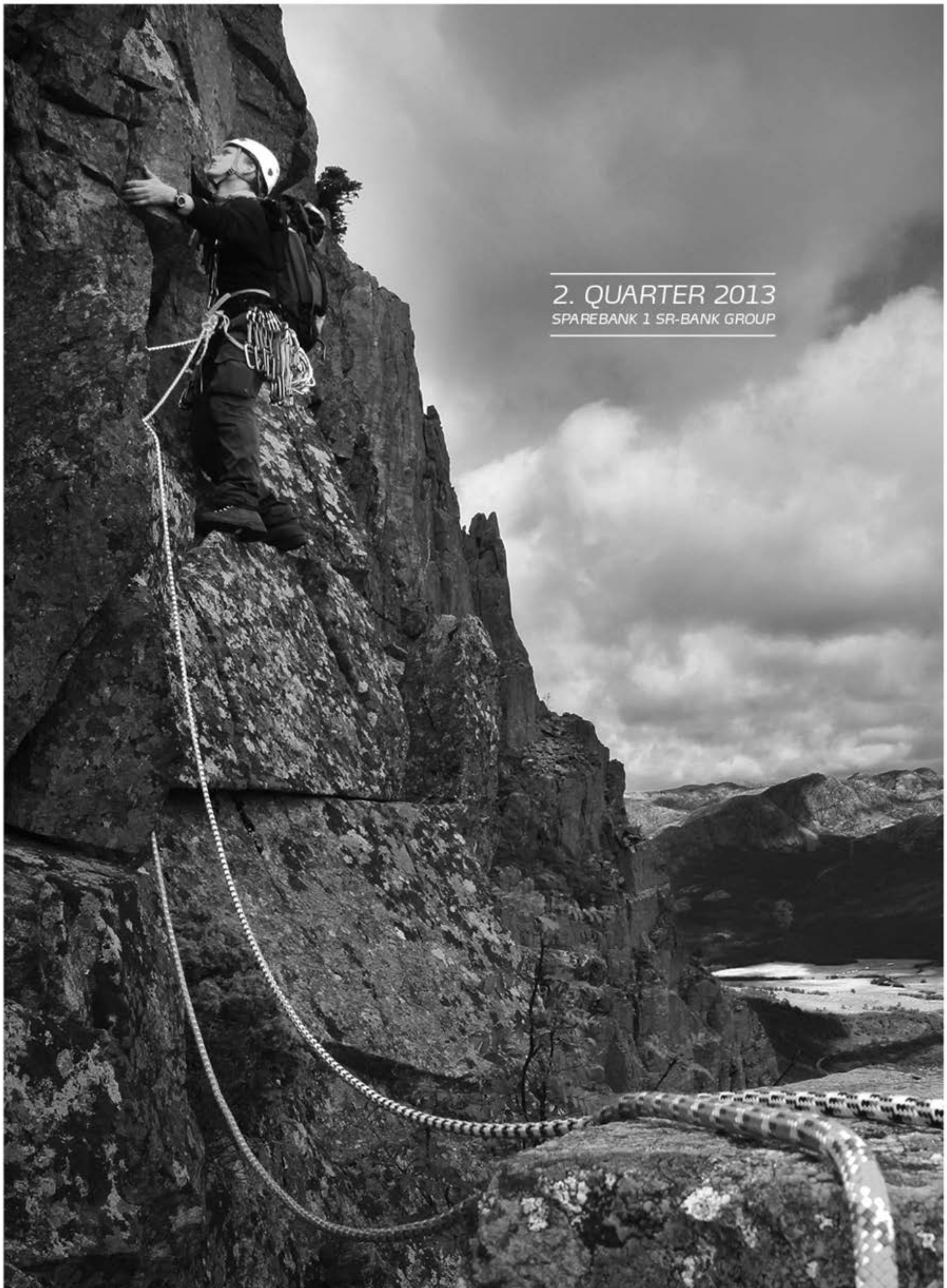

2. QUARTER 2013
SPAREBANK 1 SR-BANK GROUP

Good result characterised by continued growth, low losses and efficient operations

