Risk Management and Compliance receives no variable remuneration beyond group bonuses.

Half of the variable remuneration, with the exception of the group bonus, is paid in the form of shares in SpareBank 1 SR-Bank ASA, where 1/3 can be used in each of the next three years. That part of the variable remuneration that is paid in shares will be reduced if the recalculation basis for calculating the variable remuneration in the qualifying year shows that the calculation basis is considerably lower than the calculation basis that was assumed in the qualifying year.

Benefits in kind can be offered to executive personnel to the extent that benefits are naturally linked to each function in the Group and are in line with market practice in general.

The pension schemes should be seen in the context of other remuneration and should provide competitive terms. Members of the executive management team have a retirement age of 62 years, with the exception of the last member to be employed, who has a retirement age of 67. The executive management team are members of the closed defined benefit plan which, with full pension earnings, entitles them to a pension of 70 per cent of pensionable income, including pension from the National Insurance Scheme and AFP from the age of 67. This does not apply to the last member of the executive management team to be employed, for whom the pension is limited to 12G. Members of the executive management team who have a retirement age of 62 years are entitled to a pension equivalent to 70 per cent of pensionable income in the form of service pension, from age 62 to age 67.

No executive personnel have an agreement concerning termination benefits upon leaving his/her post prior to reaching retirement age.

Variable remuneration of other employees

Group bonus

The Group has a bonus scheme which includes all employees. Group bonuses are set at an equal percentage of salary, and can, as a maximum, amount to 1.5 month's salary. The Group bonus is determined on the basis of corporate scorecards set by the Board and in relation to financial and non-financial targets that are weighted 70% and 30% respectively. The group bonus is paid entirely in cash.

Team bonus

Team bonuses can be utilised as a tool to promote activities and sales results. Team bonuses can, as a maximum, amount to NOK 50 000 per employees are paid in cash.

Individual bonus

Individual bonuses can be used as a tool for the Group to reward extraordinary achievements while at the same time they may be a good tool to maintain a reasonable fixed salary development. Individual bonuses are paid in shares (50%) and cash (50%). Individual bonuses can, as a maximum, amount to 25% of fixed salary including group bonus and any team bonus.

Special schemes

The competitive situation and market practice may indicate that it is desirable to establish special arrangements related to variable remuneration in some areas.

For employees covered by special schemes, or who can receive individual bonuses, and who should be regarded as executive personnel, employees with duties essential to the company's risk exposure or other employees and representatives with similar remuneration (according to the regulations governing remuneration schemes), the same principles that apply to the executive management team in relation to criteria for the allocation and payment of variable remuneration shall apply. This category of employee may not receive team bonuses.

Employees with control functions cannot receive variable remuneration beyond group bonuses.

Binding guidelines for shares, subscription rights, options, etc. for the coming financial year

The CEO and executive management team are able to participate in private placements for employees on an equal footing with other employees.

Half of all the variable remuneration, with the exception of the group bonus, the CEO and executive management team will earn in 2013 will be paid in the form of shares issued by SpareBank 1 SR-Bank ASA. Up to 1/3 of shares that are allotted as variable remuneration can be traded in each of the following three years.

Report on executive pay policy in the preceding financial year

The Board confirms that the executive pay policy guidelines for 2012 provided in last year's statement have been complied with, except for the fact that group bonuses were fully paid in cash instead of half of the bonus being paid in the form of shares in SpareBank 1 SR-Bank ASA. Employees who received an individual bonus, and who are not covered by the special scheme in the regulations governing remuneration schemes are subject to a 2-year lock in period for bonus shares instead of receiving 1/3 of the shares in each of the following 3 years.

(Continuation note 22)

PERSONNEL COSTS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
589	**635**	Salaries	**848**	795
-116	**70**	Pension costs (note 24)	**45**	-138
78	**84**	Social security costs	**116**	109
53	**60**	Other personnel costs	**73**	62
604	**849**	**Total personnel costs**	**1 082**	828
1 039	**1 060**	Average no. of employees	**1 340**	1 306
952	**945**	No. of full time equivalents as of 31.12	**1 207**	1 213
1 075	**1 045**	No. of employees as of 31.12	**1 330**	1 350

Remuneration to executive management team

(Amounts in NOK 000s)

2012		Salary and other short-term	Of which bonus [1]	Other remunera-tion	Accrued pension rights	Loans	No. of shares [2]	Pension costs
Arne Austreid	Chief Executive Officer	3 365	282	125	3 353	-	11 333	2 162
Stian Helgøy	Executive Vice President, Capital Market	2 133	329	261	5 121	8 217	23 379	612
Inge Reinertsen	Chief Financial Officer	1 932	147	239	5 287	7 230	32 662	656
Tore Medhus	Executive Vice President, Corporate Market	1 963	159	184	9 366	4 134	28 470	667
Jan Friestad	Executive Vice President, Retail Market	1 802	140	165	6 204	3 606	25 499	390
Glenn Sæther	Executive Vice President, Business Support	1 610	123	199	1 218	11 450	9 495	252
Thor-Christian Haugland	Executive Vice President, Communications	1 399	107	207	5 236	3 050	9 158	571
Frode Bø	Executive Vice President, Risk Management and Compliance	1 686	128	136	5 477	1 041	11 656	590
Wenche Mikalsen	Executive Vice President, Organisation and HR	1 459	111	207	3 622	6 755	8 607	802

2011		Salary and other short-term	Of which bonus [1]	Other remunera-tion	Accrued pension rights	Loans	No. of shares [2]	Pension costs
Arne Austreid	Chief Executive Officer	2 613	-	121	2 726	-	5 000	2 664
Terje Vareberg (til 31.12.2010)	Chief Executive Officer		511					
Stian Helgøy	Executive Vice President, Capital Market	2 008	292	262	7 084	7 540	14 799	500
Inge Reinertsen	Chief Financial Officer	1 978	292	224	7 236	3 800	18 154	548
Tore Medhus	Executive Vice President, Corporate Market	2 008	292	184	12 482	3 893	19 132	572
Rolf Aarsheim (til 10.08.2011)	Executive Vice President, Retail Market	1 324	292	349	15 016			259
Jan Friestad (fra 11.08.2011)	Executive Vice President, Retail Market	1 490	224	151	9 023	3 749	16 489	127
Glenn Sæther	Executive Vice President, Business Support	1 652	235	219	1 678	7 950	4 040	225
Thor-Christian Haugland	Executive Vice President, Communications	1 444	210	201	6 662	4 248	6 736	509
Frode Bø	Executive Vice President, Risk Management and Compliance	1 597	219	135	6 442	1 321	8 641	451
Wenche Mikalsen	Executive Vice President, Organisation and HR	1 502	219	204	4 468	2 434	3 390	696

For further information on the remuneration of executive personnel, reference is made to the Board's statement on the remuneration of executive personnel.

[1] Bonus is paid in the current year but earned and accrued in the preceding financial year.

[2] No. of shares the person owns in SpareBank 1 SR-Bank as of 31.12. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act.

(Continuation note 22)

Remuneration of the Board and Audit Committee

(Amounts in NOK 000s)

2012		**Fees**	**Other remuneration**	**Loans**	**No of shares** [3]
Kristian Eidesvik	Chairman of the Board	483	2	-	108 596
Gunn-Jane Håland	Board member	273	-	2 680	-
Sally Lund-Andersen	Board member (employee-elected)	238	672	2 398	2 225
Erik Edvard Tønnesen	Board member	263	-	4 012	3 877
Birthe Cecilie Lepsø	Board member	224	-	-	-
Erling Øverland	Board member	270	-	-	18 935
Oddvar Rettedal	Board member (employee-elected)	225	778	1 275	7 977
Catharina Hellerud	Board member	225	-	-	26 483 470
Odd Torland	Board member	224	-	-	-
Odd Jo Forsell	Chairman Audit Committee	125	-	2 791	-
Vigdis Wiik Jacobsen	Member Audit Committee	113	-	-	18 581
Egil Fjogstad	Member Audit Committee	120	4	-	923 860

2011					
Kristian Eidesvik	Chairman of the Board	330	2	-	84 006
Gunn-Jane Håland	Vice Chairman of the Board	190	-	9 317	-
Einar Risa	Board member	165	-	-	3 837
Sally Lund-Andersen	Board member (employee-elected)	150	705	2 306	1 281
Elin Rødder Gundersen	Board member	162	-	-	-
Erik Edvard Tønnesen	Board member	180	-	4 038	3 000
Birthe Cecilie Lepsø	Board member	180	-	-	-
Erling Øverland	Board member	195	-	-	14 648
Tor Magne Lønnum (til 19.05.2011)	Board member	75	8		
Mari Rege (fra 19.05.2011)	Board member	50	-	3 844	1 557
Odd Rune Torstrup	Chairman Audit Committee	125	-	-	22 133
Siv Gausdal Eriksen	Member Audit Committee	102	-	4 437	3 034
Vigdis Wiik Jacobsen	Member Audit Committee	90	-	-	14 533
Egil Fjogstad	Member Audit Committee	103	-	-	722 564
Odd Broshaug	Vice Chairman Audit Committee	90	-	1 501	-

[3] No. of shares the person owns in SpareBank 1 SR-Bank as of 31.12. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act. In addition to this, the shares of the institution the individual representative was elected on behalf of are included.

NOTE 23 OTHER OPERATING COSTS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
212	**215**	IT costs	**227**	223
65	**59**	Marketing	**81**	88
81	**88**	Other administrative costs	**109**	99
68	**66**	Depreciation and write-downs (notes 30 and 31)	**87**	80
61	**47**	Operating costs real estate	**44**	60
14	**2**	Wealth tax	**2**	14
42	**40**	External fees	**53**	51
88	**96**	Other operating costs	**203**	190
631	**613**	**Total other operating costs**	**806**	805

Fees for external auditor - specification of audit fees

(Figures in NOK 000s)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
2 536	**2 705**	Statutory audit	**3 339**	3 615
135	**333**	Tax advice [1]	**381**	298
1 141	**1 253**	Other certification services	**1 277**	1 141
393	**1 240**	Other non-auditing services [1]	**1 570**	499
4 205	**5 531**	**Total**	**6 566**	5 553
100	**320**	[1] Fees to the law firm PricewaterhouseCoopers included in tax advice and other non-auditing services	**443**	300

All figures include VAT.

NOTE 24 PENSIONS

The SpareBank 1 SR-Bank Group has defined contribution pension and defined contribution pension schemes for its employees. The company's and Group's pension schemes comply with the requirements of the Mandatory Occupational Pension Act.

Defined contribution pensions

The Supervisory Board adopted changes to the SpareBank 1 SR-Bank Group's pension scheme on 24 March 2011. The defined benefit scheme was closed and employees who were members before it was closed on 1 April 2011 were given an opportunity to voluntarily transfer to a defined contribution scheme. No changes were made in retirement pension coverage in the remaining defined benefit scheme, but the following changes were adopted: Spouse/cohabitant pensions ceased and paid-up policies were issued for the pension rights accrued prior to 1 April 2011. Disability and children's pensions will continue as before, but no paid-up policy will be accrued by employees. Premium exemptions for new disability pensioners and children were continued as before.

Defined benefit pensions

The defined benefit pension schemes of SpareBank 1 SR-Bank ASA, SR-Forvaltning AS, SR-Investering AS and SR-Finans AS are covered by the Group's pension fund.
SpareBank 1 SR-Bank ASA, SR-Forvaltning AS, SR-Investering AS and SR-Finans AS have uniform schemes in which the principal terms are a contribution period of 30 years, 70% pension relative to the pension basis as of 1 January in the year the employee turns 67, as well as a disability and children's pension. All pension benefits are coordinated with expected National Insurance Scheme benefits. If changes are made to the National Insurance Scheme that entail a reduction in benefits, such reductions will not be compensated for through the pension schemes.
As of 31 December 2012, the Group's pension schemes had 866 active members (826 active members in the Bank) and 389 pensioners (361 pensioners for the Bank).

In addition to the pension liabilities covered by the pension fund, the Group has uncovered pension liabilities that cannot be covered by the assets in the collective schemes.
The liabilities apply to people that are not enrolled in the insurance schemes, supplementary pensions in excess of 12G (G = the National Insurance basic amount), ordinary early retirement pensions and statutory early retirement pension (AFP).

The new AFP scheme, which applies with effect from 1 January 2011, should be regarded as a defined benefit multi-company scheme, but will be recognised as a defined contribution scheme until adequate reliable information is available to allow the Bank and the Group to recognise their proportional shares of the pension costs, the pension liabilities and the pension funds in the scheme.

Thus, the Bank's and the Group's liabilities are not recognised in the balance sheet as liabilities as of 31 December 2012. The AFP liability under the old scheme was recorded as a liability and was recognised as income in 2010 with the exception of the liability linked to the former employees who are now pensioners under the scheme.

Estimates are used for preparing the valuation of the pension retirement benefit and for the resulting excess or deficit. These estimates are corrected every year in accordance with the actual value of the pension assets in the pension fund, statements of the pension assets' transfer value from the insurance company, and actuarial calculation of the size of the liability.

The following economic assumptions have been made when calculating pension liabilities:

	2012	2011
Discount rate	**3,90 %**	2,40 %
Expected return on assets	**5,00 %**	6,00 %
Future salary growth rate	**3,50 %**	4,00 %
National Insurance Scheme's basic amount adjustment	**3,25 %**	3,75 %
Pension adjustment	**2,00 %**	2,00 %
Employer's NI contributions	**14,10 %**	14,10 %
Voluntary staff turnover	**5% before 45 years old, 2% after 45 years old**	5% before 45 years old, 2% after 45 years old

Expected statutory early retirement pension (AFP) acceptance from age 62

The pension liabilities are calculated annually by an independent actuary using a straight line accrual method. The present value of the defined benefits are determined by discounting estimated future payments by a discount rate based on the interest rate for a bond issued by the company with a high credit rating (corporate bond or covered bond rate) in the same currency and with a maturity that is almost the same as the maturity of the related pension liabilities. Use of the corporate bond rate as the basis for the discount rate requires the existence of corporate bonds with long maturities and high quality in the same currency, as well as a deep market for such bonds. Market players have asserted that the covered bond market is sufficiently deep and that pricing in the market is reliable. Analyses conducted by an actuary, Gabler-Wassum, and the Bank's own analyses, which take into account interest rate swap agreements, support the assertion that a deep and liquid market exists for corporate bonds with a high credit rating, concentrated on covered bonds. The Norwegian covered bond market has become better developed after the financial crisis and has a high credit rating. The Bank and the Group have therefore chosen the covered bond rate as their discount rate for calculating pension liabilities. In its updated guidelines for pension assumptions dated 31 December 2012, NRS also concludes that the covered bond rate cannot be rejected as a basis for fixing the discount rate. The remaining average accrual time for members of the defined benefit plans has been calculated as approximately 9.65 years

For the Group the effect of using the covered bond rate as the discount rate rather than the 10-year yield on government bonds has been calculated as a reduction of NOK 457 million in pension liabilities.
The corresponding figure for the Bank is NOK 430 million.

The mortality assumptions are based on published statistics and historical data.
Average life expectancy (no. of years) on the balance sheet date for a person who retires at the age of 65 is as follows:

Man	**19,3 years**	19,3 years
Woman	**21,8 years**	21,8 years

Average life expectancy (no. of years) 20 years after the balance sheet date for a person who retires at the age of 65 is as follows:som følger:

Man	**19,3 years**	19,3 years
Woman	**21,8 years**	21,8 years

The calculations are based on standardised assumptions regarding mortality and disability trends and other demographic factors prepared by the Association of Norwegian Insurance Companies (Norges Forsikringsforbund). The mortality assumptions are based on published statistics and historical data.

(Continuation note 24)
(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		Book value of liabilities		
412	**34**	Pension benefits - insured scheme	**45**	521
171	**128**	Pension benefits – uninsured scheme	**131**	182
584	**162**	**Total book value of liabilities**	**176**	703
		Costs charged to income statement		
-131	**45**	Pension benefits - insured scheme	**7**	-154
13	**10**	Pension benefits – uninsured scheme	**11**	13
-118	**55**	**Total costs charged to income statement**	**18**	-141
		Pension liabilities related to defined benefit pensions		
1 500	**1 521**	Present value pension liabilities 01.01	**1 730**	1 684
72	**78**	Pension benefits accrued in the period	**82**	86
49	**36**	Interest costs on pension liabilities	**41**	55
212	**-437**	Actuarial losses/gains	**-469**	262
-54	**-43**	Payments/redemption from fund	**-41**	-56
-258	**-11**	Reductions and settlements	**-140**	-355
-	**-**	Change in earlier periods' accrual	**-**	55
-	**-**	Other changes	**-**	-
1 521	**1 144**	**Present value pension liabilities 31.12**	**1 203**	1 730
1 366	**1 032**	of which fund-based	**1 088**	1 566
155	**112**	of which not fund based	**115**	164
		Pension assets		
1 047	**1 012**	Pension assets 01.01	**1 116**	1 143
62	**59**	Expected return in the period	**62**	69
-43	**-78**	Actuarial losses/gains	**-75**	-43
95	**57**	Employer's NI contributions	**82**	108
-52	**-44**	Payments/redemption from fund	**-45**	-56
-97	**-5**	Reductions and settlements	**-91**	-104
-	**-**	Other changes	**-**	-
1 012	**1 001**	**Pension assets 31.12**	**1 049**	1 116
		Net pension liabilities in the balance sheet		
1 521	**1 144**	Present value pension liabilities 31.12	**1 203**	1 730
1 012	**1 001**	Pension assets 31.12	**1 049**	1 116
509	**143**	Net pension liabilities 31.12	**154**	614
75	**19**	Employer's NI contributions	**22**	89
584	**162**	**Net pension liabilities in the balance sheet**	**176**	703
		Pension costs for the period		
72	**77**	Accrued defined benefit-based pensions	**82**	86
49	**36**	Interest costs on pension liabilities	**41**	55
-62	**-59**	Expected return on pension assets	**-62**	-69
-162	**-6**	Reductions and settlements	**-50**	-251
-	**-**	Benefits earned in prior periods included in the period	**-**	55
-103	**48**	Net defined benefit-based pension costs without employer's NI contributions	**11**	-123
-15	**7**	Accrued employer's NI contributions	**7**	-18
-118	**55**	Net defined benefit-based pension costs recognised through profit or loss	**18**	-141
2	**15**	Contribution based pension costs and joint AFP scheme	**27**	3
-116	**70**	**Pension costs in the period recognised in the income statement**	**45**	-138
		Actuarial losses/gains		
291	**-413**	Actuarial gains and losses recognised in equity for the period	**-452**	346
688	**275**	Cumulative actuarial gains and losses included in equity	**352**	804
62	**59**	Expected return on pension assets	**62**	69
59		Actual return on pension assets		62

(Continuation note 24)

The expected return on assets is the expected yield taking into account the investment strategy adopted in the plans.

The expected return on fixed income securities is based on the effective interest rate of the securities at the balance sheet date. The expected return on equity instruments and investments in real estate reflects the long-term return achieved in the respective markets.

Composition of the Group's pension assets	**2012**	2011
Real estate	**19**	19
- of which used by the bank	**-**	-
Equities	**210**	198
Other assets	**820**	899
Total pension assets	**1 049**	1 116

Development during the last five years for the Group's defined benefit-based pension plan	**2012**	2011	2010	2009	2008
Present value pension liabilities 31.12	**1 203**	1 730	1 684	1 424	1 308
Pension assets 31.12	**1 049**	1 116	1 143	905	929
Net shortfall	**154**	614	541	519	379

Expected premium paid for 2013 is NOK 86 million for the Bank and NOK 113 million for the Group.