2nd Quarter 2013

- Pre-tax profit: NOK 511 million (NOK 405 million)
- Net profit for the period: NOK 383 million (NOK 303 million)
- Return on equity after tax: 11.8% (11.8%)
- Earnings per share: NOK 1.50 (NOK 1.19)
- Net interest income: NOK 526 million (NOK 413 million)
- Net commissions and other operating income: NOK 465 million (NOK 379 million)
- Net income from financial investments: NOK 62 million (NOK 87 million)
- Operating costs: NOK 517 million (NOK 440 million)
- Impairment losses on loans: NOK 25 million (NOK 34 million)

(Figures for Q2 2012 are shown in parentheses)

1st Half 2013

- Pre-tax profit: NOK 1,012 million (NOK 798 million)
- Net profit for the period: NOK 777 million (NOK 619 million)
- Return on equity after tax: 12.1% (12.3%)
- Earnings per share: NOK 3.04 (NOK 2.42)
- Net interest income: NOK 977 million (NOK 814 million)
- Net commissions and other operating income: NOK 869 million (NOK 681 million)
- Net income from financial investments: NOK 223 million (NOK 289 million)
- Operating costs: NOK 1,007 million (NOK 918 million)
- Impairment losses on loans: NOK 50 million (NOK 68 million)
- Total lending growth over the last 12 months: 6.1% (9.3%)
- Growth in deposits over the last 12 months: 2.8% (9.7%)
- Tier 1 capital ratio: 12.0% (11.4%)
- Core equity capital ratio: 10.3% (9.2%)

(Figures for H1 2012 are shown in parentheses)

Financial performance Q2 2013

The Group's pre-tax profit was NOK 511 million (NOK 405 million) compared with NOK 501 million in the first quarter of 2013. Return on equity for the quarter was 11.8% (11.8%) compared with 12.3% in the first quarter of 2013.

Net interest income totalled NOK 526 million (NOK 413 million) compared with NOK 451 million in the first quarter of 2013. The net interest margin (net interest income as a percentage of average total assets) was 1.43%
in the second quarter of 2013 (1.22%) compared with 1.27% in the first quarter of 2013. The improvement was primarily attributable to higher lending margins, while reduced deposit margins and the Norwegian Banks Guarantee Fund charge pulled in the opposite direction.

Net commissions and other operating income was NOK 465 million (NOK 379 million) compared with NOK 404 million in the first quarter of 2013. Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt amounted to NOK 151 million (NOK 84 million), compared with NOK 126 million in the first quarter of 2013. Net income from financial investments was NOK 62 million (NOK 87 million) compared with NOK 161 million in the first quarter of 2013. The decrease from the first quarter 2013 was due to lower returns on equities and bonds and lower income from ownership interests.

Operating costs totalled NOK 517 million (NOK 440 million) compared with NOK 490 million in the first quarter of 2013. The increase in costs for the second quarter was primarily due to higher marketing costs and higher variable personnel costs.

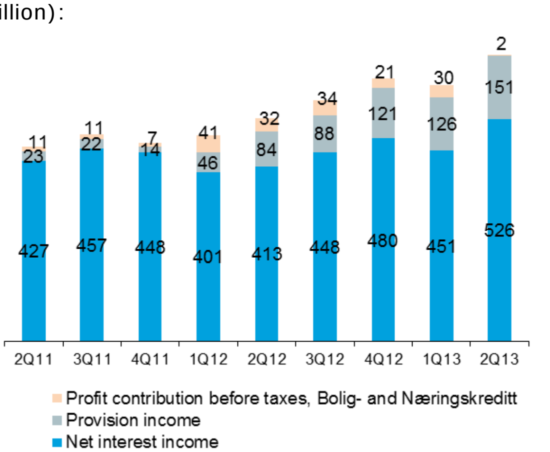
Impairment losses on loans were NOK 25 million (NOK 34 million) compared with NOK 25 million in the first quarter of 2013.

Financial performance H1 2013

Net interest income

The Group's net interest income in the first half of 2013 amounted to NOK 977 million (NOK 814 million). Net interest income must be viewed in the context of commissions and profit contributions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Commissions from these companies in the first half of 2013 amounted to NOK 277 million (NOK 130 million), whilst profit contributions before tax amounted to NOK 32 million (NOK 73 million). In the year-to-date, net interest income, commissions and profit contributions before tax have increased by a total of NOK 269 million compared with the first half of 2012.