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 approved compulsory transfer to a defined contribution pension scheme during the first quarter of 2012. In the second quarter of 2012 paid-up policies were issued for pension rights accrued prior to 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		**Group**
	2012		**2012**
Q2 2012	-	Effect of settlement	35
Q4 2012	-	Effect of settlement	5
	-	**Change in pension liabilities through profit or loss**	**40**

NOTE 25 TAX

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
1 314	**1 604**	Pre-tax profit	**1 761**	1 495
-208	**-450**	Permanent differences [1)]	**-347**	-171
-19	**-189**	Group contribution	**-**	-
-629	**-902**	Change in temporary differences	**-1 079**	-599
-290	**413**	- of which recorded directly against equity	**419**	-301
-	**-6**	Excess/insufficient calculated temporary differences previous year	**-6**	-
168	**470**	**Tax base/taxable income for the year**	**748**	424
47	**132**	Of which payable tax 28%	**209**	119
37	**82**	Tax effect of group contribution	**-**	-
-	**12**	Tax effect of issue costs recorded against equity	**12**	-
211	**254**	Change in deferred tax	**302**	196
81	**-116**	- of which change not recorded in income statement	**-117**	95
-	**-**	Deferred tax from acquisitions	**-5**	-
2	**-1**	Excess/insufficient payable tax allocation in previous years	**-1**	4
378	**363**	**Total tax cost**	**400**	414
		Explanation of why the tax cost for the year is not 28% of the year's pre-tax profit		
368	**449**	28% tax on pre-tax profit	**493**	419
-58	**-126**	28% tax on permanent differences [1)]	**-97**	-48
-	**29**	Tax effect of group contribution	**-**	-
-	**12**	Tax effect of issue costs recorded against equity	**12**	-
-	**-**	Other changes	**-5**	-
2	**-**	Excess/insufficient tax allocation in previous years	**-**	9
66	**-1**	Excess/insufficient deferred tax/tax asset in previous years	**-3**	33
378	**363**	**Calculated tax cost**	**400**	414
		Deferred tax asset		
-169	**-53**	- deferred tax asset that reverses in more than 12 months	**-61**	-207
-29	**-**	- deferred tax asset that reverses within 12 months	**-**	-
-198	**-53**	**Total deferred tax asset**	**-61**	-207
		Deferred tax		
459	**586**	- deferred tax that reverses in more than 12 months	**606**	536
35	**64**	- deferred tax that reverses within 12 months	**86**	-
494	**650**	**Total deferred tax**	**692**	536
296	**597**	**Net deferred tax/deferred tax asset**	**631**	329
		Specification of temporary differences		
20	**23**	Gains and loss account	**7**	16
1 625	**2 106**	Differences related to financial items	**2 129**	1 638
-	**-**	Loans	**30**	27
-584	**-161**	Pension liabilities	**-175**	-703
-	**-**	Accounting provisions	**-2**	-3
-	**-**	Leasing operating equipment	**189**	234
-23	**-28**	Tangible fixed assets	**-41**	-34
19	**189**	Group contribution paid	**-**	-
-	**-**	Other differences related to paid/received group contribution	**117**	-
1 057	**2 129**	**Total temporary differences**	**2 254**	1 176
28 %	**28 %**	Tax rate applied	**28 %**	28 %

(Continuation note 25)

1) Includes tax-exempted dividends, non-tax-deductible expenses, net tax-exempt gains on the realisation of equities in the European Economic Area (EEA), and tax allowances for profit attributable to associated companies (the percentage of the profit is extracted as it has already been taxed in the individual company).
Pursuant to IFRS, wealth tax is classified as a levy and not as a tax charge. For 2011, the wealth tax was calculated as NOK 14 million and was classified as other operating expenses. Wealth tax no longer applies after the conversion to an ASA.

NOTE 26 CLASSIFICATION OF FINANCIAL INSTRUMENTS

(Figures in NOK million)

Group	Financial instruments at fair value through profit or loss							
2012	Held for sale	Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities assessed at amortised cost and accrued interest	Financial assets available for sale	Financial assets held to maturity	Non-financial assets and liabilities	Total
Assets								
Cash and receivables from the central bank				1 314				1 314
Loans to and receivables from financial institutions				1 087				1 087
Net lending to customers		12 268		96 490				108 758
Commercial paper and bonds at fair value	10 743							10 743
Commercial paper and bonds at amortised cost						7 934		7 934
Financial derivatives	1 624		2 337	617				4 578
Equities, units and other equity interests	363	305			3			671
Investments in ownership interests							4 964	4 964
Intangible assets							43	43
Tangible fixed assets							363	363
Activities that will be sold							85	85
Other assets							1 003	1 003
Total assets	**12 730**	**12 573**	**2 337**	**99 508**	**3**	**7 934**	**6 458**	**141 543**
Liabilities								
Debt to financial institutions				4 522				4 522
Borrowing from government under covered bond swap scheme				7 299				7 299
Deposits from customers				67 594				67 594
Securities issued		27 828		12 863				40 691
Financial derivatives		1 662	264	356				2 282
Payable tax							209	209
Deferred tax liabilities							631	631
Other liabilities							1 455	1 455
Subordinated loan capital		1 251		2 972				4 223
Total liabilities		**30 741**	**264**	**95 606**			**2 295**	**128 906**
Total equity							**12 637**	**12 637**
Total liabilities and equity		**30 741**	**264**	**95 606**			**14 932**	**141 543**

(Continuation note 26)

2011	Financial instruments at fair value through profit or loss: Held for sale	Financial instruments at fair value through profit or loss: Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities assessed at amortised cost and accrued interest	Financial assets available for sale	Financial assets held to maturity	Non-financial assets and liabilities	Total
Assets								
Cash and receivables from the central bank				263				263
Loans to and receivables from financial institutions				723				723
Net lending to customers		8 686		91 902				100 588
Commercial paper and bonds at fair value	11 210			96				11 306
Commercial paper and bonds at amortised cost				27		8 517		8 544
Financial derivatives	1 614		1 668	434				3 716
Equities, units and other equity interests	352	275			4			631
Investments in ownership interests							4 389	4 389
Intangible assets							54	54
Tangible fixed assets							401	401
Activities that will be sold							85	85
Other assets							442	442
Total assets	13 176	8 961	1 668	93 445	4	8 517	5 371	131 142
Liabilities								
Debt to financial institutions				4 782				4 782
Borrowing from government under covered bond swap scheme				7 395				7 395
Deposits from customers				64 042				64 042
Securities issued		19 254		17 084				36 338
Financial derivatives		1 659	131	220				2 010
Payable tax							130	130
Deferred tax liabilities							329	329
Other liabilities							1 384	1 384
Subordinated loan capital		2 302		2 673				4 975
Total liabilities		23 215	131	96 196			1 843	121 385
Total equity							9 757	9 757
Total liabilities and equity		23 215	131	96 196			11 600	131 142

(Continuation note 26)

Information about fair value

Group

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:
Listed price in an active market for an identical asset or liability (level 1).
Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices) for the asset or liability (level 2).
Valuation based on factors not obtained from observable markets (non-observable assumptions) (level 3).

2012	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data	Total
Assets				
Net lending to customers		12 268		**12 268**
Commercial paper and bonds at fair value	6 468	4 188		**10 656**
Financial derivatives		1 624		**1 624**
Equities, units and other equity interests	50	313	305	**668**
Liabilities				
Securities issued	27 828			**27 828**
Financial derivatives	1 662			**1 662**
Subordinated loans	1 251			**1 251**

2011				
Assets				
Net lending to customers	-	8 686	-	8 686
Commercial paper and bonds at fair value	9 263	1 947	-	11 210
Financial derivatives	-	1 614	-	1 614
Equities, units and other equity interests	173	179	275	627
Liabilities				
Securities issued	19 254	-	-	19 254
Financial derivatives	1 659	-	-	1 659
Subordinated loans	2 302	-	-	2 302

Change in holding during the financial year of assets valued on the basis of factors other than observable market data

Group

Equities, units and other equity interests	2011	**2012**
Balance 01.01	275	**275**
Additions	-	**-**
Disposals	-	**-**
Change in value	-	**30**
Balance 31.12	275	**305**

Financial instruments valued using factors other than observable market data are included in the change in holding in accordance with IFRS 7.

NOTE 27 COMMERCIAL PAPER AND BONDS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012	Commercial paper and bonds at fair value	Group 2012	Group 2011
		Government		
3 677	**1 307**	Nominal value	**1 307**	3 677
3 677	**1 344**	Fair value	**1 344**	3 677
		Other public issuers		
52	**661**	Nominal value	**661**	52
52	**666**	Fair value	**666**	52
		Financial enterprises		
6 982	**7 987**	Nominal value	**7 987**	6 982
6 970	**8 110**	Fair value	**8 110**	6 970
		Non-financial enterprises		
514	**532**	Nominal value	**542**	523
507	**531**	Fair value	**536**	511
11 225	**10 487**	**Total commercial paper and bonds at nominal value**	**10 497**	11 234
11 206	**10 651**	**Total commercial paper and bonds at fair value**	**10 656**	11 210

Parent bank 2011	Parent bank 2012	Commercial paper and bonds at amortised cost	Group 2012	Group 2011
		Financial enterprises		
8 396	**7 920**	Nominal value	**7 920**	8 396
8 389	**7 918**	Book value	**7 918**	8 389
		Non-financial enterprises		
128	**-**	Nominal value	**-**	128
128	**-**	Book value	**-**	128
8 524	**7 920**	**Total commercial paper and bonds at nominal value**	**7 920**	8 524
8 517	**7 918**	**Total commercial paper and bonds at amortised cost**	**7 918**	8 517
123	**103**	Accrued interest	**103**	123
19 846	**18 672**	**Total commercial paper and bonds**	**18 677**	19 850

Reclassification of financial assets

In conjunction with the extraordinary and negative developments in the world's financial markets in the third quarter of 2008, the IASB adopted amendments to IAS 39 and IFRS 7 on 13 October 2008.
The changes allowed for the reclassification of all or parts of the portfolio of financial assets with retrospective effect to 1 July 2008. SpareBank 1 SR-Bank has chosen to make use of this opportunity and has chosen to reclassify parts of the bond portfolio to categories that are assessed at amortised cost, i.e. "Held to maturity" or "Loans and receivables". No corresponding reclassification has been carried out in subsidiaries.

The table below shows the accounting effect not reclassifying the portfolio would have had.

(Continuation note 27)

Group [3]

1.7.2008 **Commercial paper and bonds classified as:**	**Book value**	**Amortisation as interest income**	**Effect of reclass. as gain**	**Observable market value**
At fair value through profit or loss	3 041	-	-	3 041
Held to maturity [1]	2 350	-	-	2 350
Receivables [1]	578	-	-	578
Total commercial paper and bonds	5 969	-	-	5 969

31.12.2012 **Commercial paper and bonds classified as:**	**Book value**	**Group**[3] **Amortisation as interest income**	**Effect of reclass. as gain**	**Observable market value**
At fair value through profit or loss	10 657	-	-	10 657
Held to maturity	218	-	2	220
Covered bonds [2]	7 699	-	-	7 699
Accrued interest	103	-	-	103
Total commercial paper and bonds	**18 677**	**-**	**2**	**18 679**

31.12.2012 **Bonds reclassified as receivables and held to maturity**	**1.7.2008**	**31.12.2011**	**31.12.2012**
Book value	2 928	715	**218**
Nominal value	2 985	723	**221**
Observable market value	2 928	707	**220**

The Bank expects to receive the nominal value of the bonds held in the portfolio for reclassification.

[1] Net unrealised losses that are reversed as at 1 July 2008 are NOK 47.3 million. The amount is amortised over the instruments' remaining term. Weighted remaining term on the reclassification date is approximately 2.7 years.

[2] Of covered bonds, NOK 7 699 million has been utilised in the swap scheme introduced by the Norwegian Ministry of Finance. The term of the bonds is virtually the same as the swap scheme's term.

[3] This note is almost identical for the parent bank

NOTE 28 FINANCIAL DERIVATIVES

General description:
The fair value of financial derivatives is usually determined using valuation methods where the price of the underlying object, for example interest and currency rates, is obtained from the market. If the Group's risk position is relatively neutral, middle rates will be used.
A neutral risk position means, for example, that the interest rate risk within a re-pricing interval is approximately zero. Otherwise, the relevant purchase or sales price is used to assess the net position. For derivatives where the other party has a weaker credit rating than the Group, the price will reflect the underlying credit risk. If market prices are obtained based on transactions with a lower credit risk, this will be taken into account by accruing the original price difference for future credit losses.

The Group has hedged certain fixed rate borrowing. Each hedge is documented with a reference to the Group's risk management strategy, a clear identification of the item being hedged, the hedging instrument used, a description of the hedged risk, a description of why hedging is regarded as highly probable and a description of how and when the Group shall determine the efficiency of the hedge during the accounting period and that it is expected to be very effective during the next accounting period. The Group has defined the hedged risk as value changes linked to the NIBOR component of the hedged fixed interest rates in NOK and value changes linked to LIBOR and the currency components of the hedged fixed interest rates in foreign currencies. The Bank does not practise hedge accounting.

The Group uses interest rate swaps as hedging instruments, where the Group receives fixed rates in NOK or a foreign currency and makes payments based on variable NIBOR (mainly 3 month) rates.
As of 31 December 2012, the net fair value of the hedging instruments was NOK 2 083 million (NOK 2 347 million in assets and NOK 264 million in liabilities).
The corresponding figures for 2011 were NOK 1 549 million (NOK 1 680 million in assets and NOK 131 million in liabilities).
The ineffective result of hedging instruments in 2012 was minus NOK 6 million.

Group [1)]
(Figures in NOK million)

	2012			2011		
		Fair value			Fair value	
At fair value through profit or loss	**Contract amount**	**Assets**	**Liabilities**	Contract amount	Assets	Liabilities
Currency instruments						
Currency futures (forwards)	**3 848**	**32**	**67**	3 470	52	79
Currency swaps	**21 394**	**256**	**66**	13 817	193	325
Currency options	**71**	**-**	**-**	80	-	-
Total currency instruments	**25 313**	**288**	**133**	17 367	245	404
Interest rate instruments						
Interest rate swaps						
(swaps also incl. cross currency)	**90 491**	**1 326**	**1 529**	99 699	1 357	1 253
Other interest rate contracts	**-**		**-**	1 000	-	2
Total interest rate instruments	**90 491**	**1 326**	**1 529**	100 699	1 357	1 255
Interest rate instruments, hedging						
Interest rate swaps						
(swaps also incl. cross currency)	**40 481**	**2 347**	**264**	24 697	1 680	131
Total interest rate instruments, hedging	**40 481**	**2 347**	**264**	24 697	1 680	131
Accrued interest						
Accrued interest	**-**	**617**	**356**	-	434	220
Total accrued interest	**-**	**617**	**356**	-	434	220
Total currency instruments	**25 313**	**288**	**133**	17 367	245	404
Total interest rate instruments	**130 972**	**3 673**	**1 793**	125 396	3 037	1 386
Total accrued interest	**-**	**617**	**356**	-	434	220
Total currency and interest rate instruments	**156 285**	**4 578**	**2 282**	142 763	3 716	2 010

[1)] This note is almost identical for the parent bankparent bank

NOTE 29 EQUITIES, UNITS AND OTHER EQUITY INTERESTS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
		At fair value through profit or loss		
172	**50**	- Listed	**50**	173
316	**445**	- Unlisted	**618**	454
488	**495**	**Total at fair value through profit or loss**	**668**	627
		Available for sale		
3	**3**	- Unlisted	**3**	4
3	**3**	**Total available for sale**	**3**	4
491	**498**	**Total equities, units and other equity interests**	**671**	631

Equities, units and other equity interests are classified within the categories fair value and available for sale.
Securities that can be measured reliably and are reported internally at fair value are classified as fair value through profit or loss.

Other equities are classified as available for sale.

Parent bank (Amounts in NOK 000s)	**The company's**	**Ownership interest in %**	**No. of equities/units**	**Acquisition cost**	**Book value/ market value**
At fair value through profit or loss					
Sandnes Sparebank	710 581	10,1	714 509	69 307	48 408
Other				2 664	1 621
Listed companies				**71 971**	**50 029**
Unlisted companies					
Short-term investments in shares					
Sektor Fond I	10 000	12,3	1 228 000	99 959	99 959
Other unlisted companies				50 310	40 126
Long-term investments					
Nordito Property	21 323	6,4	651 118	2 342	18 876
Nets Holding DKK	184 325	2,9	5 378 058	232 036	286 274
Total unlisted companies				**384 647**	**445 235**
Total at fair value through profit or loss equities, units and other equity interests				**456 618**	**495 264**
Available for sale					
Unlisted companies					2 806
Total equities, units and other equity interests parent bank					**498 070**

(Continuation note 29)

Investments in equities, units and other equity interests

Group (Amounts in NOK 000s)	The company's	Ownership interest in %	No. of equities	Acquisition cost	Book value/ market value
At fair value through profit or loss					
Total listed companies parent bank				**71 971**	**50 029**
Total listed in subsidiaries				**0**	**0**
Total listed companies Group				**71 971**	**50 029**
Total unlisted companies parent bank				**384 647**	**445 235**
Borea Opportunity II AS	314 720	2,2	10 250	11 407	14 458
Progressus AS	2 766	4,2	117 139	11 068	15 827
HitecVision Private Equity IV LP		2,0		24 196	40 196
HitecVision Asset Solution LP		1,2		18 220	19 166
OptiMarin AS	1 998	13,0	260 041	11 024	20 075
Energy Ventures III LP		1,1		10 026	8 766
Reiten & Co Capital Partners VII LP		0,5		7 937	7 768
SR Feeder KS		26,9		6 148	9 276
SR PE-Feeder II KS		8,8		5 463	9 256
SR PE-Feeder III KS		36,4		4 968	4 968
Viking Fotball ASA	965 130	6,6		6 826	4 826
Remora AS	87 401	23,6	20 609 308	5 919	5 919
Other unlisted companies in subsidiaries				26 740	12 344
Total unlisted in subsidiaries				**149 942**	**172 845**
Total unlisted in Group				**534 589**	**618 080**
Total at fair value through profit or loss equities, units and other equity interests				**606 560**	**668 109**
Available for sale					
Unlisted companies parent bank					2 806
Unlisted companies in subsidiaries					441
Total equities, units and other equity interests Group					**671 356**

NOTE 30 INTANGIBLE ASSETS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
-	-	Acquisition cost 01.01	74	74
-	-	Additions	-	-
-	-	Disposals [1]	4	-
-	-	Acquisition cost 31.12	70	74
-	-	Accumulated depreciation and write-downs 01.01	20	14
-	-	Year's depreciation and write-downs	7	6
-	-	Accumulated depreciation and write-downs 31.12.	27	20
-	-	**Carrying amount 31.12**	**43**	54

The amounts are the differences between identifiable assets including excess of cost price over acquired assets in the acquired company, and the cost of the shares. The elements in the goodwill item relate to future earnings in the company supported by the calculations of the present value of expected future earnings, which document a future economic benefit from acquiring the company.

	2012	2011
The carrying amount consists of:		
Vågen Forvaltning AS - acquisition of 100% of the shares in June 2001	19	19
SR-Forvaltning AS - acquisition of 33.3% of the shares in May 2009	20	20
Boligbyrået AS - acquisition of 100% of the shares in 2010 Goodwill [1]	3	7
Boligbyrået AS - acquisition of 100% of the shares in 2010 Customer portfolio	1	3
Vågen Eiendomsmegling AS - acquisition of 51% of the shares in June 2001	-	5
Carrying amount 31.12	**43**	**54**

[1] Repaid cost prices are shown as disposals.

	2012	2011
Year's depreciation and write-downs:		
Boligbyrået AS - acquisition of 100% of the shares in 2010 Customer portfolio	2	3
Vågen Eiendomsmegling AS - acquisition of 51% of the shares in June 2001	5	-
EiendomsMegler 1 SR-Eiendom AS Sunnhordland	-	2
EiendomsMegler 1 SR-Eiendom AS previous years	-	1
Year's depreciation and write-downs	**7**	**6**

The goodwill item’s elements are valued annually and written down if a there is a basis for this following a concrete assessment.

NOTE 31 TANGIBLE FIXED ASSETS

(Figures in NOK million)

Parent bank				Group		
Buildings and real estate	**Machinery, fixtures, and vehicles**	**Total**		**Buildings and real estate**	**Machinery, fixtures, and vehicles**	**Total**
294	620	914	Acquisition cost 01.01.12	303	690	993
2	46	47	Additions	17	50	67
15	-	15	Disposals	24	1	25
281	666	946	Acquisition cost 31.12.12	296	739	1 035
113	421	534	Accumulated depreciation and write-downs 01.01.12	117	475	592
5	62	66	Year's depreciation	5	68	73
-	-	-	Year's write-downs	7	-	7
1	-	1	Year's disposals	1	1	2
117	483	599	Accumulated depreciation and write-downs 31.12.12	129	542	671
164	**183**	**347**	**Carrying amount 31.12.12**	**167**	**197**	**363**
425			**Fair value**	**425**		
282	550	832	Acquisition cost 01.01.11	298	613	911
12	70	82	Additions 1)	12	78	90
-	-	-	Disposals	7	1	8
294	620	914	Acquisition cost 31.12.11	303	690	993
108	358	466	Accumulated depreciation and write-downs 01.01.11	110	409	519
5	63	68	Year's depreciation	7	67	74
-	-	-	Year's disposals	-	1	1
113	421	534	Accumulated depreciation and write-downs 31.12.11	117	475	592
181	199	380	Carrying amount 31.12.11	186	215	401
437			Fair value	437		

Pledged security

The Group has not mortgaged/pledged or accepted any other disposal restrictions on its tangible fixed assets.