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



The average net interest margin in the first half of 2013 was 1.35% compared with 1.21% in the first half of 2012.

Net commissions and other operating income

Net commissions and other operating income in the first half of 2013 totalled NOK 869 million (NOK 681 million).

Net commissions in the first half of 2013 totalled NOK 637 million (NOK 455 million). NOK 147 million of the NOK 182 million year-on-year increase is attributable to higher commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Other commissions rose by 10.8% from the first half of 2012 to the first half of 2013.

Other operating income in the first half of 2013 amounted to NOK 232 million (NOK 226 million). Other operating income is mainly income from estate agency operations.

Net income from financial investments

Net income from financial investments in the first half of 2013 totalled NOK 223 million (NOK 289 million). Capital losses on securities amounted to NOK 56 million (capital gains of NOK 45 million) and capital gains on interest rate and currency trading amounted to NOK 117 million (capital gains of NOK 68 million). Furthermore, income from ownership interests totalled NOK 130 million (NOK 153 million) and dividends totalled NOK 32 million (NOK 24 million).

The losses on securities of NOK 56 million in the first half of 2013 were derived from losses of NOK 7 million in the equity and equity certificate portfolio and losses of NOK 49 million in the fixed income portfolio. As of 30 June 2013, the Group is not directly exposed to foreign government debt outside the Nordic region.

Income from ownership interests for the first half of 2013 amounted to NOK 130 million (NOK 153 million). The share of the profit from SpareBank 1 Gruppen amounted to NOK 77 million (NOK 61 million), from SpareBank 1 Boligkreditt it amounted to NOK 21 million (NOK 49 million) and from SpareBank 1 Næringskreditt it amounted to NOK 2 million (NOK 4 million). The share of the profit from BN Bank was NOK 26 million (NOK 16 million), while NOK 5 million (NOK 4 million) was recognised as income due to the amortisation of identified badwill in connection with an acquisition in 2009.

SpareBank 1 Gruppen wrote down the value of SpareBank 1 Markets by a total of NOK 122 million kroner in the second quarter of 2013; SpareBank 1 SR-Bank's share of this amounts to NOK 24 million.

Operating costs

The Group's operating costs totalled NOK 1,007 million in the first half of 2013. This represents an increase of NOK 89 million (9.7%) compared with the first half of 2012. Last year's costs were affected by non-recurring items totalling NOK 35 million related to changes in the pension scheme in EiendomsMegler 1 SR-Eiendom. Corrected for this reduction in costs, non-recurring costs from personnel-related restructuring recognised in the first half of 2013, and changes in the accrual accounting rules for variable pay, operating costs have increased by 3.2% in the last 12 months.

The Group's cost/income ratio at the end of the first half of 2013, costs measured as a percentage of income, was 48.7% (51.5%).

Credit risk and portfolio development

The Group's total lending portfolio[1] of NOK 163 billion is dominated by low risk commitments. 93.3% of the loan exposure satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are low and amount to 0.03%. The portfolio primarily consists of commitments with exposure of less than NOK 10 million. These account for around 68% of the loan exposure and 99% of customers. Around 19% of the loan exposure is to customers with loans in excess of NOK 100 million. The credit quality in this portion of the portfolio is better than in the rest of the corporate market portfolio.

The quality of the corporate market portfolio is considered good and its development is stable. More than 80% of the loan exposure satisfies the criteria for low and lowest risk. Expected losses in this portion of the portfolio are limited and amount to 0.1%. The property management portfolio represents the Group's largest concentration in a single sector and accounts for 15% of total loan exposure, which includes retail customers. A large portion of this portfolio consists of financing commercial properties for leasing. This portfolio is characterised by long-term leases as well as financially solid tenants, and the expected losses are lower than in the rest of the corporate market portfolio.

The quality of the retail market portfolio is considered very good. The loan-to-collateral value ratio is generally moderate. The proportion of loan exposure (including the portfolio in SpareBank 1 Boligkreditt) within a loan-to-collateral value ratio of 85% is increasing and currently stands at more than 98%.