Revaluation/ depreciation

The Group does not make regular revaluations of tangible fixed assets. In connection with the initial implementation of IFRS, buildings were valued at cost less accumulated depreciation in accordance with current Norwegian legislation. Percentage rate of depreciation is 14% to 33% for machinery, equipment and vehicles, and 2% for bank buildings, investment property and other real estate.

Buildings and real estate

Of the total book value of buildings and real estate NOK 148 million is for use in the banking business. The fair value of buildings is determined by appraisal.

Operational leases

The Group has no significant operational leases.

NOTE 32 OTHER ASSETS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
35	**35**	Paid in capital SR-Bank Pension Fund	**35**	35
35	**384**	Other assets incl. unsettled trades	**541**	189
207	**414**	Other operating income earned but not received	**424**	214
-	**-**	Prepaid costs	**3**	4
277	**833**	**Total other assets**	**1 003**	442

NOTE 33 DEPOSITS FROM CUSTOMERS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
53 276	**58 822**	Deposits from and liabilities to customers, at call	**58 675**	53 118
10 898	**8 899**	Deposits from and liabilities to customers with agreed maturity	**8 884**	10 884
40	**35**	Accrued interest	**35**	40
64 214	**67 756**	**Total deposits from customer**	**67 594**	64 042
		Deposits by sector and industry		
1 019	**1 116**	Agriculture/forestry	**1 116**	1 019
161	**131**	Fisheries/fish farming	**131**	161
1 233	**962**	Mining operations and extraction	**962**	1 233
942	**1 080**	Industry	**1 080**	942
1 418	**1 598**	Power and water supply/building and construction	**1 598**	1 418
1 977	**2 096**	Wholesale and retail trade, hotels and restaurants	**2 096**	1 977
1 149	**1 001**	Overseas shipping, pipeline transport and other transport	**1 001**	1 149
4 600	**5 900**	Property management	**5 900**	4 600
8 234	**7 406**	Service sector	**7 406**	8 234
11 996	**12 120**	Public sector and financial services	**11 958**	11 824
32 729	**33 410**	**Total industry**	**33 248**	32 557
31 445	**34 311**	Retail customers	**34 311**	31 445
40	**35**	Accrued interest industry and retail customers	**35**	40
64 214	**67 756**	**Total deposits by sector and industry**	**67 594**	64 042
		Deposits by geographic area		
50 084	**53 883**	Rogaland	**53 721**	49 912
2 705	**3 095**	Agder counties	**3 095**	2 705
5 557	**5 094**	Hordaland	**5 094**	5 557
635	**704**	International	**704**	635
5 233	**4 980**	Other	**4 980**	5 233
64 214	**67 756**	**Total deposits by geographic area**	**67 594**	64 042

NOTE 34 SECURITIES ISSUED

(Figures in NOK million)

Parent bank 2011	Parent bank 2012			Group 2012	Group 2011
34 593	**37 960**	Bond debt [1]		**37 960**	34 593
1 340	**2 220**	Value adjustments		**2 220**	1 340
405	**511**	Accrued interest		**511**	405
36 338	**40 691**	**Total securities issued**		**40 691**	36 338
3,4 %	**3,3 %**	Average interest rate		**3,3 %**	3,4 %
		Securities issued by due date [1]	Forfall		
5 893			2012		5 893
10 035	**6 502**		2013	**6 502**	10 035
5 723	**6 504**		2014	**6 504**	5 723
5 106	**5 694**		2015	**5 694**	5 106
7 046	**7 636**		2016	**7 636**	7 046
180	**6 294**		2017	**6 294**	180
605	**5 700**		2018	**5 700**	605
213	**218**		2019	**218**	213
669	**1 178**		2020	**1 178**	669
17	**15**		2024	**15**	17
239	**241**		2037	**241**	239
207	**198**		2047	**198**	207
405	**511**	Accrued interest		**511**	405
36 338	**40 691**	**Total securities issued**		**40 691**	36 338
		Securities issued by currency [1]			
17 688	**17 347**	NOK		**17 347**	17 688
17 721	**21 633**	EUR		**21 633**	17 721
524	**1 200**	SEK		**1 200**	524
405	**511**	Accrued interest		**511**	405
36 338	**40 691**	**Total securities issued**		**40 691**	36 338

[1] Own commercial paper and bonds have been deducted.

Change in securities issued [2]	**Balance 31.12.2011**	**Issued 2012**	**Matured/ redeemed 2012**	**Exchange rate and other changes 2012**	**Balance 31.12.2012**
Bonds, nominal value	34 593	14 999	11 083	-549	**37 960**
Value adjustments	1 340			880	**2 220**
Accrued interest	405			106	**511**
Total securities issued	36 338	14 999	11 083	437	**40 691**

[2] This note is identical for the parent bank

NOTE 35 OTHER LIABILITIES

(Figures in NOK million)

Parent bank 2011	Parent bank 2012	Other liabilities	Group 2012	Group 2011
584	**162**	Pension liabilities (note 24)	**176**	703
2	**1**	Specified loss provisions guarantees	**1**	2
26	**19**	Accounts payable	**32**	31
34	**34**	Tax deducted	**49**	49
46	**5**	Letters of credit	**5**	46
312	**900**	Other liabilities incl. unsettled trades	**909**	325
60	**64**	Accrued holiday pay	**87**	81
97	**149**	Other accrued costs	**196**	147
1 161	**1 334**	**Total other liabilities**	**1 455**	1 384
		Guarantees issued (amounts guaranteed)		
1 896	**2 233**	Payment guarantees	**2 233**	1 896
3 007	**2 814**	Performance bonds	**2 814**	3 007
1 750	**1 516**	Loan guarantees	**1 516**	1 750
45	**44**	Guarantees for tax	**44**	45
3 070	**6 641**	Other guarantee liabilities	**6 641**	3 070
-	**-**	Guarantee in favour of the Norwegian Banks Guarantee Fund	**-**	-
9 768	**13 248**	**Total guarantees issued**	**13 248**	9 768
		Other liabilities		
12 256	**12 531**	Unused credit lines	**12 531**	12 256
3 386	**4 062**	Approved loan commitments	**4 427**	3 927
9	**334**	Letters of credit	**334**	9
15 651	**16 927**	**Total other liabilities**	**17 292**	16 192
26 580	**31 509**	**Total liabilities**	**31 995**	27 344
		Security pledged		
17 322	**15 418**	Securities pledged as security	**15 418**	17 322

Ongoing legal disputes

The Group is a party in a number of court cases with a total financial scope that is not considered to be significant, inasmuch as the Group has made provisions for losses in those cases where it is assumed more likely than not that the Group will incur a loss as a result of the cases.

Operational lease payments

The Group's operational leases have terms of 3-5 years. The annual cost is approximately NOK 7 million.
Leasing agreements are normally arranged through SpareBank 1 SR-Finans AS.

NOTE 36 RESTRICTED FUNDS

(Figures in NOK million)

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
34	**34**	Tax deducted	**49**	49
34	**34**	**Total restricted funds**	**49**	49

NOTE 37 SUBORDINATED LOAN CAPITAL

(Figures in NOK million)

Parent bank 2011	Parent bank 2012	Principal		Terms	Maturity	First maturity date	Group 2012	Group 2011
		Tidsbegrenset						
658	**744**	750	NOK	3 month Libor + margin	2021	2016	**744**	658
1 014	**-**	13 000	JPY	3 month Libor + margin	2012	2012	**-**	1 014
469	**232**	500	NOK	3 month Nibor + margin	2018	2013	**232**	469
362	**-**	450	NOK	3 month Nibor + margin	2017	2012	**-**	362
84	**82**	75	NOK	3 month Nibor + margin	2019	2014	**82**	84
-	**825**	825	NOK	3 month Nibor + margin	2022	2016	**825**	-
2 587	**1 883**	**Total dated**					**1 883**	2 587
		Fondsobligasjon						
992	**992**	1 000	NOK	3 month Nibor + margin			**992**	992
485	**428**	75	USD	3 month Libor + margin			**428**	485
719	**741**	684	NOK	3 month Nibor + margin			**741**	719
115	**115**	116	NOK	3 month Nibor + margin			**115**	115
40	**40**	40	NOK	3 month Nibor + margin			**40**	40
2 351	**2 316**	**Total hybrids**					**2 316**	2 351
37	**24**	Accrued interest					**24**	37
4 975	**4 223**	**Total subordinated loan capital**					**4 223**	4 975

Subordinated loan capital and hybrid tier 1 capital (hybrids) in foreign currencies are included in the Group's total currency position so that there is no currency risk associated with the loans. Of a total of NOK 4 223 million in subordinated loan capital, NOK 2 242 million counts as tier 1 capital and NOK 1 876 million as dated subordinated loan capital. Capitalised costs associated with borrowing are reflected in the calculation of amortised cost.

Hybrid instruments cannot make up more than 15% of the total tier 1 capital for dated bonds and 35% for perpetual hybrids. Any excess amount counts as perpetual subordinated loan capital.

Subordinated loan capital and hybrid tier 1 capital loans [1]	2012	2011
Ordinary subordinated loan capital, nominal value	**1 876**	2 575
Hybrid instruments, nominal value	**2 242**	2 273
Value adjustments	**81**	90
Accrued interest	**24**	37
Total subordinated loan capital and hybrid tier 1 capital loans	**4 223**	4 975

Change in debt raised by issuing of subordinated loans/hybrid tier 1 capital loans [1]	Balance 31.12.2011	Issued 2012	Matured/ redeemed 2012	Exchange rate and other changes 2012	Balance 31.12.2012
Dated subordinated loan capital, nominal value	2 575	825	-1 528	4	**1 876**
Hybrid instruments, nominal value	2 273			-31	**2 242**
Value adjustments	90			-9	**81**
Accrued interest	37			-13	**24**
Total subordinated loan capital and hybrid tier 1 capital loans	4 975	825	-1 528	-49	**4 223**

[1] This note is identical for the parent bank.

NOTE 38 INVESTMENTS IN OWNERSHIP INTERESTS

Subsidiaries, associated companies and joint ventures

Company	Acquisition date	Registered head office	Ownership in % [1]
Investments in subsidiaries			
Shares held by the parent bank			
SpareBank 1 SR-Finans	1987	Stavanger	100,00
EiendomsMegler 1 SR-Eiendom	1990	Stavanger	100,00
Westbroker Finans	1990	Stavanger	100,00
SR-Forvaltning	2001	Stavanger	100,00
SR-Investering	2005	Stavanger	100,00
SR-Forretningsservice	2007	Stavanger	100,00
Kvinnherad Sparebank Eigedom	2010	Stavanger	100,00
Rygir Industrier	2012	Stavanger	100,00
Rygir Portefølje	2012	Stavanger	100,00
Rygir Forvaltning	2012	Stavanger	100,00
HiLoad Holding	2012	Stavanger	100,00
Torp LNG	2012	Stavanger	90,02
Torp LNG Load	2012	Stavanger	90,02
Torp Italy	2012	Stavanger	90,02
Torp Technology	2012	Stavanger	90,02
Vitico	2012	Stavanger	100,00
Viti Invest	2012	Stavanger	66,70
Greg Invest	2012	Stavanger	66,70
Etis Eiendom	2012	Stavanger	100,00
Shares owned by subsidiaries			
Jærmegleren	2007	Stavanger	100,00
EiendomsMegler 1 Drift	2006	Stavanger	100,00
Investments in associated companies			
Admisenteret	1984	Jørpeland	50,00
SpareBank 1 Boligkreditt	2005	Stavanger	29,89
SpareBank 1 Næringskreditt	2009	Stavanger	27,77
Samarbeidende Sparebanker Bankinvest	2010	Oslo	3,27
Investments in joint ventures			
SpareBank 1 Gruppen	1996	Oslo	19,50
Alliansesamarbeidet SpareBank 1	2004	Oslo	17,74
BN Bank	2008	Trondheim	23,50
Bank 1 Oslo Akershus [2]	2010	Oslo	19,50
SpareBank 1 Kredittkort	2012	Trondheim	18,97
SpareBank 1 Kundesenter	2012	Stavanger	25,97

[1] Voting rights and ownership share are equal in all companies

[2] See note 43

(Continuation note 38)

Subsidiaries

Shares in subsidiaries parent bank

Investments are recognised at the parent bank's acquisition cost. These items are fully consolidated in the consolidated financial statements. (Amounts in NOK 000s)

2012	Company's share capital	Ownership	No. of equities	Nominal value	Assets	Liabilities	Total income	Total costs	The company's	Book value
SpareBank 1 SR-Finans	167 000	100,00	334 000	167 000	6 070 174	5 534 402	171 781	47 569	82 722	485 566
Total investments in financial institutions				**167 000**	**6 070 174**	**5 534 402**	**171 781**	**47 569**	**82 722**	**485 566**
EiendomsMegler 1 SR-Eiendom	1 500	100,00	150	1 500	208 414	148 225	432 535	346 180	61 712	97 205
Westbroker Finans	100	100,00	100	100	-	-	-	-	-	-
SR-Investering	35 000	100,00	3 500	35 000	206 593	24 411	19 776	-1 773	17 794	178 191
SR-Forvaltning	6 000	100,00	6 000	6 000	48 560	30 122	44 118	25 647	13 407	29 019
SR-Forretningsservice	100	100,00	1 000	100	981	128	697	619	-10	125
Kvinnherad Sparebank Eigedom	15 000	100,00	3 000	15 000	30 711	6 692	777	1 358	-418	15 061
Rygir Industrier Group	7 553	100,00	69 938 739	7 553	57 902	132 869	-	-	-	3 238
Etis Eiendom	1 000	100,00	10 000	1 000	10 360	7 918	23	8 075	-7 660	115
Total other investments				**66 253**	**563 521**	**350 365**	**497 926**	**380 106**	**84 825**	**322 954**
Total investments in subsidiaries parent bank				**233 253**	**6 633 695**	**5 884 767**	**669 707**	**427 675**	**167 547**	**808 520**

2011										
SpareBank 1 SR-Finans	167 000	100,00	334 000	167 000	5 404 334	4 922 366	152 269	35 122	71 748	439 566
Total investments in financial institutions				167 000	5 404 334	4 922 366	152 269	35 122	71 748	439 566
EiendomsMegler 1 SR-Eiendom	1 500	100,00	150	1 500	309 320	260 541	435 545	344 508	61 082	56 885
Westbroker Finans	100	100,00	100	100	-	-	-	-	-	-
SR-Investering	35 000	100,00	3 500	35 000	197 284	16 013	15 122	3 939	10 530	175 527
SR-Forvaltning	6 000	100,00	6 000	6 000	50 616	36 766	45 877	18 482	19 687	29 019
SR-Forretningsservice	100	100,00	1 000	100	1 212	350	705	396	222	125
Kvinnherad Sparebank Eigedom	15 000	100,00	3 000	15 000	19 500	263	1 131	683	323	15 061
Total other investments				57 700	577 932	313 933	498 380	368 008	91 844	276 617
Total investments in subsidiaries parent bank				224 700	5 982 266	5 236 299	650 649	403 130	163 592	716 183

(Continuation note 38)

Investments in associated companies and joint ventures

Parent bank 2011	Parent bank 2012		Group 2012	Group 2011
2 448	**3 352**	Carrying amount as of 01.01	**4 389**	3 499
904	**460**	Additions/disposals	**460**	904
-	**-**	Change in equity	**2**	-66
-	**-**	PPA amortisation	**8**	28
-	**-**	Write-downs	**-1**	-
-	**-**	Share of profit/loss	**258**	181
-	**-**	Dividend paid	**-152**	-157
3 352	**3 812**	**Carrying amount 31.12**	**4 964**	4 389
-	**-**	Share of profit from SpareBank 1 Gruppen	**97**	96
-	**-**	Share of profit from SpareBank 1 Boligkreditt	**84**	24
-	**-**	Share of profit from SpareBank 1 Næringskreditt	**7**	7
-	**-**	Share of profit from BN Bank	**44**	36
-	**-**	Share of profit from Bank 1 Oslo Akershus	**25**	16
-	**-**	Share of profit from Alliansesamarbeidet SpareBank 1	**-**	-
-	**-**	Share of profit from Samarbeidende Sparebanker Bankinvest	**1**	2
86	**85**	Dividend from SpareBank 1 Gruppen	**-**	-
26	**24**	Dividend from SpareBank 1 Boligkreditt	**-**	-
2	**7**	Dividend from SpareBank 1 Næringskreditt	**-**	-
7	**13**	Dividend from Bank 1 Oslo Akershus	**-**	-
36	**22**	Dividend from BN Bank	**-**	-
-	**1**	Dividend from Samspar Bank Invest	**-**	-
157	**152**	**Total income**	**258**	181

Investments in all the companies are assessed using the cost method in the parent bank and the equity method in the Group.
Investments in associated companies in the Group as at 31 December 2012 includes goodwill amounting to NOK 23 million NOK 23 million in 2011).

(Continuation note 38)

The Group's ownership interests in associated companies and joint ventures
(Figures in NOK million)

2012		**Assets**	**Liabilities**	**Income**	**Costs**	**Profit or loss**	**Book value 31.12**	**Stake in %**	**No. of shares**
SpareBank 1 Gruppen	Oslo	9 107	8 062	2 270	2 114	88	1 068	19,50	381 498
Alliansesamarbeidet SpareBank 1	Oslo	92	74	115	115	-	19	17,74	
SpareBank 1 Boligkreditt	Stavanger	55 790	53 463	130	10	84	2 338	29,89	15 037 616
Admisenteret	Jørpeland						2	50,00	80
BN Bank	Trondheim	9 807	9 022	149	62	44	776	23,50	3 141 558
SpareBank 1 Næringskreditt	Stavanger	3 341	2 972	15	4	7	369	27,77	2 898 622
Bank 1 Oslo Akershus	Oslo	5 694	5 350	192	129	21	343	19,50	694 435
Samarbeidene Sparebanker Bankinvest	Oslo	22	1	1	-	1	19	3,27	327
SpareBank 1 Kredittkort	Trondheim	31	2	-	1	-	30	18,97	95 061
SpareBank 1 Kundesenter	Stavanger	-	-	-	-	-	-	25,97	2 597
Total		**83 853**	**78 944**	**2 872**	**2 434**	**245**	**4 964**		

2011									
SpareBank 1 Gruppen	Oslo	8 188	7 234	1 750	1 674	93	977	19,50	364 728
Alliansesamarbeidet SpareBank 1	Oslo	97	78	101	101	-	18	17,74	
SpareBank 1 Boligkreditt	Stavanger	50 795	48 820	42	9	24	1 970	34,40	12 969 461
Admisenteret	Jørpeland	11	9	2	2	-	2	50,00	80
BN Bank	Trondheim	9 572	8 830	115	55	36	724	23,50	3 052 258
SpareBank 1 Næringskreditt	Stavanger	2 861	2 492	14	3	7	370	30,71	2 898 622
Bank 1 Oslo Akershus	Oslo	5 498	5 188	155	122	16	310	19,50	665 709
Samarbeidene Sparebanker Bankinvest	Oslo	19	-	2	-	2	18	3,15	327
Total		77 041	72 651	2 181	1 966	178	4 389		

NOTE 39 MATERIAL TRANSACTIONS WITH CLOSE ASSOCIATES

(Figures in NOK million)

Close associates means associated companies, joint ventures and subsidiaries and people close to executive personnel and members of the Board. The Bank's outstanding balances with executive personnel and members of the Board are shown in note 22.

Subsidiaries

2012	Loans 31.12	Deposits 31.12	Interest income	Interest costs	Commissions	Other operating	Operating costs
SR-Finans	5 294	40	170	-	17	-	-
EiendomsMegler 1	-	63	6	18	-	1	2
SR-Forvaltning	-	34	-	1	21	1	-
SR-Investering	-	32	-	1	-	-	-
SR-Forretningsservice	-	1	-	-	-	-	-
EiendomsMegler 1 Drift	-	2	-	-	-	-	4
Kvinnherad Eigedom	-	15	-	-	-	-	-
Rygir Industrier Group	132	15	-	-	-	-	-
Etis Eiendom	7	1	-	-	-	-	-
Total subsidiaries	**5 433**	**203**	**176**	**20**	**38**	**2**	**6**

2011							
SR-Finans	4 675	2	157	-	13	-	-
EiendomsMegler 1	-	78	5	20	-	1	2
SR-Forvaltning	-	36	-	1	24	-	-
SR-Investering	-	50	-	2	-	-	1
SR-Forretningsservice	-	1	-	-	-	-	-
EiendomsMegler 1 Drift	-	2	-	-	-	-	2
Kvinnherad Eigedom	-	6	-	-	-	-	-
Total subsidiaries	4 675	175	162	23	37	1	5

Associated companies and joint ventures

2012							
SpareBank 1 Gruppen	42	6	1	-	212	-	-
Alliansesamarbeidet SB1	-	-	-	-	-	-	142
SpareBank 1 Boligkreditt	-	1 411	1	15	337	-	-
Admisenteret	16	1	1	-	-	-	-
SpareBank 1 Næringskreditt	-	392	-	12	3	-	-
SpareBank 1 Kundesenter	-	-	-	-	-	-	-
Total associated companies and joint ventures	**58**	**1 810**	**3**	**27**	**552**	**-**	**142**

2011							
SpareBank 1 Gruppen	42	10	1	-	210	-	-
Alliansesamarbeidet SB1	-	-	-	-	-	-	132
SpareBank 1 Boligkreditt	-	1 084	-	37	85	-	-
Admisenteret	17	1	1	-	-	-	-
SpareBank 1 Næringskreditt	-	291	-	15	2	-	-
Total associated companies and joint ventures	59	1 386	2	52	297	-	132

Agreements with parties closely associated with the executive management team

There were no transactions with parties closely associated with the executive management team.

Agreements with parties closely associated with the Board

There were no transactions with parties closely associated with the Board except for parties closely associated with board member Erik Edvard Tønnesen who have loans of NOK 10.8 million and interest on the loans of NOK 0.4 million.

NOTE 40 SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share capital
SpareBank 1 SR-Bank's share capital amounts to NOK 6 393 777 050 divided into 255 751 082 shares, each with a nominal value of NOK 25. The share capital (formerly equity share capital) was raised in the following manner and on the following dates:

År		Change in share capital	Total share capital	No. of shares
1994	Public issue	744,0	744,0	7 440 000
2000	Private placement with employees	5,0	749,0	7 489 686
2001	Private placement with employees	4,8	753,8	7 538 194
2004	Bonus issue	150,8	904,6	9 045 834
2005	Bonus issue/split	226,1	1 130,7	22 614 585
2007	Private placement	200,0	1 330,7	26 613 716
2007	Bonus issue/split	443,5	1 774,2	70 969 909
2008	Dividend issue	91,7	1 866,0	74 638 507
2008	Private placement with employees	6,6	1 872,6	74 903 345
2009	Bonus issue/split	374,5	2 247,1	89 884 014
2009	Private placement	776,2	3 023,3	120 933 730
2010	Private placement with employees	7,8	3 031,1	121 243 427
2010	Private placement with Kvinnherad	151,7	3 182,8	127 313 361
2012	Conversion limited savings bank	1804,4	4 987,2	199 489 669
2012	Private placement	1406,5	6 393,8	255 751 082

Besides the share capital, the equity consists of the share premium reserve, fund for unrealised gains and other equity.

Dividend policy
SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the Bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price.
Consideration must be given to financial needs, including capital adequacy requirements and the Group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the Board is to distribute approximately half of the annual net profit for the period as dividends.

Trading in own shares in 2012
(Figures in NOK 000s)

Holding as 31.12.11	3 331
Traded in 2012	5 322
Holding as 31.12.12	**8 653**

(Continuation note 40)

20 largest shareholders as of 31.12.12.

Holder	Shares	Stake in %
Sparebankstiftelsen SR-Bank	79 735 551	31,2%
Gjensidige Forsikring ASA	26 483 470	10,4%
SpareBank 1-stiftinga Kvinnherad	6 226 583	2,4%
National Insurance Scheme Fund	6 132 293	2,4%
Odin Norge	5 513 510	2,2%
Frank Mohn AS	5 372 587	2,1%
Odin Norden	4 148 475	1,6%
Skagen Global	3 661 486	1,4%
Clipper AS	2 178 837	0,9%
JPMorgan Chase Bank, UK	2 043 467	0,8%
Fondsfinans Spar	1 700 000	0,7%
JPMCB, Sweden	1 554 054	0,6%
Skagen Global II	1 402 174	0,5%
Tveteraas Finans AS	1 391 492	0,5%
Vpf Nordea Norge Verdi	1 373 529	0,5%
Westco AS	1 321 817	0,5%
Køhlergruppen AS	1 292 803	0,5%
FLPS, USA	1 250 000	0,5%
Varma Mutual Pension Insurance, Finland	1 248 017	0,5%
State Street Bank and Trust, USA	1 145 849	0,4%
Total 20 largest	155 175 994	60,7%
Other holders	100 575 088	39,3%
Shares issued	**255 751 082**	**100,0 %**

The total number of shareholders as of 31 December 2012 was 11 959. This is 72 more than at year-end 2011.
The proportion of shares held by shareholders resident in Rogaland, Hordaland and the Agder counties was 61.2%, and the proportion held by foreign shareholders was 6.0%. Please also see the overview of shareholders on the Board and Supervisory Board.
For more information about SpareBank 1 SR-Bank's share please refer to the special section in the annual report.

20 largest equity certificate holders as of 31.12.11.

Holder	Equity certificates	Stake in %
Gjensidige Forsikring ASA	20 713 065	16,3%
SpareBank 1-stiftinga Kvinnherad	6 069 934	4,8%
Odin Norge	3 598 122	2,8%
Odin Norden	3 091 553	2,4%
Clipper AS	1 685 357	1,3%
Frank Mohn AS	1 666 142	1,3%
The estate of the late Trygve Stangeland	1 632 048	1,3%
JPMorgan Chase Bank, UK	1 598 223	1,3%
Varma Mutual Pension Insurance, Finland	1 496 091	1,2%
State Street Bank and Trust, USA	1 080 213	0,8%
Trygves Holding AS	1 070 939	0,8%
SHB Stockholm Clients Account, Sweden	1 070 000	0,8%
Fidelity Low-Priced Stock Fund, USA	1 061 327	0,8%
Westco AS	1 030 091	0,8%
Køhlergruppen AS	1 000 000	0,8%
Municipality of Forsand	769 230	0,6%
Tveteraas Finans AS	722 000	0,6%
Solvang Shipping AS	701 034	0,6%
Leif Inge Slethei AS	672 772	0,5%
Pareto AS	638 046	0,5%
Total 20 largest	51 366 187	40,3%
Other holders	75 947 174	59,7%
Equity certificates issued	127 313 361	100,0 %

The total number of equity certificate holders as of 31.12.11 was 11 887. This is 144 fewer than at year-end 2010.
The proportion of equity certificates held by holders resident in Rogaland, Hordaland and the Agder counties was 46.8%, and the proportion held by foreign holders was 9.6%. Please also see the overview of equity certificate holders on the Board and Supervisory Board.

NOTE 41 ACTIVITIES THAT WILL BE SOLD

SpareBank 1 SR-Bank establishes, as part of its business activities, investment projects for sale to its customers.
SpareBank 1 SR-Bank must also, as part of its business activities, take over assets, for one reason or another, from its customers.

Energiveien Eiendom Holding AS was taken over in 2008.
Following the sales process in 2010, SpareBank 1 SR-Bank owns 49.86% of the shares in Energiveien Eiendom Holding AS. This item is recorded at fair value in the financial statements with NOK 74 million in the Bank and NOK 75 million in the Group, and is assessed as an activity that will be sold.

Artemis Shipping AS was taken over in 2011, and is considered an activity that will be sold. This item is recorded at fair value in the financial statements with NOK 10 million in the Bank and NOK 10 million in the Group, and is assessed as an activity that will be sold.

NOTE 42 CHANGES IN EQUITY ON CONVERSION TO A PUBLIC LIMITED COMPANY

Parent bank

(Figures in NOK million)	Equity certificate	Own shares	Share capital	Share premium reserve	Dividend equalisa-tion	Dividend to equity certificate holders	Primary capital	Compen-sation fund	Endowment fund	Dividend to primary capital owners	Fund for unrealised gains	Other equity	Total equity
Equity as of 30.09.11	3 183	-3		625	1 077		2 420	55	293		43	728	8 421
Redistribution on conversion	-3 183	3	4 987	668	-1 077		-2 420	-55	-293			1 370	-
Equity as of 30.09.11 Basis for opening balance	-	-	4 987	1 293	-		-	-	-		43	2 098	8 421
Equity as of 31.12.11	3 183	-3		625	1 448	191	2 631	55	293	108	43	-	8 574
Redistribution on conversion	-3 183		4 987	882	-1 448		-2 631	-55	-293			1 741	-
Equity as of 01.01.12	**-**	**-3**	**4 987**	**1 507**	**-**	**191**	**-**	**-**	**-**	**108**	**43**	**1 741**	**8 574**

The change in equity from 31 December 2011 to 1 January 2012 was based on the financial statements prepared on 30 September 2011 and the resolution was passed by the Supervisory board on 23 November 2011.

Calculation of fractional ownership

The share capital was distributed at the time of the implementation between the owners of equity certificates and the savings bank foundation in accordance with their ownership of equity share capital and primary capital as these capital variables are defined in the section 2b-1 of the Financial Institutions Act. The share premium reserve was included in the calculation of the equity share capital and the compensation funds was included in the calculation of the primary capital. The share capital was distributed in proportion to the ownership fraction. The shares were distributed between the classes of capital on the basis of the financial statements prepared as of 30 September 2011 in SpareBank 1 SR-Bank.

	Fractional ownership 30.9.2011	**Fractional ownership 31.12.2011**
Equity certificates	3 180	**3 180**
Dividend equalisation fund	1 077	**1 448**
Share premium reserve	625	**625**
Dividends	-	**191**
A. Total equity certificate holders' capital	4 882	**5 444**
Savings bank's fund	2 420	**2 631**
Compensation fund	55	**55**
Endowment fund	293	**293**
Dividends	-	**108**
B. Total savings bank's fund	2 768	**3 087**
Fractional ownership (A/(A+B))	63,82 %	**63,82 %**

(Continuation note 42)

Calculation of the number of shares and distribution

Equity certificates holders in SpareBank 1 SR-Bank would, on the date of the conversion, have their equity certificates replaced by shares in SpareBank 1 SR-Bank ASA. SpareBank 1 SR-Bank had issued 127 313 361 equity capital certificates that were exchanged on the date of the conversion for a corresponding number of shares in SpareBank 1 SR-Bank ASA.
Sparebankstiftelsen was allocated shares according to its fractional ownership, see above.
This means that 72 176 308 shares were allocated to Sparebankstiftelsen SR-Bank.
That part of the primary capital that did not provide a basis for allocating shares to Sparebankstiftelsen were added to SpareBank 1 SR Bank ASA's share premium reserve.

No. of old equity certificates	127 313 361	
Fractional ownership	63,82 %	
Total no. of new shares after the conversion	199 489 669	
New shares Foundation	72 176 308	36,18 %
Existing owners	127 313 361	63,82 %
Nominal value of shares	25	
Total share capital	4 987 241 725	

Comments on the opening balance of SpareBank 1 SR-Bank ASA

The opening balance was prepared in accordance with International Financial Reporting Standards (IFRS).
The opening balance was set up on the basis of the resolution passed by the Board of SpareBank 1 SR-Bank on 27 October 2011 and recommendation concerning the resolution in the Supervisory Board of SpareBank 1 SR-Bank on 23 November 2011.
The resolutions were passed in accordance with section 2c-17 of the Financial Institutions Act, ref. the Limited Liability Companies Act, chapter 15 on conversions.
The opening balance has been prepared on the basis of SpareBank 1 SR-Bank's financial statements as of 30 September 2011.
The continuity principle was applied when preparing the opening balance. The equity composition subsequent to the conversion has the same relative composition of restricted and unrestricted equity as prior to the conversion.

Distribution of dividends in 2011

As of 31 December 2011, SpareBank 1 SR-Bank was a savings bank that complied with the Financial Institutions Act.
The dividend was therefore distributed in accordance with section 2b-18 of the Financial Institutions Act.
Because the fractional ownership and number of shares were stated as of 30 September 2011, the same fractional ownership was used for distributing the dividend on 31 December 2011.

NOTE 43 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.

No material events have occurred after the balance sheet date on 31 December 2012 that affect the consolidated financial statements as prepared.

The proposed dividend is NOK 1.50 per share and will total NOK 384 million.

To the Annual Shareholders' Meeting of SpareBank 1 SR-Bank ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of SpareBank 1 SR-Bank ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2012, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and theManaging Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit.We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for the parent company and the group SpareBank 1 SR-Bank ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 5 March 2013
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

STATEMENT BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

We hereby confirm that the financial statements for the period 1 January to 31 December 2012 have, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's and the Group's assets, liabilities, financial positions and profit as a whole.

We also confirm that the Board of Directors' report provides a true and fair presentation of the performance, result and position of the company and Group, together with a description of the most important risk and uncertain factors that the company and the Group face.

Stavanger, 5 March 2013

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland

Erling Øverland

Odd Torland

Erik Edvard Tønnesen

Birthe Cecilie Lepsøe

Catharina Hellerud

Sally Lund-Andersen

Oddvar Rettedal

Arne Austreid
Chief Executive Officer

AUDIT COMMITTEE'S STATEMENT

TO THE SUPERVISORY BOARD AND GENERAL MEETING OF SPAREBANK 1 SR-BANK

The Audit Committee has supervised SpareBank 1 SR-Bank ASA and the Group pursuant to the law and the Supervisory Board's instructions.

The Audit Committee has in connection with the year-end closing of the accounts for the 2012 financial year reviewed the Board of Directors' report, annual financial statements and auditor's report for SpareBank 1 SR-Bank ASA. The committee finds that the Board's assessment of the financial positions of SpareBank 1 SR-Bank ASA and the Group are fair, and recommends that the Board of Directors' report and annual financial statements for the 2012 financial year be approved.

Stavanger, 15 March 2013

Odd Jo Forsell
Chairman

Egil Fjogstad

Vigdis Wiik Jacobsen

CORPORATE GOVERNANCE

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Compliance
The corporate governance structure in SpareBank 1 SR-Bank ASA Group (SpareBank 1 SR-Bank) is based on Norwegian legislation. SpareBank 1 SR-Bank ASA complies with the Norwegian Code of Practice for Corporate Governance dated 23 October 2012 and issued by the Norwegian Corporate Governance Board (NCGB). The code is available on their website www.nues.no.

There are no significant deviations between the Code of Practice and SpareBank 1 SR-Bank's compliance with it. Two deviations are described below under sections 7 and 14 respectively.

Core values and code of conduct
SpareBank 1 SR-Bank's vision is: "Recommended by the customer". SpareBank 1 SR-Bank's purpose is to create value for the region of which the Bank is a part. This shall be done through a competitive return for its owners, its proximity to its customers, regional management of the Group, and by supplying and reallocating capital and expertise to Southern and Western Norway. Given this, the Group's aim is for SpareBank 1 SR-Bank to be Southern and Western Norway's most attractive supplier of financial services.

The vision and values provide the basis for the Group's code of conduct and corporate responsibility. SpareBank 1 SR-Bank ASA shall be characterised by high ethical standards and good corporate governance. The code of conduct states that employees of the Group shall show respect and consideration, and that all communication shall be open, honest and plain. The Group's code of conduct also addresses guidelines for impartiality, confidentiality and the duty to report, conflicts of interest, relations with customers and suppliers, relations with the media, trading in securities, insider trading and relevant personal finance matters. The rules apply to all employees, contracted labour and the Group's representatives.

The Group's code of conduct is available from the Bank's website.

Corporate responsibility
SpareBank 1 SR-Bank's corporate responsibility guidelines are based on Norwegian standards and the UN Global Compact.

SpareBank 1 SR-Bank wants to use the Group's total knowledge and expertise to contribute to sustainable development and create value in the community of which we are a part. Decisions will be based on a long-term perspective, which means that short-term gains will be avoided if they are likely to diminish or harm the community of which the Group is a part.

SpareBank 1 SR-Bank shall take account of the environment, ethics and social factors in all parts of the Group's companies, including relations with customers and suppliers. SpareBank 1 SR-Bank's social involvement encompasses products and services, marketing, procurements and corporate governance, as well as internal work on the working environment, ethics and environmental efficiency. Each year the Group focuses on a few particular areas that are highlighted with respect to measures and internal processes, as well as internal and external communications. These areas could be within customers and suppliers, climate challenges, contributing to society, as well as life phases and diversity.

The corporate responsibility guidelines are available on the company's website.

Deviations from the Code of Practice: None

2. BUSINESS

SpareBank 1 SR-Bank's activities are explained in the Bank's articles of association. SpareBank 1 SR-Bank's purpose is to manage the funds controlled by the Group in a prudent manner and in accordance with the applicable legislation at any given time. SpareBank 1 SR-Bank can perform all normal banking transactions and banking services in accordance with applicable law. SpareBank 1 SR-Bank can also provide investment services within the framework of the licences it holds at any given time. The full text of the articles of association is available on the Group's website. The Group's goals and main strategies are described in the annual report.

Deviations from the Code of Practice: None

3. EQUITY AND DIVIDENDS

The Board of Directors assesses the capital situation on an ongoing basis in light of the company's objectives, strategies and desired risk profile. As of 31 December 2012, SpareBank 1 SR-Bank had equity of NOK 12.6 billion (incl. allocated dividend).

According to the applicable calculation rules for financial institutions' capital ratio, the Group had an overall capital ratio of 13.1% and a core equity capital ratio of 10.0%. In 2012, the Financial Supervisory Authority of Norway decided that all Norwegian banks and financial institutions should have core equity tier 1 capital of at least 9%.

The Board considers its capital ratio to be satisfactory as of 31 December 2012, but is of the opinion that the capital ratio must be strengthened in coming years in line with the Basel III regulations and general market expectations. Further information about the capital adequacy regulations can be found on the company's website under Investor Relations/Risk and Capital Management.

Dividends
SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the Bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price. Consideration must be given to financial needs, including capital adequacy requirements and the Group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the Board is to distribute approximately half of the annual net profit for the period as dividends.

Share buy back
On 29 March 2012, the General Meeting authorised the Board to acquire and register liens on the Bank's own shares for up to 10% of the Bank's share capital. The shares must be acquired in the securities market via the Oslo Stock Exchange. Each share can be purchased at a price of between NOK 1 and NOK 150. The authorisation is valid for 18 months from the date it is adopted by the General Meeting.

Capital increases
The Board is not currently authorised to increase capital in SpareBank 1 SR-Bank.

Deviations from the Code of Practice: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

SpareBank 1 SR-Bank has one class of share. All shares have equal voting rights. In the event of an increase in share capital, existing shareholders have pre-emptive rights, unless special circumstances dictate that these rights can be waived. The background for such a waiver would then have to be explained. In cases where the Board asks the General Meeting to authorise a share buy back, any buy back must be carried out in the market at market prices.

Largest shareholder
Sparebankstiftelsen SR-Bank is SpareBank 1 SR-Bank's largest shareholder with a stake of 31.18%. The foundation was established on 1 January 2012 when SpareBank 1 SR-Bank was converted into a public limited company. Pursuant to the foundation's articles of association, its purpose is to manage the shares that were transferred to the foundation upon its establishment and to exercise and maintain a significant long-term and stable stake in SpareBank 1 SR-Bank. The ownership interest must represent at least 25% of the outstanding shares of SpareBank 1 SR-Bank.

Transactions with close associates
The instructions issued to the Board of SpareBank 1 SR-Bank stipulate that the Board shall ensure that the company complies with sections 3-8 and 3-9 of the Public Limited Liability Companies Act in agreements between the company and the parties listed therein. The Board shall obtain the opinion of an independent third party when entering into agreements between the company and shareholders, board members or members of the executive management team, or any parties closely related to them. All board members and members of the executive management team must immediately inform the Board if they have a direct or indirect interest in a transaction or agreement that the company has entered into or is considering entering into. This applies even if the board member is deemed to be disqualified from considering the matter.

Deviations from the Code of Practice: None

5. FREELY NEGOTIABLE SHARES

The Bank's shares are listed on the Oslo Stock Exchange with the ticker SRBANK and are freely negotiable. The articles of association contain no restrictions on the negotiability of shares.

Deviations from the Code of Practice: None

6. GENERAL MEETINGS

Pursuant to the articles of association, the Annual General Meeting must be held before the end of April each year. The notice and registration form must be sent to shareholders and published on the Group's website no later than 21 days before the date of the meeting. Procedures for voting and submitting proposals must be specified in the notice. According to the articles of association, the chairman of the Supervisory Board chairs general meetings. The Board, chairman of the Supervisory Board, chairman of the Nomination Committee and auditor should attend general meetings. The minutes of general meetings are available on the Group's website.