[1] Includes portfolios sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

Impairment losses on loans and non-performance

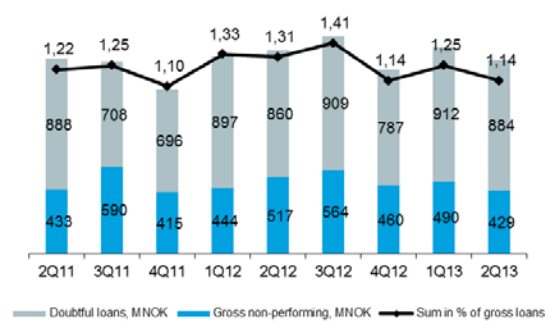
In the first half of 2013, the Group recognised NOK 50 million (NOK 68 million) in net impairment losses on loans. This corresponds to impairment as a percentage of gross loans of 0.09% (0.13%). There were no changes in group write-downs in the first half of 2013.

Good credit quality in the retail and corporate markets kept impairment losses on loans at a continued moderate level.

Gross non-performing commitments at the end of the first half of 2013 amounted to NOK 429 million (NOK 517 million). This corresponds to 0.37% (0.49%) of gross loans. The portfolio of impaired (not non-performing) loans totalled NOK 884 million (NOK 860 million). This corresponds to 0.77% (0.82%) of gross loans. Total non-performing loans and impaired loans at the end of the first half of 2013 amounted to NOK 1,313 million (NOK 1,377 million). In terms of gross loans, this is a reduction over the last 12 months from 1.31% to 1.14%.

The loan loss provision ratios, measured as individual write-downs as a percentage of non-performing and impaired loans, was 23% (32%) and 33% (39%) respectively at the end of the first half of 2013.

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

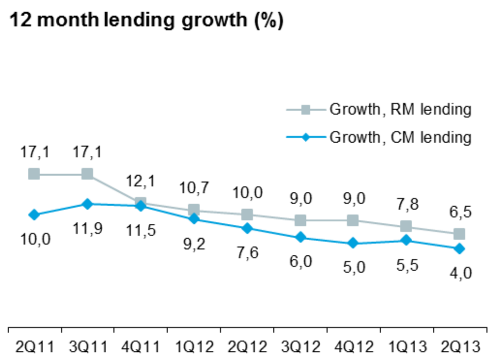


Loans to and deposits from customers

Gross loans at the end of the first half of 2013 amounted to NOK 115.2 billion (NOK 105.4 billion). Including loans totalling NOK 47.5 billion (NOK 47.9 billion) sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, gross loans amounted to NOK 162.7 billion (NOK 153.3 billion). Gross lending growth over the last 12 months was 6.1% (9.3%). Loans to the retail market accounted for

63.3% (63.2%) of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at the end of the first half of 2013.

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



Deposits from customers rose by 2.8% (9.7%) over the last 12 months to NOK 73.3 billion (NOK 71.3 billion). Deposits from the corporate market and public sector accounted for 48.3% (51.3%) of the Group's customer deposits at the end of the first half of 2013.

In addition to ordinary customer deposits, the Group had NOK 13.0 billion (NOK 11.6 billion) under management at the end of the first half of 2013, primarily through SR-Forvaltning and ODIN funds.

The deposit coverage ratio at the end of the first half of 2013, measured as deposits as a percentage of gross loans, was 63.6% (67.6%). As per 30 June 2013, the Financial Supervisory Authority of Norway's Funding Indicator 1 (which shows the ratio of illiquid assets financed by debt with a duration of more than 1 year) was 107.2% (109.4%) for the parent bank and 106.5% (106.6%) on a consolidated basis.

Business areas

Retail market division[2]

The retail market division's profit contribution before impairment losses on loans amounted to NOK 619.6 million in the first half of 2013. The improvement of NOK 133 million from last year was due to an improved net interest margin, growth in deposits and loans, and good costs control. Income from payment systems, insurance and investment services showed moderate growth.

Over the last 12 months, the division's lending has increased by 6.4% and deposits by 6.7%[3]. This growth is the result of general market growth and a strong market position. Lending growth in the retail market nonetheless slowed somewhat in the second quarter due to stricter credit practices and reduced demand.