In general, resolutions require a simple majority. Decisions about disposals of shares, mergers, demergers, sales of a substantial part of SpareBank 1 SR-Bank's operations or issuing shares in the Bank require the approval of at least two thirds of the votes and share capital represented at the General Meeting.

Voting procedures allow for separate votes for each member of the various bodies. It is possible for shareholders to issue a proxy to others. A person is also appointed to act as a proxy who can vote for shareholders. To the extent possible, the proxy form is designed in such a way that it allows for voting on each agenda item and for each candidate standing for election.

Deviations from the Code of Practice: None

7. NOMINATION COMMITTEE

SpareBank 1 SR-Bank has two nomination committees that are elected by the Supervisory Board and the General Meeting respectively.

The Supervisory Board appoints a Nomination Committee that provides detailed recommendations to the Supervisory Board concerning the election of members of the Bank's Board. The committee should contain members from both groups on the Supervisory Board (shareholders and employees). Sparebankstiftelsen SR-Bank must also be represented on the Nomination Committee. The chair of the Supervisory Board is the chair of the Nomination Committee.

The General Meeting appoints a Nomination Committee that provides detailed recommendations concerning the election of members of the Supervisory Board and Audit Committee to the General Meeting. The recommendations should provide pertinent information about the candidates' background and independence.

Members of the two nomination committees are elected for two years at a time.

Pursuant to the Bank's articles of association, the General Meeting has issued instructions relating to the committees' work. No board members or members of the executive management team can be members of the nomination committees. The nomination committees also propose the remuneration for members of the bodies mentioned above. The General Meeting determines the nomination committees' remuneration. Information about the nomination committees and deadlines for proposals can be found on the Bank's website.

Deviations from the Code of Practice: The General Meeting has via the Bank's articles of association decided that all members of the Bank's Nomination Committee for electing the Board shall be members of the Bank's Supervisory Board. This is a deviation from the Code of Practice that stipulates that at least one member of the Nomination Committee should not be a member of the Corporate Assembly, Supervisory Board or Board. The deviation is due to fact that the independence between the Board and Supervisory Board is safeguarded since one cannot be elected a member of both the Board and the Supervisory Board at the same time and that, furthermore, the Supervisory Board is elected by the Annual General Meeting.

8. SUPERVISORY BOARD AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Supervisory Board
The Supervisory Board's main task is to supervise the Board of Directors' and the CEO's management of the Group. The Supervisory Board has 30 members, of whom 22 are shareholder-elected members elected by the General Meeting. The emphasis is on ensuring broad representation of the company's shareholders. Furthermore, eight representatives are elected by and from among the employees. Three of the shareholder-elected members represent the foundation, Sparebankstiftelsen SR-Bank.

Board of Directors
The Board consists of nine members and currently has the following composition: Kristian Eidesvik, (Chairman), Erling Øverland, Gunn-Jane Håland, Birthe Cecilie Lepsøe, Catharina Hellerud, Erik Edvard Tønnesen, Odd Torland, Sally Lund-Andersen and Oddvar Rettedal. The latter two were elected by and from among the employees. Detailed information about the individual board members is available on the Bank's website.

Participation in board meetings and board committees in 2012
18 board meetings were held in 2012, six of which were teleconference meetings. The Audit Committee and Remuneration Committee held five and seven meetings respectively.

Meeting participation	Board Meetings	Audit Committee	Remuneration Committee
Kristian Eidesvik	17		
Erling Øverland	17	5	
Gunn-Jane Håland	18		7
Birthe Cecilie Lepsøe	16 (leave)		5
Catharina Hellerud	17	5	
Erik Edvard Tønnesen	15	5	
Odd Torland	17		7
Sally Lund-Andersen	16		
Oddvar Rettedal	18		

Board's independence
All board members are independent of the Bank's executive management team and important business connections. However, Erling Øverland is a board member of Sparebankstiftelsen SR-Bank, which owned 79 735 551 shares

and thus an ownership interest of 31.18% as of 31 December 2012, and Catharina Hellerud is employed by Gjensidige Forsikring ASA, which owned 26 483 470 shares and thus an ownership interest of 10.36%.

Election of the Board
The Supervisory Board elects the Board of Directors. Members are elected for up to two years at a time. A suitability assessment is made when board members are being elected that takes into account the need for continuity and independence, as well as the balanced composition of the Board. The CEO is not a member of the Board. The individual board members' backgrounds are described on the Bank's website.

Board members' shareholdings as of 31 December 2012
- Kristian Eidesvik, the Chairman of the Board, owns 108 596 shares personally and through the companies Caiano AS and Smedasundet III AS
- Erling Øverland owns 18 935 shares personally and through the company Trifolium AS, and is a board member of Sparebankstiftelsen SR-Bank, which owns 79 735 551 shares
- Erik Edvard Tønnesen owns 3 877 shares through the company Lord 1 AS
- Catharina Hellerud is employed in Gjensidige Forsikring ASA, which owns 26 483 470 shares
- Sally Lund-Andersen, employee-elected board member, owns 2 225 shares personally
- Oddvar Rettedal, employee-elected board member, owns 7 977 shares personally

Deviations from the Code of Practice: None

9. THE WORK OF THE BOARD OF DIRECTORS

The Board's duties
The Board's duties are set out in the Board's instructions, which govern the Board's duties and responsibilities, the Board's procedures, the matters that must be considered by the Board, and the rules for convening meetings and considering matters in meetings. The Board's instructions were last approved by the Bank's Annual General Meeting held on 29 March 2012. The Board has also issued instructions to the CEO. The instructions are available on the Bank's website.

The Board adopts a meeting and work schedule every year that encompasses strategy work, financial reports, prognoses for the Group and control work. Matters for the Board are prepared by the CEO in consultation with the Chairman of the Board.

The Board has established two permanent board committees, which are described in more detail below. The committees make no decisions but supervise, on behalf of the Board, the executive management team's work and prepare matters for the Board's consideration within their areas of responsibility. The committees are free to draw on resources in the Group and on resources, advice and recommendations from sources outside the Group.

Remuneration Committee
The Remuneration Committee is headed by Gunn-Jane Håland with Birthe Cecilie Lepsøe and Odd Torland as its other members. Besides the members of the committee, meetings shall also be attended by the Executive Vice President, Organisation and HR. The committee's mandate is included in the Board's instructions and is, in short, as follows:

- Preparing reviews of the Group's remuneration scheme
- Preparing the CEO's contract and conditions for annual review by the full Board

Audit Committee
The Audit Committee is headed by Erling Øverland, with Catharina Hellerud and Erik Edvard Tønnesen as its other members. The composition of the committee satisfies the Code of Practice's independence and competence requirements. Besides the members of the committee, meetings shall also be attended by the Chief Financial Officer. The committee's mandate is included in the Board's instructions and is, in short, as follows:

- Supervise the process of compiling and presenting the accounts.
- Ensure that the company has good systems for internal control and risk management, a compliance function and internal audit, and that they function efficiently.
- Check and monitor the independence of auditors or audit companies with particular focus on the provision of supplementary services.
- Supervise the statutory audit of the annual financial statements and the consolidated financial statements, including reviewing and assessing the Group's interim and annual financial reporting with a special focus on:
    - changes in accounting policies and accounting practices
    - important discretionary valuations and estimates
    - significant adjustments as a result of requirements and recommendations from the auditors
    - compliance with laws, regulations and accounting standards.

Board's self-assessment
The Board annually conducts an evaluation of its activities and competence, and discusses improvements to the organisation and execution of the Board's work. The Board has to date not used an external facilitator for this evaluation. The Board evaluation is available to the Nomination Committee.

Deviations from the Code of Practice: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of SpareBank 1 SR-Bank focuses on risk management, which is an integral part of its work. The Group's overall risk exposure and risk trends are monitored via periodic risk reports for the executive management team and Board. General risk monitoring and reporting is performed by the

Risk Management and Compliance Department which is independent of the business units.

The Bank's Economics and Finance Department prepares financial reports for SpareBank 1 SR-Bank and ensures that the reporting complies with applicable laws, accounting standards, set accounting policies and the Board's guidelines. Processes and controls have been established to ensure the quality assurance of financial reporting.

The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk. The Group therefore invests significant resources in the further development of risk management systems and processes in line with leading international practice. The Group's risk and capital management underpins the Group's strategic development and goal attainment, while ensuring financial stability and prudent asset management. This is achieved through:

- A strong corporate culture characterised by a high awareness of risk management
- A good understanding of which risks drive earnings
- Striving for optimal capital application within the adopted business strategy
- Avoiding single events seriously harming the Group's financial position and exploiting synergy and diversification effects

In order to ensure an effective and adequate process for risk and capital management, the framework is based on a variety of elements that reflect the manner in which the Board and the executive management team run the Group. The main elements are:

- Strategic targets
- Risk identification and analysis
- Capital allocation
- Financial projections
- Evaluation and measures
- Reporting and follow-up
- Organisation and corporate culture

The framework is described in more detail in note 3 to the financial statements, as well as in the Pillar III document for SpareBank 1 SR-Bank, which is available on the Bank's website.

SpareBank 1 SR-Bank focuses on independence in management and control, and this responsibility is divided between the different roles in the organisation.

The Board sets the Group's risk profile, the overall limits, authorities and guidelines for risk management, and ensures that the Group has a satisfactory capital base based on the risk borne by the Group and regulatory requirements. The Board has adopted a code of conduct that contributes to raising awareness and compliance with the ethical standards set for the Group.

The Audit Committee shall monitor that the Group operates in an appropriate and satisfactory manner in accordance with the applicable legislation, regulations, statutes, and guidelines adopted by the Supervisory Board, in addition to directives from the Financial Supervisory Authority of Norway. The Audit Committee is independent of the Board and executive management team, and holds meetings regularly.

First line of defence (day-to-day risk management)
The CEO is responsible for ensuring the Group's risk management is monitored within the framework adopted by the Board of Directors. Business units are responsible for overall risk management within their business area.

Second line of defence (general risk reporting and follow-up)
The Risk Management and Compliance Department is organised independent of the business units and reports directly to CEO. The department is responsible for further development of the limits for risk management, including risk models and risk management systems. The Risk Management and Compliance Department is also responsible for independent monitoring and reporting of risk situation and for ensuring compliance by the Group with applicable laws and regulations.

Third line of defence (independent confirmation)
The internal audit monitors that the risk management processes are targeted, effective and function as intended. The Group's internal audit function has been outsourced, and this ensures that the function has the required independence, competence and capacity. The internal audit function reports to the Board. The internal audit function's reports and recommendations for risk management improvements are reviewed and implemented on an ongoing basis in the Group.

Financial institutions are required to have their own elected Audit Committee. The Audit Committee is independent of the Board and the executive management, and holds meetings regularly. It ensures that the company complies with applicable laws, regulations and other rules issued by the authorities, the company's articles of association and resolutions adopted by decision-making bodies. The committee has full insight into the operations and consists of three members. An overview of the Audit Committee's members and the Audit Committee's instructions are available the Bank's website.

The internal control and systems also cover the company's core values, code of conduct and corporate responsibility.

Deviations from the Code of Practice: None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board's members and subcommittees is fixed by the Supervisory Board based on the recommendations of the Nomination Committee. Separate rates are set for the

Chairman of the Board and other board members. Separate rates are set for the chairmen of subcommittees and their members. Deputy board members are paid for each meeting they participate in, as well as an annual fee. Board members' remuneration is not linked to financial performance or similar factors. None of the directors, other than the employee representatives, has responsibilities to the company beyond their board duties. Information about all remuneration paid to the individual board members is presented in note 9 to the annual financial statements.

Deviations from the Code of Practice: None

12. REMUNERATION OF EXECUTIVE PERSONNEL

SpareBank 1 SR-bank has established a remuneration scheme that applies to all employees. The Group's remuneration scheme shall be consistent with the Group's overall objectives, risk tolerance and long-term interests and shall help to promote and provide incentives for good management and control of the Group's risk, discourage excessive or unwanted risk taking, and help to avoid conflicts of interest, and shall comply with the regulations governing remuneration schemes in financial institutions, investment firms and management companies dated 1 December 2010. The total remuneration shall be competitive but the Group shall not be a wage leader. It shall ensure that the Group attracts, develops and retains the most competent employees over time. The scheme will ensure a reward model that is perceived to be fair, predictable and future-oriented and motivating. Fixed salaries shall make up the main element of the total remuneration, which shall also consist of variable pay, pensions and benefits in kind. The Board's guidelines for the remuneration of executive personnel are disclosed in note 9.

Deviations from the Code of Practice: None

13. INFORMATION AND COMMUNICATIONS

SpareBank 1 SR-Bank has dedicated pages on www.sr-bank.no for investor information. The Bank makes every effort to ensure that correct, relevant and timely information about the Group's performance and results inspires investor market confidence. All price sensitive information is published in both Norwegian and English. Stock exchange notices, annual and interim reports, presentation materials and web-casts are available on the Bank's website.

Information for the market is distributed via quarterly investor presentations. Regular presentations are made to international partners, lenders and investors. All reporting is based on openness and the equal treatment of market players in the securities market. The Group's financial calendar is published on the Bank's website.

Deviations from the Code of Practice: None

14. TAKE-OVERS

The Board of Directors of SpareBank 1 SR-Bank ASA will deal with any takeover bid in accordance with the principle of equal treatment of shareholders. At the same time, the Board will ensure that shareholders receive the most comprehensive information possible in all situations that affect the interests of shareholders. When acquiring shares in a financial institution involving any stake of more than 10% of the share capital, consent must be applied for from the Financial Supervisory Authority of Norway. In connection with SpareBank 1 SR-Bank receiving permission to convert to a public limited company, a condition was set that Sparebankstiftelsen SR-Bank would maintain an ownership stake that would amount to at least 25% of the shares issued in SpareBank 1 SR-Bank.

Deviations from the Code of Practice:
The Board has not established explicit general principles for handling takeover bids. The reason for this is the Financial Institutions Act's restrictions on ownership of financial institutions and the licensing conditions in connection with the conversion to ASA. The Board endorses the Code of Practice's wording on this point.

15. AUDITOR

The external auditor presents an annual audit plan to the Audit Committee. The Audit Committee recommends the election of an auditor to the Board. This proposal is submitted to the Supervisory Board, which makes a recommendation to the General Meeting. The Audit Committee or the Board holds at least one annual meeting with the auditor without the executive management team being present. The Audit Committee makes recommendations to the Board concerning approval of the external auditor's fees. The Board then presents the proposals concerning fees to the Supervisory Board and the General Meeting for approval.

The external auditor shall provide the Audit Committee with a report on the main elements of the audit of the previous financial year, including, in particular, any material weaknesses identified with respect to internal control relating to the financial reporting process.

Deviations from the Code of Practice: None

Stavanger, 5 March 2013
The Board of Directors of SpareBank 1 SR-Bank ASA

RISK AND CAPITAL MANAGEMENT

The banking industry's core activity is to create values by accepting consious and acceptable risks. The group invests, therefore, significant resources in developing risk management systems and processes that are in line with leading international practice.

SpareBank 1 SR-Bank is exposed to a range of different risks and the most important of them are:

- **Credit risk:** the risk of losses as a result of customers'/ counterparties' inability or unwillingness to fulfil their obligations
- **Market risk:** the risk of losses due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets
- **Operational risk:** the risk of losses as a result of inadequate or failing internal processes or systems, human error or external events
- **Liquidity risk:** the risk of the group not being able refinance its debt or being unable to finance growth in assets without a substantial increase in costs
- **Ownership risk:** the risk of SpareBank 1 SR-Bank incurring negative results from ownerships in strategically-owned companies and/or the need to provide these companies with fresh equity. The companies thus owned are defined as companies in which SpareBank 1 SR-Bank has a significant stake and influence
- **Commercial risk:** the risk of unexpected fluctuations in revenues and expenses as a result of changes in external conditions such as the market situation or mandatory regulations
- **Reputation risk:** the risk of a decline in earnings and access to capital owing to declining confidence and reputation in the market, i.e. customers, counterparties, the stock market and the authorities
- **Strategic risk:** the risk of losses as a result of the failure of strategic initiatives
- **Compliance risk:** the risk of the group incurring official sanctions/penalties or financial losses as a result of failure to comply with legislation and regulations
- **Concentration risk:** the risk of an accumulation of exposure to an individual customer, sector or geographical area arising. Sectoral concentration risk is exposure that can arise across different types of risk or business areas in the Group, e.g. due to common underlying risk drivers such as the price of oil.

Risk and capital management in SpareBank 1 SR-Bank underpins the group's strategic development and achievement of its goals. Risk management ensures financial stability and prudent asset management. This is achieved through a strong organisational culture that is characterised by:

- A high awareness of risk management
- A good understanding of which risks drive earnings
- Striving for optimal capital utilisation within the adopted business strategy
- Avoiding unexpected single events that can seriously damage the group's financial situation
- Exploiting synergies and diversification effects

In order to ensure an effective and adequate process for risk and capital management, the framework is based on a variety of elements that reflect the manner in which the Board of Directors and management govern the company. The principal elements are described below:

The group's strategic target: SpareBank 1 SR-Bank is to be the most attractive supplier of financial services in the West and South of Norway, based on

- Good customer experiences
- A strong team feeling and professionality
- Local roots and decision-making powers
- Financial strength, profitability and market trust

Risk identification and analysis: The process for risk identification is based on the group's strategic target. The process is forward-looking and covers all of the group's significant risk areas. In areas where the effect of the established control and management measures is not considered to be satisfactory, improvement measures are implemented. Probability-reducing measures shall be given priority ahead of measures aimed at reducing consequences.

Capital allocation: The return on risk-adjusted capital is one of the most important strategic performance goals in the internal management of SpareBank 1 SR-Bank. This implies that capital is allocated to business areas in accordance with the calculated risk of the operation and that the return on the capital is monitored continually.

Financial projections: Projections of expected financial development are made for the next 5 years, based on the strategic target and the business plan. In addition, projections are made of a situation involving a serious economic recession.

In order to assess the consequences that a serious economic down-turn would have on SpareBank 1 SR-Bank, the group focuses strongly on areas of the economy that impact the financial development. These are mainly development in credit demand, the stock market, the interest market and credit risk trends. In addition to having an impact on the returns from the underlying assets, a economic down-turn will have an impact on customer savings behaviour. The purpose of the projections is to calculate how the financial development in the activities and macro-economy will impact the group's financial development, including return on equity, the funding situation and capital adequacy.

Evaluation and measures: The analyses shall provide management and the Board of Directors sufficient risk understanding so that they can consider whether the group has an acceptable risk profile, and whether it is adequately capitalised in light of the risk profile and strategic targets.

SpareBank 1 SR-Bank prepares capital plans in order to ensure long-term and effective capital management and to ensure that the group's capital adequacy is acceptable based on the risk exposure. The capital plan takes into consideration both the expected development and a situation with a serious recession over several years. In addition, SpareBank 1 SR-Bank prepares contingency plans in order to tackle such critical situations in the best possible manner.

Reporting and monitoring: The group's overriding risk exposure and risk development is monitored through periodic risk reports to management and the Board of Directors. The overriding risk monitoring and reporting is the responsibility of the Department for Risk Management and Compliance.

Organisation and organisational culture: SpareBank 1 SR-Bank strives to have a strong organisational culture that is characterised by awareness for risk management. The organisational culture comprises management philosophy and the people in the organisation with their personal attributes, such as integrity basic values and ethics. It is difficult to compensate for an inadequate organisational culture by using other control and management measures. Therefore, SpareBank 1 SR-Bank has established clear basic values and ethical guidelines that are clearly communicated and published throughout the entire organisation.

HUMANKAPITALEN

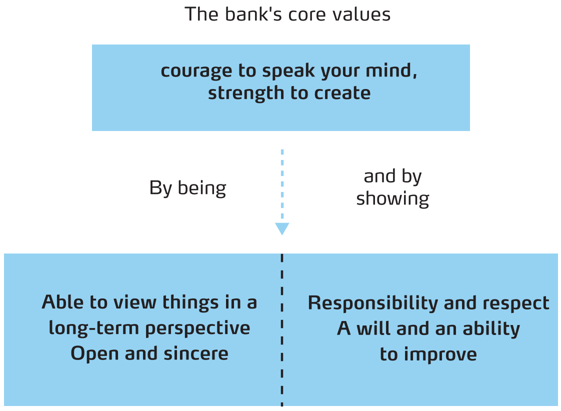
A CULTURE CHARACTERISED BY COMMITMENT, JOB SATISFACTION AND DECENCY – A CULTURE TO BE PROUD OF

The people in SpareBank 1 SR-Bank delivered yet another first class result in 2012. Ståle, Linda, Kristian, Britta and Jan Einar have together with the rest of their 1 330 colleagues performed with distinction! They are leading the way and assisting our customers with good advice and creating unique customer experiences in a time of tough competition in a market in Southern and Western Norway that is thriving more than ever, and of which everyone wants to be a part. Because we are good at advice and think long-term, because we are perceived as an attractive company to work for, and because together we offer our employees good opportunities for development and an exciting and challenging working day, 100 new employees joined us in 2012. That makes us very proud! The fact that 90 per cent of our employees say in our HSE survey that they exercise regularly has also contributed, we believe, to the fact that we have had yet another year with a wellness rate of more than 97 per cent.

SpareBank 1 SR-Bank's employees are producing outstanding results while ensuring good customer experiences.

People who work for SpareBank 1 SR-Bank know that they are lucky to be working in a group with sound traditions and a strong culture of performance. Our culture has been built up over 170 years of solid values, strong leadership, and a focus on creativity and innovation. We work and develop every day in a culture of innovation based on a framework carved in stone. It is not the individual who creates such results; it is the team through working together, good communication and a clear understanding of where we are going. One prerequisite for success is good collaboration between management and elected union representatives. A collaboration based on openness, trust and a mutual understanding of the future and the challenges we have to resolve together. Our strategic concept "One door in" will help to further develop our corporate culture. It is together, across our business areas, that we want to meet our customers as a strong, capable team that delivers the best financial products and services on the market. We will further improve our good relationships with our customers either through new mobile bank solutions or advanced face-to-face advice. We want to be known for being close by and capable.

ETHICS AND VALUES



SpareBank 1 SR-Bank has actively worked on developing good values and ethics for many years. We are aware that as a bank we have a special responsibility to act decently. We have a responsibility to treat our customers, owners, employees and others decently. We cannot afford to make missteps. Good values and proper ethical behaviour are achieved by continuously focusing on conduct and clear guidelines for all our employees. However, simply putting a code of conduct and fine words down on paper is not enough. The real test is the one we face every working day as part of maintaining a good dialogue with our customers and performing our banking duties professionally. Trust is our lifeblood and we are thus very careful when choosing our new colleagues. We are open and honest about what we expect of individual employees. Employees who start working for us tell us that, from a cultural perspective, our values reflect theirs. We think it is important to create a safe, secure working culture in which we do not shy away from the challenge of discussing and debating important ethical dilemmas; a culture in which we are allowed to make mistakes as long as we learn from them. There is no set answer to the question of what decency means, but we believe that a good portion of common sense, a good, sound upbringing and a safe, secure working culture in which we are open about ethical challenges and dilemmas go a long way. In 2012, we implemented the navigation wheel, which we took from the curriculum for the Authorisation Scheme for Financial Adviser (AFR), throughout the organisation through the programme for new employees and managerial training. The navigation wheel will be the Group's new tool and "tribal language" when it comes to thinking about and discussing ethical dilemmas, and will form a natural part of staff training. We want to be really good in the area of ethics and to constantly learn from our mistakes so that we continually improve, thus ensuring that we continue to have a good reputation.

Our feet are firmly planted in Southern and Western Norway, but we are still looking far ahead so we can change as our customers' needs change.

FUTURE AND CAREER OPPORTUNITIES

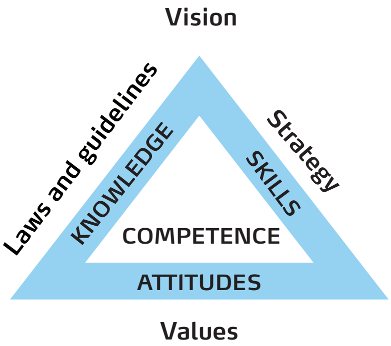
Predicting the future is a challenging task, especially at a time when the pace of change is increasing. We believe in a future for our colleagues in which they face good professional challenges and there is still great demand for our traditional advice giving expertise. We also believe in new skills, people who confident with and adopt new technology, service-minded people, and people who want to create good customer experiences. In 2012, many of our colleagues were given new opportunities in the Group via either a professional or managerial pathway based on documented results and values. This proves we trust willing and capable employees.

Over the last decade, SpareBank 1 SR-Bank has grown into an organisation with a much broader range of expertise and is now a complete finance house. Here, you can find job opportunities within financial advisory services, corporate advisory services, estate agency, commercial real estate, various positions in the corporate finance field, stockbroking and many exciting managerial jobs and key positions in staff and support, to mention a few. We want the most capable people, simply because it is our employees who ensure that we will remain a customer-oriented, profitable bank for the foreseeable future.

SKILLS DEVELOPMENT - AN INVESTMENT IN THE FUTURE

How are we planning for tomorrow? We know the competition is getting tougher; we know that customer demands will increase; we also know that the framework conditions set by the authorities and owners will change. The structure of the market is changing and provide new opportunities. New technology is enabling new ways of working and creating exciting opportunities for our emplyees. Social media and new regulatory requirements are here to stay and present totally new challenges for us as a traditional bank. This creates new opportunities. In the future, the focus will be on maintaining a safe and steady course while daring to face the future with an opportunity-oriented focus. Demands for competence will increase. Some employees will decide to develop themselves in line with the requirements, while others will seek new challenges outside the Group. Our greatest challenge will be timing this adjustment to ensure we achieve a constant positive adjustment that best serves the individual and the organisation.

Together we have a responsibility to ensure that everyone who works for us is motivated to produce good results and a safe, secure working environment. We must challenge, develop and create winners who can master their jobs and are well-equipped for the future.



In 2011 and 2012 our employees boosted our expertise in an extraordinary manner in line with the quality standards we set ourselves as a modern finance house. The authorisation scheme, insurance authorisation scheme, management development programme and estate agent authorisation scheme, are just a few examples of this. In general, this has been seen as a useful and educational journey, where employees have taken these challenges in their stride and mastered them. Another key skills development measure in 2012 was implementing a new management development programme, LUP. This programme helps individual managers develop to manage themselves, networks and teams.

We choose to call ourselves an expert company now that more than 70 per cent of the Group's employees have a bachelor's degree or higher, and more than 86 per cent of our advisers are authorised pursuant to AFR. In 2012, more than 40 of our colleagues participated in external programmes funded by us as their employer, and more than 850 of our colleagues have participated in various types of courses and professional training. Because we must be equipped for the future and because we must start today, we have drawn up a new competence strategy that is intended to ensure that we also have the best and most knowledgeable employees on our team in 3 years' time as well. We have, therefore, developed our own development tool to help us with this, the Competence Portal, which will enable us to survey individuals' qualifications. The Competence Portal will help us answer questions concerning what expertise will be needed in the future, define knowledge gaps, and ensure each employees has a good development plan in the future.

We have a good corporate culture, where we care about each other. In a labour market where performance demands are steadily increasing, there will always be some who quit, some who get sick and/or some who feel they cannot cope. As a large organisation, we will always have colleagues who fall ill or experience stressful situations where they, for a period, perform below par. We will also see signs that tell us that some colleagues are struggling to cope with their commitments to work and home simultaneously.

In the future the focus will be on a good, inclusive working environment in which the fundamental attitude is that we trust that everyone wants to do a good job in SpareBank 1 SR-Bank. Fundamentally, we must respect the fact that anyone and everyone can be sick. In these circumstances we must empower individuals to take responsibility and tackle the situation, and ensure that we, as colleagues and managers, show everyone consideration and

RETAIL MARKET

HIGHLIGHTS OF 2012:

- Good result due to strong market position, customer growth and higher net interest
- Net growth of 10 500 retail customers older than 13 years old
- Strong growth in customers who use mobile channels
- 5.9 per cent growth in deposits and 9.0 per cent growth in lending
- Commissions on a par with 2011
- Credit quality remain very good

▪ No. of retail customers:	279 396
▪ No. of farming customers:	2 654
▪ No. of small and medium-sized companies:	3 948
▪ No. of clubs and associations:	2 786
▪ Lending (MNOK):	101 251
▪ Deposits (MNOK):	38 864

*Note: New boundaries were introduced between the retail market and corporate market in 2012, which resulted in the internal transfer of small corporate customers to the Corporate Market Division. The effect of the transfers was that the Retail Market Division transferred 2 500 customers with NOK 1.2 billion in deposits and NOK 330 million in loans to the Corporate Market Division.

MODERN SERVICES AND QUALIFIED ADVISERS

Our customers should feel that SpareBank 1 SR-Bank is an accessible, competent and pro-active partner. That we are a total provider of good digital services with a modern customer centre and a well-developed network of branches that provide customers with fast and easy access to financial services and expertise via any of its channels.

SpareBank 1 SR-Bank offers customers personal advice and has more than 300 authorised advisers. We are constantly honing our expertise to increase customer satisfaction.

The banking market is changing. New digital technology is creating room for new market players and increasing the competition between banks. A combination of personal advisers and a leading position in mobile bank services implies SpareBank 1 SR-Bank is well-positioned to cope with these changes.

EMPLOYEES

The Retail Market Division employs 520 full time equivalents. In addition, there are 215 full time equivalents in EiendomsMegler 1 SR-Eiendom AS. The number of full time equivalents in the Retail Market Division was reduced slightly in 2012. There is a high level of satisfaction in SpareBank 1 SR-Bank's organisation and we are constantly striving to improve our skills and performance.

CUSTOMERS AND MARKETS

The stability of the existing customer base and targeted focus on new customers resulted in continued net customer growth in 2012. In terms of number of customers and volume, Rogaland enjoyed the highest growth, while relative growth was highest in Hordaland. When Hordaland, Rogaland, and the Agder counties are viewed as a single market area, SpareBank 1 SR-Bank enjoys a market share of 19 per cent within banking services for retail customers. Our market share within estate agency is growing and exceeds 40 per cent in Rogaland.

Both our lending and deposit growth were somewhat higher than national the market growth. This growth is attributed to a strong market position and net customer growth. The growth in lending (including loans sold to SpareBank 1 Boligkreditt AS) was 9.0 per cent in 2012, while deposits grew by 5.9 per cent (8.8 per cent when corrected for internal transfers).

Low unemployment, net migration to our market area and continued low interest rates helped ensure a busy housing market in 2012. Adapting to new guidelines for sound lending practices resulted in a somewhat lower level of lending at the start of the year. Collocating banking services and estate agency has over the longer term produced good results within both banking and estate agency. 90 per cent of customers who sold their home through EiendomsMegler 1 SR-Eiendom would recommend us to friends and acquaintances.

The enduring uncertainty and major swings in the financial markets resulted in slightly fewer customers saving in funds in 2012 compared with 2011.

In 2012, the number of mobile bank customers grew by 175 per cent. The feedback on new applications from customers is good and we have more than 33 000 likes on Facebook. The number of sales via digital channels and the customer centre has increased significantly and accounted for 27 per cent of the number of products sold in 2012.

FARMING AND SMALL COMPANIES

SpareBank 1 SR-Bank is the region's leading farming bank and enjoyed good development in this area in 2012 as well. The focus on advisers with wide-ranging experience has helped build up an expert group that knows the industry well and works closely with key players in it.

Small companies include customers whose finances include both business and personal needs. Business customers with a limited liability business structure were transferred to the Corporate Market Division in 2012 due to a change in the allocation of work between the Retail Market Division and the Corporate Market Division. From 2013 small companies in the Retail Market Division will encompass personal enterprises where the customers are offered business expertise combined with private financial advice.

PRODUCTS AND SERVICES

SpareBank 1 SR-Bank delivers a wide range of financial services to the general public. Our goal is to increase product coverage per customer through systematic customer follow-up. The product portfolio increased by a net 40 000 new products in 2012.

New product development is strongest within mobile channels. SpareBank 1 SR-Bank was, together with the other SpareBank 1 banks, the first to launch a mobile bank for small companies. A number of new services were launched for retail customers, including payments to friends, weekly pocket money and regional restrictions for cards. SpareBank 1 SR-Bank also launched new online fund trading and financial overview solutions in 2012. The development of new payment services within digital channels is expected to continue in the coming years.

CREDIT QUALITY PERFORMANCE

The lending portfolio's credit quality is very good. A high level of activity in the region resulted in low unemployment and good solvency for most people. Close customer relationships and good routines for monitoring customers, combined with positive market conditions, contributed to a low default level. Gross non-performing loans measured in terms of gross lending stood at 0.3 per cent at the end of 2012, unchanged from 2011. SpareBank 1 Boligkreditt AS was yet again an important source of funding for secure home mortgages in 2012. At year-end 2012, SpareBank 1 SR-Bank had sold a total of NOK 48.2 billion to SpareBank 1 Boligkreditt AS.

OUTLOOK FOR 2013

Activity in the retail market was good at the start of 2013 as well. Low interest rates, low unemployment, and population growth are contributing to continued optimism. However, we face considerable competition from established actors. Fast rising house prices and new regulatory requirements from the authorities have increased uncertainty in the home mortgage market and are resulting in a need for greater profitability in home mortgages.

The Retail Market Division will continue to focus on growing its customer base and product coverage, as well as balanced lending growth. Overall the market opportunities for 2013 are considered good.

CORPORATE MARKET

SpareBank 1 SR-Bank has 10 900 customers in the business and public administration sectors. In addition to these come sole traders, clubs, organisations and farming customers who are served by the Retail Market Division.

▪ No. of customers:	10 900
▪ *Gross loans:	NOK 47 681 million
▪ *Lending growth:	4.0%
▪ Deposits:	NOK 25 391 million
▪ Deposit growth:	7.9%

* Including loans sold to SpareBank 1 Næringskreditt AS

2012 HIGHLIGHTS:

- Solid increase in revenues
- Balanced lending growth
- Good growth in other operating income
- Lending portfolio quality remains good and losses low

WE CREATE VALUE LOCALLY

The Group holds a strong and prominent position in business and industry in the region and aims to grow further in the coming years. SpareBank 1 SR-Bank serves corporate customers in all the Group's market areas. The division has five regional corporate market departments and two specialist departments: one for the energy and maritime sector and one for the public sector. The division's 10 900 customers are served via a profound, wide-ranging distribution network. In addition to regular advisers, these customers are served via online solutions, an advanced telephone-based customer centre and a large network of branches. In addition to being an important service channel, the customer centre has also become an increasingly important distribution channel for pension, insurance, payment system and financing products.

EMPLOYEES

The Corporate Market Division employs 183 full time equivalents spread from Bergen in the north to Kristiansand in the south. The corporate market customer centre was integrated into the Corporate Market Division in 2012, which explains the growth in full time equivalents since 2011.

CUSTOMERS AND MARKETS

Net customer growth was solid in 2012 and due to healthy new sales, as well as the internal transfer of small companies from the Retail Market Division and stability in the existing customer portfolio.

Lending in the Corporate Market Division grew by a total of NOK 1.8 billion in 2012, which represents an increase of 4 per cent. Part of this growth was attributable to the transfer of small companies from the Retail Market Division. Hordaland and Haugalandet saw the greatest growth, and growth was also solid for small and medium-sized companies in Sør-Rogaland.

The volume of deposits grew by NOK 1.9 billion during the year, which represents a growth of 7.9 per cent. Part of the growth was again due to the transfer of small companies from the Retail Market Division.

PRODUCTS AND SERVICES

SpareBank 1 SR-Bank wants to provide good development opportunities for companies and public bodies in Rogaland, Hordaland and Agder by being a leading online bank. The Group is a fully-fledged financial services group that offers a complete range of products with additional advice that provides extra value for customers. Our internet portal was modernised in 2012 and the mobile bank for corporate customers was launched. This is important if we are to offer simple, self-service solutions that simplify customer's operations.

The average number of products per customer rose in 2012 and other operating income increased by almost 19 per cent compared to2011.

CREDIT RISK TREND

The Group has developed and actively applies modern risk classification systems, risk-pricing models and portfolio management systems to monitor and manage the risk inherent in the loan portfolio. This, together with the Group's credit strategy, credit policy guidelines and credit management procedures ensure that the credit management processes and risk assessments are of high quality.

Net individual write-downs of NOK 157 million were recognised in 2012, compared with NOK 83 million in 2011, and group write-downs were reduced by NOK 36 million. The portfolio's underlying quality remains healthy and the proportion of non-performing loans was low and stable throughout 2012. The non-performance rate for the Corporate Market Division's total credit exposure was 1.39 per cent in 2012.

OUTLOOK FOR 2013

Despite the continued international turmoil, business and industry in our region are largely optimistic and are enjoying a high level. This growth is resulting in a considerable need for good financing solutions, although new regulatory requirements for banks set out clear priorities and could become a limiting factor vis-à-vis business and industry's access to capital.

The Corporate Market Division will continue to prioritise balanced lending growth, but is well positioned to meet the opportunities and challenges in the market. The sum of the expertise the division possesses with respect to handling business opportunities and uncovering risk will be crucial with respect to customers choosing SpareBank 1 SR-Bank as their partner for 2013 as well.

CAPITAL MARKET

HIGHLIGHTS OF 2012:

- Revenues rose to than NOK 268 million
- High level of activity with completion of many successful transactions

CAPITAL MARKET DIVISION

The Group's securities firm is organised into a separate division and marketed under the brand name SpareBank 1 SR-Bank Markets. Securities activities include trading for customers and on our own account in interest rates, currencies and shares, corporate finance services as well as settlement functions, and management services for securities. This management is organised as a separate subsidiary, SR-Forvaltning AS.

SpareBank 1 SR-Bank Markets is the largest securities firm outside Oslo and aims to become the leading brokerage house in its home region and an important brokerage house in Norway. We can offer large companies a complete range of capital market products and services in our region and be a fully-fledged local alternative for retail and corporate customers who need access to the capital market and capital market services.

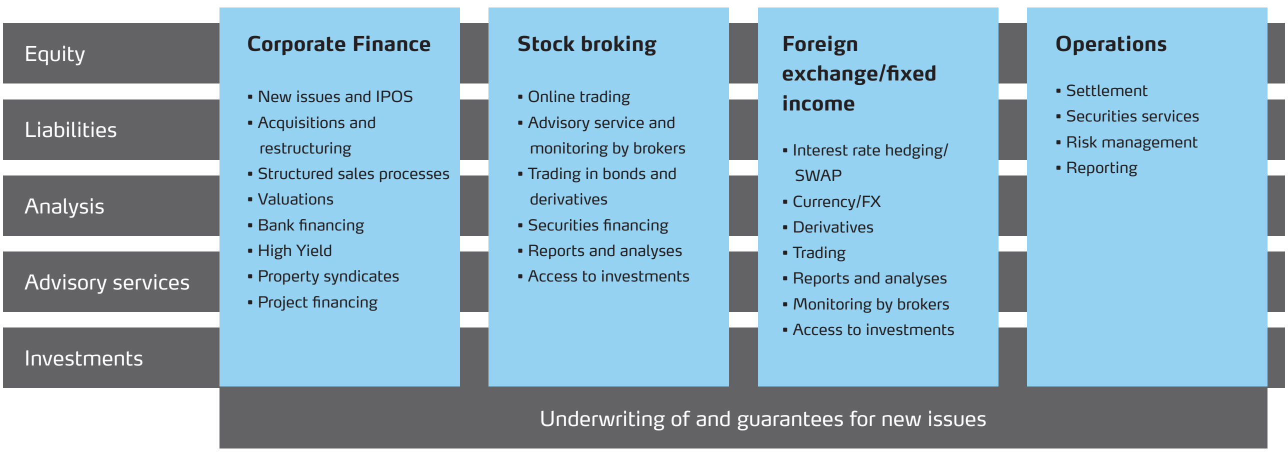
We help ensure an efficient flow of capital to Southern and Western Norway so that companies and projects can be realised. We can efficiently arrange and distribute capital for our customers by utilising SpareBank 1 SR-Bank Markets' entire organisation in combination with products and services from other parts of the Group. We also have access to the entire SpareBank 1 Alliance in cases where national distribution is required.

We have a large, very competent organisation and base our advisory services on the trust of customers and the market. Our advisers are available to customers irrespective of whether they are looking for project financing or want to invest in various securities. Short decision-making pathways and efficient processes are characteristic of our organisation and working methods.

The division made its largest ever profit contribution to the Group in 2012 and revenues amounted to NOK 268 million (NOK 223 million). The bulk of our income still comes from customer trading in fixed income and currency instruments. The facilitation (Corporate Finance) and distribution of shares and bonds are contributing increasing turnover and a positive result.

The division generally enjoyed a high level of activity in 2012 and achieved a number of milestones such as facilitating and distributing high yield bonds, hybrid tier 1 capital, and share issues. It also completed a comprehensive stock exchange listing process with the associated share issue. In addition to this, a number of successful structured sales processes were carried out and refinancing arranged for a number of large companies. Further growth in these areas is expected in 2013.

SpareBank 1 SR-Bank Markets offers a complete range of services that help our customers realise their projects efficiently. We want to be the best at combining specialist expertise, local knowledge and understanding in order to help create value. We do our utmost to understand a customer's unique needs and find the best solution that can help create and realise value for our customers.



SUBSIDIARIES

EIENDOMSMEGLER 1 SR-EIENDOM AS

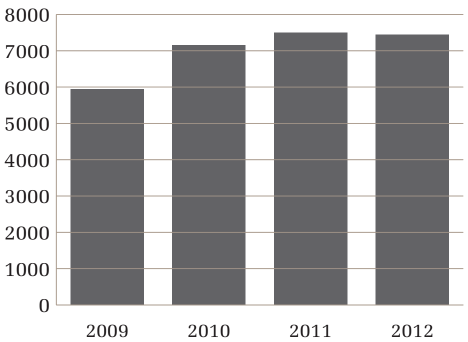
The company employed 212 full time equivalents at year-end 2012. There is a good balance between men and women. 34 per cent of the company's managers are women and 40 per cent of the executive management are women. Highly satisfied, proud and motivated employees contribute to solid earnings.

One of the company's strategic goals is to maintain a high level of professional expertise. The company's satisfies the authorities' strict requirements concerning formal qualifications for estate agents.

KEY FIGURES:

Brokered 2012:	7 449 properties
Total value:	NOK 21.4 billion
Total income:	NOK 426 million
Pre-tax profit:	NOK 86.4 million

Number of homes sold 2009 – 2012



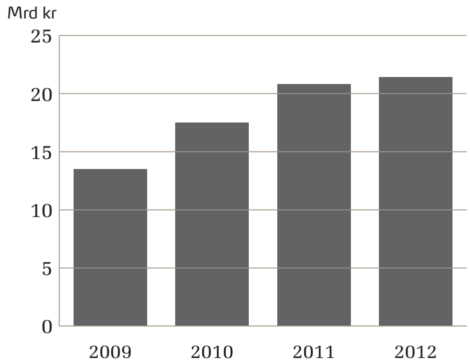
Customers and markets
EiendomsMegler 1 SR Eiendom AS holds a leading position in its market area and has a broad network of contacts. More than 15 000 families purchased or sold properties via the company during the year. A large number have also contacted the company either to have their home valued or as potential buyers of properties we have had for sale.

Buying a property is an important event for most of us. EiendomsMegler 1 SR Eiendom AS ensures that this process is completed properly and in a manner that creates trust. We want satisfied customers who become ambassadors for our company.

In 2012, no fewer than 90 per cent of a representative selection of those who sold properties via us said they would recommend us to others. EiendomsMegler 1 SR-Eiendom is represented from Grimstad to Bergen through 33 branches. Activities include commercial brokerage, property management, holiday homes, new-builds and existing homes. There is also a special branch that rents out residential properties in the Stavanger region. Our position as the overall largest market player in the Agder counties, Rogaland and Hordaland was further consolidated in 2012.
Our market share in Rogaland is more than 40 per cent. EiendomsMegler 1 SR-Eiendom AS is the market leader in Vest-Agder and the positive trend in Hordaland continues. Renting out residential accommodation is a focus area in the Stavanger region. The company's position as the leading market player in this segment was further consolidated in 2012.

The company holds a strong position within brokering, managing and operating commercial properties in Rogaland. We further expanded our activities by establishing special departments for commercial property brokering in Kristiansand and Bergen.
The level of activity in property management is on the rise and

Market Value



the rented commercial property market was positive throughout the year. Sales of commercial properties are cyclically sensitive and the continued financial uncertainty has dampened activity in this market to some extent.

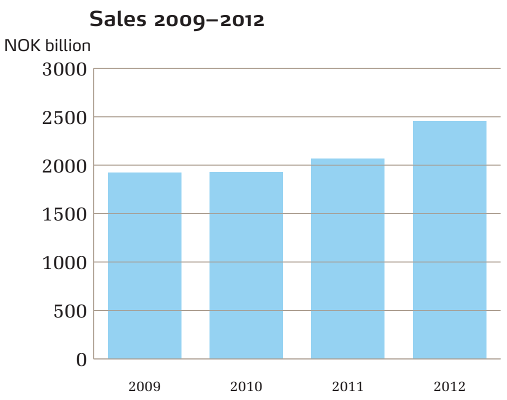
Outlook

The housing market in our market area has not particularly been affected by the turmoil in the global economy. High regional employment, the prospect of continuing low interest rates, and a shortage of homes for sale indicate that the market for new and used homes will remain positive in 2013. Assuming that the number of homes for sale does not fall, price growth is expected to dampen out somewhat and be lower than it has been in recent years.

The level of activity in the rented commercial property market is expected to be high, driven in particular by the very positive forecasts for activity in the oil and oil service companies.

SPAREBANK 1 SR-FINANS AS

SpareBank 1 SR-Finans AS is a financing company that offers lease financing to the business sector, and car and boat loans to retail customers. The company serves small, medium-sized and large companies. In a customer survey conducted in 2012, 99 per cent of our corporate customers said they would recommend us to others. SpareBank 1 SR-Finans is a market leader in leasing in Rogaland with a market share of more than 40 per cent; however we also want to be an important market player in Hordaland and the Agder counties. Teamwork with the bank's distribution network is a very important reason why new sales have grown in recent years. The company is also seeing results from our focus on new channels (self-service solutions and the distributor channel) and these channels are now responsible for a rising proportion of new sales. Car loans are mainly sold via the bank's retail market business area, but here too the proportion of car and boat loans being sold via other channels is increasing. In the corporate market, sales are carried out partly by our sales staff and partly by the bank's advisers. About half of new business in leasing involves customers who have a business relationship with both SpareBank 1 SR-Finans and SpareBank 1 SR-Bank.

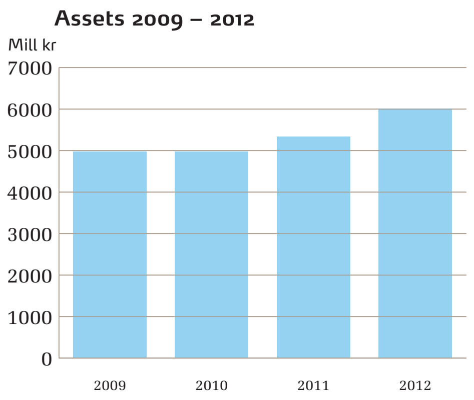


At the end of 2012, the company had 33 employees representing 32 full time equivalents. This represents a reduction of 1 full-time equivalent compared with 2011. 28 of the company's employees work in Stavanger while 2 salespeople work in Bergen, 1 in Haugesund and 2 in Kristiansand. Most the company's employees are women (64 per cent). 83 per cent of the company's managers are women. SpareBank 1 SR-Finans has highly satisfied, motivated and committed employees.

The company's pre-tax profit in 2012 was the best in its history and amounted to NOK 115.3 million in 2012 (NOK 99.9 million in 2011).

The improved result is mainly due to higher net interest income and lower losses. The company's total assets grew in 2012, rising by 12.6 per cent to NOK 6.0 billion.

New sales were healthy, especially in lease financing for the business sector. In total, new sales in 2012 amounted to NOK 2.5 billion, which represents an increase of 18.7 per cent compared with 2011. 5 912 new loans and leasing contracts were established in 2012. 2012 was the first year the company had focused on the distributor channel and new systems have been developed. Partnerships were established with 53 distributors during 2012 and sales via this channel amounted to NOK 100 million.



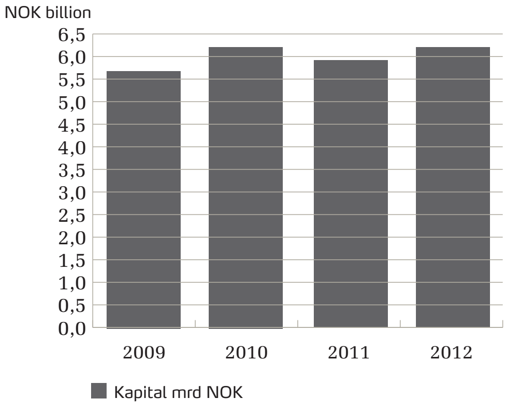
Outlook

2013 is expected to be a year of continued high investment in the business sector in our region and a good year for new car sales. The company will also start selling retail leasing and consumer financing during 2013. Retail leasing is a product that is capturing a steadily larger share of the market for financing private cars and will be an important product for the company's car dealer channel strategy to work successfully. Consumer financing will be a product that is solely offered to retail customers in the bank in 2013.

SR-FORVALTNING AS

SR-Forvaltning AS is a securities firm with a licence to provide asset management services. The company's goal is to be a local alternative offering a high level of expertise in asset management. The company has 14 employees and manages SpareBank 1 SR-Bank's pension fund portfolio, SpareBank 1 SR-Bank's short-term investments portfolio, and portfolios for around 2 500 external customers. SR-Forvaltning AS has managed customer assets for 13 years. The external customer base comprises pension funds, public and private enterprises and affluent individuals. SR-Forvaltning AS' activities are based on a conservative philosophy and a long-term approach. The structuring and adjustment of an individual investor's asset management is based on various portfolio models. The goal is to deliver a solid risk-adjusted return.

SR Forvaltning, development of assets 2009 – 2012



The company's pre-tax profit was NOK 18.5 million in 2012, compared with NOK 27.4 million in 2011. Total assets at year-end 2012 amounted to around NOK 6.2 billion, around NOK 1 billion of which were linked to the management of SpareBank 1 SR-Bank's pension fund portfolio.

New and existing customers invested some NOK 840 million of new capital in 2012. Customers withdrew approximately NOK 820 million during the year. Net customer assets thus increased by approximately NOK 20 million.

Historical figures illustrate that customers have received a good risk-adjusted return with better management results than comparable benchmark indices and at the same time lower underlying portfolio risk. SR-Forvaltning AS has experienced a high level of customer loyalty over time.

The company's performance, quality of service and good, effective operations are considered key factors for good growth in 2013.

SR-INVESTERING AS

The purpose of SR-Investering AS is to contribute to long-term value creation through investments in the business sector in the Group's market area. The company mainly invests in private equity funds and the SME segment, which need capital to develop and grow.

The net profit for 2012 amounted to NOK 17.8 million (NOK 10.5 million in 2011). This result was due to realised investments and higher values in the company's investment portfolio. At year-end 2012, the company had investments amounting to NOK 172.1 million and residual commitments associated with these amounting to NOK 96.4 million, spread over 20 different funds and companies.

The outlook for the business sector in the region is positive. In particular we expect the high level of activity in the oil and gas sector to keep the level of investment high going forward and the portfolio companies in our private equity fund to benefit from this. SR-Investering AS therefore expects a satisfactory return in 2013 as well.

THE SRBANK SHARE

Financial calendar for 2013

Ex dividend date:	26.04.13
Q1:	02.05.13
Q2:	14.08.13
Q3:	31.10.13

Preliminary accounting figures for 2013 will be published in February 2014.

CONVERSION TO A LIMITED LIABILITY SAVINGS BANK ON 1 JANUARY 2012

At a meeting of the Supervisory Board on 28 October 2010 the Board of Directors of SpareBank 1 SR-Bank was asked to prepare a report on the advantages and disadvantages of a possible conversion of SpareBank 1 SR-Bank to a limited liability savings bank. Based on an overall assessment, the Board concluded that SpareBank 1 SR-Bank needed to achieve as strong a position as possible in the equities and foreign capital markets in order to be in a position to continue leading the way in the development of the region in which the Group is active. In its proposal the Board of Directors attached great importance to the limited liability savings bank maintaining its regional affiliation, the bank's history and the savings bank tradition.

On 21 June 2011, pursuant to Act no. 40 of 10 June 1988 relating to financing activity and financial institutions (Financial Institutions Act), section 2c-13, second paragraph, the Ministry of Finance granted permission to carry out the conversion, and to create a savings bank foundation. Tax relief was granted on 1 July 2011, meaning the conversion did not trigger the taxation of SpareBank 1 SR-Bank.

SpareBank 1 SR-Bank converted from an equity certificate bank to a limited liability savings bank on 1 January 2012. Previous equity certificate holders received one share for each equity certificate they held in SpareBank 1 SR-Bank at the time of the conversion.

ESTABLISHMENT OF SPAREBANKSTIFTELSEN SR-BANK

The Sparebankstiftelsen SR-Bank foundation was established as part of the conversion. Upon its establishment, Sparebankstiftelsen SR-Bank received a number of shares corresponding to the relative stake the former primary capital represented in SpareBank 1 SR-Bank. This amounted to 36.2 per cent of the shares. Sparebankstiftelsen SR-Bank's articles of association contain the following object clause: "The object of the foundation is to manage the shares received upon its formation and to exercise and maintain a substantial, long-term and stable ownership interest in SpareBank 1 SR-Bank ASA." The foundation can use the share of the profit and dividends it receives for the public good. The foundation should, when distributing funds, give preference to those districts that built up the primary capital of the earlier SpareBank 1 SR-Bank.

Ownership should be exercised in accordance with the generally accepted principles of corporate governance and within the limits and guidelines adopted by the General Meeting. The ownership interest must represent at least 25 per cent of SpareBank 1 SR-Bank's outstanding shares.

The activities of the foundation should continue its savings bank tradition by participating in capital increases in SpareBank 1 SR-Bank and in other ways. Otherwise, the foundation can perform other activities that are consistent with its stated object and the framework set at any time by the regulations governing savings bank foundations.

FROM ROGG TO SRBANK

The last day the bank's previous equity certificates were listed on was 30 December 2011. From and including 2 January 2012 its ticker on the Oslo Stock Exchange was changed from ROGG to SRBANK. SRBANK is included in the OSEAX All-share index and OSE40 Financials/OSE4010 Banks sector index. The liquidity segment is Match.

STRENGTHENING OF EQUITY THROUGH ISSUES

On 7 January 2012, the Board proposed that the equity should be strengthened by issues worth up to NOK 1.63 billion. The capital increase related to the rights issue and employee issue was approved by the General Meeting of SpareBank 1 SR-Bank ASA on 9 May 2012. By the subscription deadline SpareBank 1 SR-Bank had received subscriptions for a total of 71 474 534 new shares in the rights issues. 55 555 555 shares were offered and the rights issue was thus 28.65 per cent oversubscribed. SpareBank 1 SR-Bank received subscriptions for a total of 705 858 new shares from 260 employees in the employee issue.

The total proceeds amounted to NOK 1.52 billion, and were registered in the Register of Business Enterprises on 18 June 2012. SpareBank 1 SR-Bank's new share capital amounts to NOK 6 393 777 050 divided into 255 751 082 shares, each with a nominal value of NOK 25.

DIVIDEND POLICY

SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the Bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price.

In determining the size of the annual dividend, consideration is given to the Group's capital needs, including its capital adequacy requirements and the Group's goals and strategic plans. Unless capital requirements dictate otherwise, the goal of the Board is for approximately half of the annual net profit for the period to be distributed as dividends.

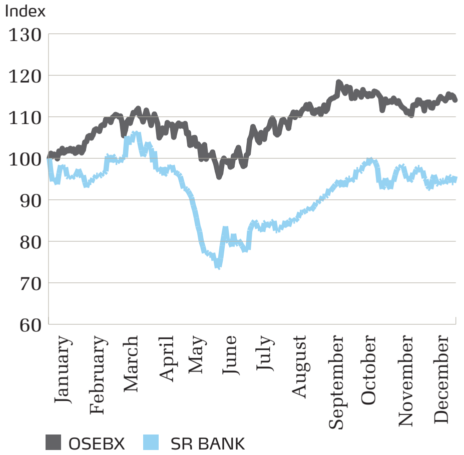
The parent bank's distributable profit for the 2012 financial year amounts to NOK 1 211 million or NOK 5.32 per share. In line with SpareBank 1 SR-Bank's dividend policy, various factors have been taken into consideration in the determination of the dividend, including, in particular, its financial strength and the core capital adequacy ratio in light of the current regulatory uncertainty. The Board of SpareBank 1 SR-Bank proposes a dividend of NOK 1.50 per share. This corresponds to a dividend rate of around 28 of the consolidated earnings per share.

INVESTOR POLICY

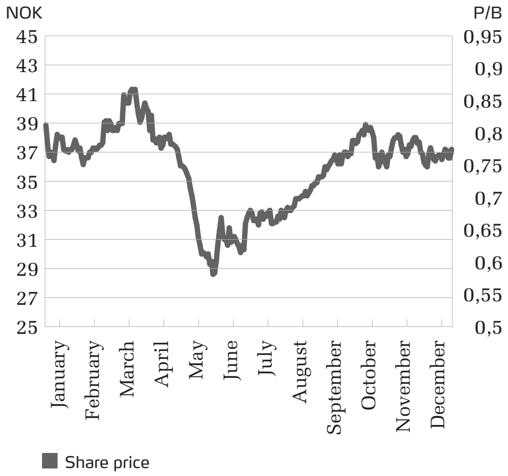
It is crucial for SpareBank 1 SR-Bank to maintain the confidence of the investor market by disclosing accurate, relevant and timely information about the Group's

SHARE PRICE- AND LIQUIDITY DEVELOPMENT

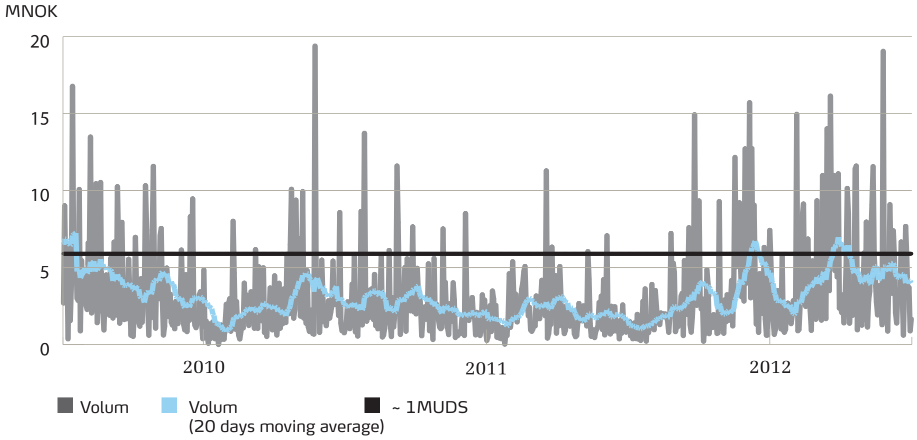
SRBANK vs. Oslo Stock Exchange



Share price



Volum



The following shows the 20 largest shareholders as of 28.2.2013:

performance and results. Market information is generally provided via quarterly investor presentations, websites, press releases and financial statements. Regular presentations are also made to international partners, rating agencies, lenders and investors.

It is in SpareBank 1 SR-Bank's own interests to publish current financial analyses of the highest possible quality. All analysts are treated equally at all times regardless of their recommendations and view of the bank's share. At the end of 2012, there were eight brokerage houses with official coverage of SRBANK. Updated contact information, etc. about these is available at all times on our IR pages.

20 largest owners as of 28.02.13.	**Holding**	**Stake**
Sparebankstiftelsen SR-Bank	78 835 551	30,8%
Gjensidige Forsikring ASA	26 483 470	10,4%
Folketrygdfondet	6 865 468	2,7%
SpareBank 1-stiftinga Kvinnherad	6 226 583	2,4%
Odin Norge	5 896 605	2,3%
Frank Mohn AS	5 372 587	2,1%
Odin Norden	4 148 475	1,6%
Skagen Global	3 661 486	1,4%
Clipper AS	2 178 837	0,9%
JPMorgan Chase Bank, U.K.	2 043 467	0,8%
JPMCB, Sverige	1 939 054	0,8%
Fondsfinans Spar	1 800 000	0,7%
Skagen Global II	1 402 174	0,5%
Tveteraas Finans AS	1 391 492	0,5%
State Street Bank and Trust, U.S.A.	1 322 453	0,5%
Westco AS	1 321 817	0,5%
Køhlergruppen AS	1 292 803	0,5%
FLPS, U.S.A.	1 250 000	0,5%
Varma Mutual Pension Insurance, Finland	1 248 017	0,5%
Vpf Nordea Norge Verdi	1 138 210	0,4%
Total 20 largest	**155 818 549**	**60,9%**

	2012	**2011**	**2010**	**2009**	**2008**
Regional share	61.2 %	47 %	47 %	47 %	62 %
Other Norwegian owners	32.8 %	43 %	43 %	46 %	31 %
Foreign owners	6.0 %	10 %	10 %	7 %	7 %
Total owners	11 959	11 887	12 031	12 219	11 482

Historical key figures	**2012**	**2011**	**2010**	**2009**	**2008**
Market price 31.12, NOK	37,2	40,70	57,00	50,00	27,08
Value for tax purposes 01.01 following year, NOK	37,45	41,40	57,50	50,25	32,70
Dividend per share, NOK	1,50	1,50	2,75	1,75	0,83
Direct return [1]	4,0 %	3,7 %	4,8 %	3,5 %	3,1 %
Effective return [2]	-4,9 %	-23,8 %	17,5 %	87,7 %	-43,8 %
Book equity per share, NOK [3]	49,48	48,75	47,45	42,07	37,23
Earnings per share, NOK [4]	5,32	5,42	6,84	6,88	3,00
Payout ratio, net [5]	32 %	32 %	44 %	42 %	33 %
Equity ratio [6]	n.a.	63,8 %	63,2 %	62,9 %	56,1 %
No. of shares issued 31.12	255 751 082	127 313 361	127 313 361	120 933 730	74 903 345
Treasury shares 31.12	346 134	133 248	133 248	353 116	294 264
No. of outstanding shares 31.12	255 404 948	127 180 113	127 180 113	120 580 614	74 609 081
Shares traded per year (% of shares issued)	20 %	15 %	15 %	19 %	30 %

1) Dividend as percentage of market price at year-end.
2) Appreciation during the year plus dividend paid as percentage of market price at the beginning of the year.
3) Shareholders' capital divided by number of shares issued.
4) Shareholders' share of the Group's net profit for the period.
5) Dividend as a percentage of the shareholders' share of the allocated profit.
6) Conversion to limited liability savings banks with effect from 1 January 2012. The number of shares increased from 199 489 669 to 255 751 082 on 18 June 2012 due to an increase in capital. The earnings per share figures from and including Q2 2012 are calculated on the basis of the new number of shares.

OWNERSHIP
SpareBank 1 SR-Bank aims to ensure good liquidity in equity instruments and that it has a good range of owners who represent customers, regional investors and Norwegian and international investors.

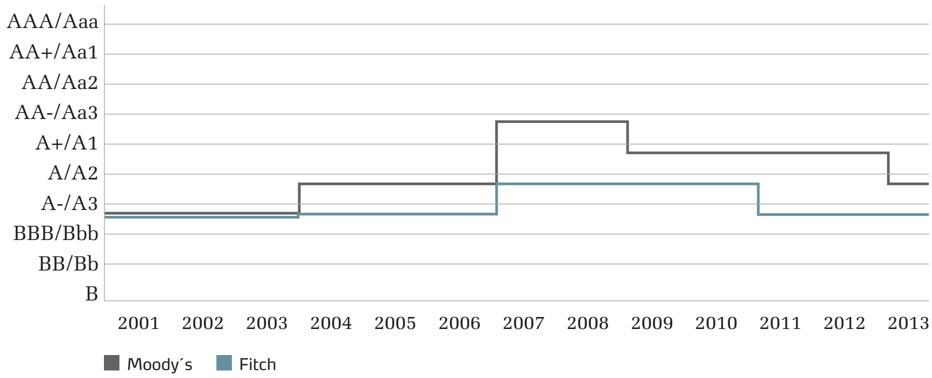
The share price fell from NOK 40.70 to NOK 37.20 in 2012. Taking into account the NOK 1.50 dividend this represents a negative effective return of 4.9 per cent. The Oslo Stock Exchange Benchmark Index rose by 14.7 per cent in the same period.

There were 11 959 (11 887) owners of SRBANK at year-end 2012. The proportion owned by foreign companies and individuals was 6.0 per cent, while 61.2 per cent of owners were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned a combined total of 60.7 per cent of the shares. The bank owned 346 134 treasury shares. Group employees owned 2.2 per cent of the shares at year-end 2012.

CREDIT RATING
Moody's Investor Services confirmed its A2 with a stable outlook credit rating of SpareBank 1 SR-Bank on 4 March 2013. The short-term financing rating remained unchanged throughout 2012 at Prime 1.

Fitch Ratings confirmed its A- (long-term) and F2 (short-term) with stable outlook credit ratings of SpareBank 1 SR-Bank on 19 February 2013.

Rating history



INFORMATION ADDRESSES
SpareBank 1 SR-Bank disseminates information to the market via the internet.

SpareBank 1 SR-Bank's website: www.sr-bank.no
Other links to financial information: www.huginonline.no, www.ose.no (Oslo Stock Exchange)

CORPORATE RESPONSIBILITY

CONSCIOUS CHOICES

Our job is to create value for the region of which we are part of. That is our purpose. It is the very foundation of our business model. Allocating capital, for both business development and house building, is the most important social task we perform. We have done this for 170 years and will continue to do so in the years ahead.

In 2012 we created measurable value of around NOK 3.0 billion.

- NOK 824 million (27 per cent) was transferred back to society in the form of direct and indirect taxes paid by our companies and employees
- NOK 966 million (32 per cent) benefited our employees in the form of net pay, pensions and other personal benefits
- NOK 384 million (13 per cent) went to our shareholders in the form of cash dividends
- NOK 827 million (28 per cent) was retained by the Group to support further growth in our market area

WE CHOOSE TO PURCHASE LOCALLY AND REGIONALLY

In addition to direct value creation, the Group's operations also have ripple effects due to our need for goods and services from the local business communities in Rogaland, Hordaland and the Agder counties.

In 2012, SpareBank 1 SR-Bank purchased goods and services worth more than NOK 806 million. In addition to being a major consumer of IT services, the Group spends substantial amounts on communications (telephony, postage and freight). A large number of buildings in the Group's area also need to be maintained, which means work for craftsmen of all types. We buy most of the goods and services we need from regional and local suppliers, provided they are competitive.

WE ARE AWARE OF OUR CORPORATE RESPONSIBILITIES

SpareBank 1 SR-Bank is one of the region's biggest taxpayers. We contributed NOK 400 million from last year's profit to the public purse in the form of tax. Our employees paid an additional NOK 315 million in tax in 2012. In other words, the Group and our employees together paid NOK 715 million in tax, which made a solid contribution to maintaining the well-developed public services in our region.

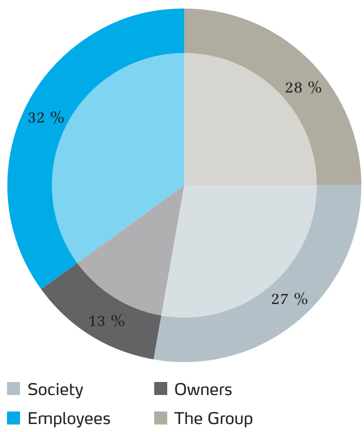
In addition to direct income tax, the Group pays substantial amounts in indirect taxes, mainly employer's national insurance contributions and VAT. These amounted to around NOK 226 million in 2012.

Around 1 330 people worked in SpareBank 1 SR-Bank in 2012. Together they received NOK 966 million in net pay, pensions and other personal benefits. We are one of the largest employers in the region and do our utmost to be an attractive employer that can attract knowledgeable and capable people. Our employees also play an important role besides helping to create value in the Group. Their skills and expertise benefit society since a large number of employees are engaged in various external networks and are members of non-profit organisations and clubs.

SpareBank 1 SR-Bank is deeply committed to its community. We support local cultural, sporting and youth initiatives. We make numerous financial donations to local volunteer-based organisations and clubs through a number of sponsorship agreements.

Some NOK 20 million was donated to various clubs, teams and organisations in the region through financial grants and sponsorship agreements in 2012.

Distribution of value addedw



GOVERNING BODIES

SUPERVISORY BOARD

Shareholder-elected members
Einar Risa (Chairman), Stavanger (4 905)
Arvid Langeland, Jørpeland (35 808)
Bente Thurmann-Nielsen, Erfjord (56 761)
Berit Rustad, Trondheim (156 433)
Egil Fjogstad, Stavanger (923 860)
Hanne Eik, Stavanger (15 162)
Helge Leiro Baastad, Lysaker (26 483 470)
Hilde Lekven, Nesttun (79 735 551)
Jan Atle Toft, Lyngdal (2 872)
Jorunn Kjellfrid Nordtveit, Valen (6 226 583)
Jørgen Ringdal, Oslo (26 483 470)
Leif Inge Slethei, Røyneberg (906 600)
Leif Sigurd Fisketjøn, Egersund (190 782)
Liv Gøril Johannessen, Vedavågen (639)
Melanie Tone Stensland Brun, Oslo (2 231 100)
Ove Iversen, Hundvåg (322)
Steinar Haugli, Jevnaker (565 473)
Svein Kj. Søyland, Ålgård (79 739 952)
Terje Nysted, Forsand (773 303)
Terje Vareberg, Stavanger (176 163)
Tone Haddeland, Sandnes (3 502)
Trygve Jacobsen, Hafrsfjord (1 588 620)

Employee-elected members
Astrid Saurdal, Egersund (9 171)
Elin Garborg, Bryne (10 837)
Frode Sandal, Sola (3 334)
Jan Inge Buer, Stavanger (3 486)
Thomas Fjelldal Gaarder, Bergen (2 024)
Anne Nystrøm Kvale* (26 064)
Silje Eriksen Bølla* (5 338)
Kristin H. Furuholt* (0)

CONTROL COMMITTEE
Odd Jo Forsell, Stavanger (Chairman) (0)
Vigdis Wiik Jacobsen, Stavanger (18 581)
Egil Fjogstad, Stavanger (923 860)

BOARD OF DIRECTORS
Kristian Eidesvik, Bømlo, (Chairman) (108 596)
Gunn Jane Håland, Stavanger (0)
Erling Øverland, Stavanger (18 935)
Erik Edvard Tønnesen, Mandal (3 877)
Birthe Cecilie Lepsøe, Bergen (0)
Catharina Hellerud, Oslo (26 483 470)
Odd Torland, Stavanger (0)
Sally Lund-Andersen, Haugesund (2 225)
Oddvar Rettedal, Stavanger (7 977)

NOMINATION COMMITTEE

Nomination committee for elections to the Board of Directors
Einar Risa (Chairman), Stavanger (79 740 456)
Trygve Jacobsen, Hafrsfjord (1 588 620)
Helge Leiro Baastad, Lysaker (26 483 470)
Hilde Lekven, Nesttun (79 735 551)
Gro Barka, Stavanger (15 230)

Nomination committee for elections to the Supervisory Board
Trygve Jacobsen (Chairman), Hafrsfjord (1 588 620)
Einar Risa, Stavanger (79 740 456)
Helge Leiro Baastad, Lysaker (26 483 470)
Hilde Lekven, Nesttun (79 735 551)
Gro Barka, Stavanger (15 230)

AUDIT COMMITTEE
Erling Øverland, Stavanger (18 935)
Catharina Hellerud, Oslo (26 483 470)
Erik Edvard Tønnesen, Mandal (3 877)

REMUNERATION COMMITTEE
Gunn-Jane Håland, Stavanger (0)
Odd Torland, Stavanger (0)
Birthe Cecilie Lepsøe, Bergen (0)

EXECUTIVE MANAGEMENT
CEO Arne Austreid (11 333)
CFO Inge Reinertsen (32 662)
Exective VP Capital Market Stian Helgøy (23 379)
Executive VP Retail Market Jan Friestad (25 499)
Executive VP Corporate Market Tore Medhus (28 470)
Executive VP Communications Thor-Christian Haugland (9 158)
Executive VP HR Wenche Mikalsen (8 607)
Executive VP Business Support & Development Glenn Sæther (9 495)
Executive VP Risk Management & Compliance Frode Bø (11 656)

EXTERNAL AUDITOR
PricewaterhouseCoopers AS
Gunnar Slettebø, State Authorised Public Accountant (Norway)

** replacement deputy member*

(The figures in brackets provide an overview of the number of shares the person owned in SpareBank 1 SR-Bank ASA as per 31.12.2012. The figures also include shares belonging to immediate family members and companies where the person has a determining influence, ref. Accounting Act, section 7-26. In addition to this, the shares of the institution the individual representative was elected on behalf of are included.)

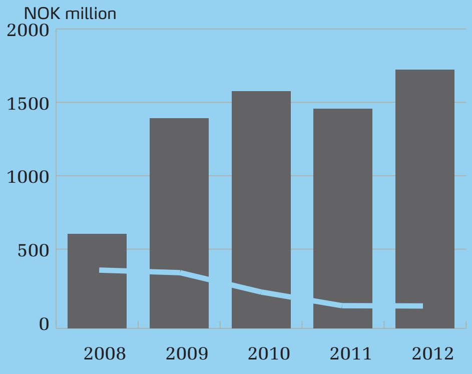
KEY FIGURES LAST 5 YEARS

(Figures in NOK million)

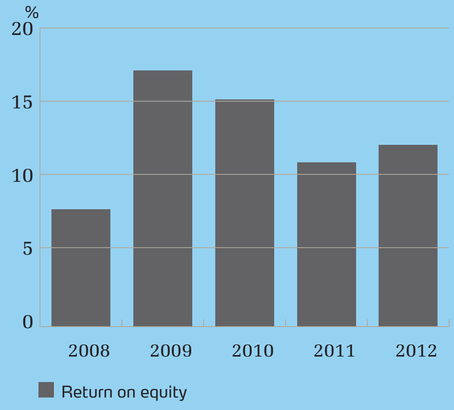
SpareBank 1 SR-Bank Group	2012	2011	2010	2009	2008
Profit/loss					
Net interest income	1 742	1 756	1 742	1 676	1 644
Net income from financial investments	288	89	257	384	-234
Other operating income	1 756	1 422	1 415	1 319	1 072
Total net income	3 786	3 267	3 414	3 379	2 482
Total operating costs before loan losses	1 888	1 633	1 566	1 579	1 453
Operating profit before loan losses	1 898	1 634	1 848	1 800	1 029
Losses on loans and guarantees	137	139	234	368	386
Operating profit before tax	1 761	1 495	1 614	1 432	643
Tax	400	414	297	321	163
Net profit for the period available for distribution:	1 361	1 081	1 317	1 111	480
Majority interests	1 361	1 081	1 317	1 109	469
Minority interests	-	-	-	2	11
Return (% of average total assets)					
Net interest income	1,27 %	1,31 %	1,35 %	1,35 %	1,49 %
Net income from financial investments	0,21 %	0,07 %	0,20 %	0,31 %	-0,21 %
Other operating income	1,28 %	1,06 %	1,10 %	1,06 %	0,97 %
Total net income	2,76 %	2,44 %	2,65 %	2,72 %	2,25 %
Total operating costs before loan losses	1,38 %	1,22 %	1,22 %	1,27 %	1,32 %
Operating profit before loan losses	1,38 %	1,22 %	1,43 %	1,45 %	0,93 %
Losses on loans and guarantees	0,10 %	0,10 %	0,18 %	0,30 %	0,35 %
Operating profit before tax	1,28 %	1,12 %	1,25 %	1,15 %	0,58 %
Tax	0,29 %	0,31 %	0,23 %	0,26 %	0,15 %
Net profit for the period available for distribution:	0,99 %	0,81 %	1,02 %	0,89 %	0,44 %
Volumes					
Total assets	141 543	131 142	134 778	124 909	125 858
Lending to retail market	52 569	47 593	56 492	45 847	51 528
Lending to retail market incl. SB1 Boligkreditt	100 786	92 287	82 349	70 601	63 754
Lending to corporate market	55 723	52 563	48 736	47 063	47 500
Lending to corporate market incl. SB1 Næringskreditt	56 194	53 198	49 040	47 063	47 500
Retail market deposits	34 311	31 445	28 683	25 180	24 511
Corporate market deposits	33 248	32 557	32 054	29 106	28 360
Lending growth in retail market excl. SB1 Boligkreditt %	10,5	-15,8	23,2	-11,0	0,8
Lending growth in corporate market excl. SB1 Næringskreditt %	6,0	7,9	3,6	-0,9	30,3
Percentage growth in retail market deposits	9,1	9,6	13,9	2,7	14,3
Percentage growth in corporate market deposits	2,1	1,6	10,1	2,6	-1,4
Equity					
Share capital	6 385	3 180	3 180	3 014	1 865
Share premium reserve	1 587	625	625	458	92
Other equity	4 665	1 574	1 609	1 389	1 018
Primary capital		2 739	2 477	2 241	2 066
Dividend equalisation fund		1 639	1 511	971	913
Minority interests					12
Total equity	12 637	9 757	9 402	8 073	5 966
Key figures					
Return on equity %	12,4	11,2	15,5	17,5	8,0
Cost/income ratio	49,9	50,0	45,9	46,7	58,5
No. of full time equivalents	1 207	1 213	1 163	1 093	1 117
Loan loss ratio	0,13	0,13	0,23	0,38	0,41
Gross defaults as percentage of total lending	0,42	0,41	0,42	0,42	0,35
Other impaired commitments as percentage of gross loans	0,72	0,69	0,72	0,81	1,26
Capital ratio %	13,10	11,44	12,41	11,86	9,80
Tier 1 capital ratio %	12,15	10,62	10,21	9,61	6,44
Core equity capital ratio %	10,01	8,27	8,71	8,17	5,84
Average total assets	137 212	133 629	128 830	124 283	110 244

Resultat og tap

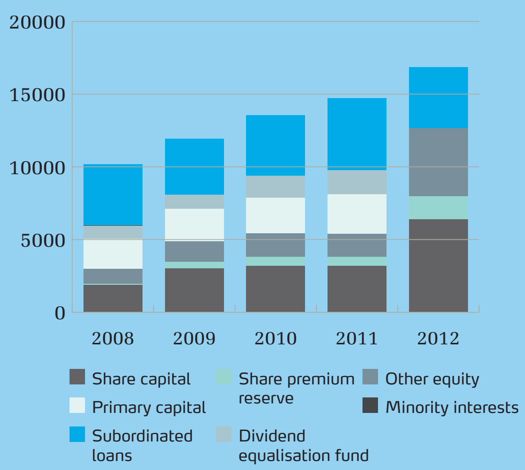
Profit and loss (NOK million)



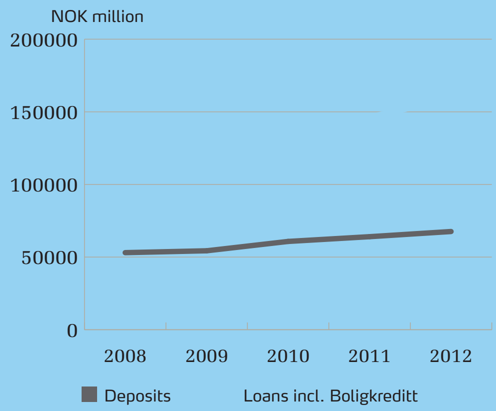
Return on equity



Equity and subordinated loans

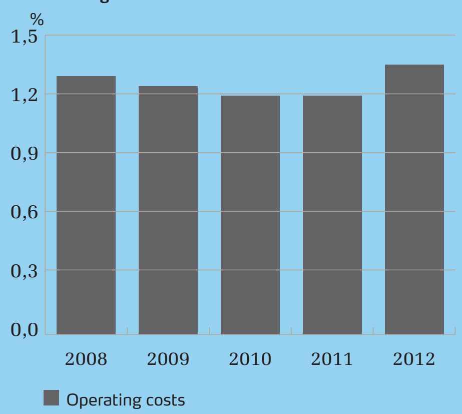


Loans and deposits (NOK million)

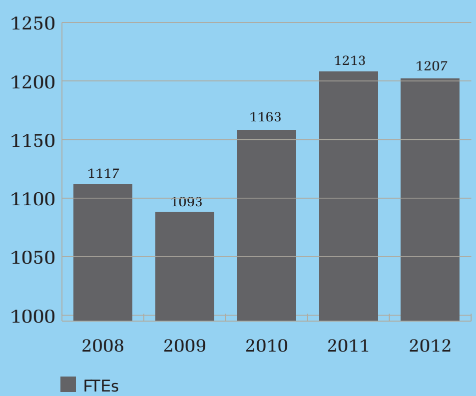


Operating costs

% of average total assets



FTEs, Group



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