The number of mobile banking customers continues to grow and 25% of customers now use the mobile bank every month. In general, the market area is characterised by a high influx of people and significant activity related to the oil sector.

Impairment losses on loans are low. The percentage of non-performing loans is 0.34% of total loans.

Corporate market division[2]

The corporate market division's contribution before impairment losses on loans was NOK 439.3 million in the first half of 2013. This is NOK 1 million lower than at the same time last year. Both income and costs have increased slightly compared with the first half of 2012. The growth in costs is primarily attributable to increased staffing due to internal transfers. Over the last 12 months, the division's lending has grown by 3.8% and deposits by 1.2%[3].

We are actively working on across-the-board sales of the Group's products, and product coverage is increasing. Commissions and other operating income have increased by 18.2% over the last 12 months.

Recognised individual impairment losses on loans amounted to NOK 44.6 million in the first half of 2013, compared with NOK 85.0 million at the same time last year. The total level of losses in the division during the period is below the long-term expected average and the proportion of non-performing loans is low.

Priority areas for the division are long-term profitability, good customer relationships and a well-

[2] 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). Differences between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated at the group level. Internal cost of funds has increased from 2012 to 2013 and therefore affects net interest income in the business areas.

[3] The growth in lending and deposit volumes has been affected by the transfer of customers from the retail to the corporate markets.

developed range of products. Continued strong competition for deposits and pressure on deposit margins are expected, while lending margins are expected to moderately expand going forward.

Capital market division

Securities activities are organised under the SR-Bank Markets brand and include customer and own account trading in fixed income instruments, foreign exchange and equities, analysis and corporate finance services. The management is performed via a separate subsidiary, SR-Forvaltning AS.

SR-Bank Markets' income in the first half of 2013 of NOK amounted to 105.1 million (NOK 142.7 million). The bulk of this income comes from customer trading in fixed income and foreign exchange instruments. The lower income from customer trading in fixed income instruments was primarily attributable to reduced activity within interest rate hedging due an expectation that interest rates will remain low for a long time going forward; income from customer trading in foreign exchange instruments increased slightly. Significant market movements in the last half of the quarter had a negative impact on income from own account trading.

The level of activity in the corporate finance department was high and it won several mandates within capital raising and M&A for companies in the Group's market area. Otherwise the market for raising equity capital was weak in the last quarter, but expectations for the second half of the year are positive.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a profit before tax of NOK 30.9 million in the first half of 2013 (NOK 72.2 million). The lower result is primarily attributable to the recognition as income in the second quarter of 2012 of NOK 35 million in earlier provisions linked to changes to the company's pension scheme.

In the first half of 2013, 3,863 (3,806) properties with a total value of around NOK 11.8 billion were sold. The supply of new assignments is good and the order book rose by 9.7% compared with the same period last year. The housing market was affected by greater uncertainty concerning future price trends in the second quarter. This has resulted in a certain amount of reserve on the part of buyers. Prices thus developed moderately in the period and the turnover period increased. The company expects this trend to last going forward.

There is good access to new housing projects for sale, and public interest is high. At the same time, this market has been affected by stricter deposit requirements for buying residential property. This has slowed down sales of new housing projects, especially projects involving smaller living units aimed at first time buyers.

Activity in the commercial property market is good and mirrors the level of activity within oil-related activities in the Stavanger region. This market is expected to continue improving throughout the year. The trend within the management and operation of commercial buildings is also satisfactory.

SpareBank 1 SR-Finans AS

The company's main products are lease financing for the business sector and car and boat loans for retail customers. SpareBank 1 SR-Finans is the leading leasing company in Rogaland with total assets of NOK 6,179 million.

In the first half of 2013, the company achieved a pre-tax profit of NOK 81.7 million (NOK 51.6 million). The improved result is primarily due to expanded margins and higher other operating income, as well as the reversal of earlier impairment losses on loans. Profit before impairment and losses was NOK 72.2 million (NOK 55.8 million). Net lending has increased by 8.3% in the last 12 months and at the end of the first half of 2013 it amounted to NOK 6,170 million (NOK 5,698 million).

3,139 contracts were established in the first half of 2013 (3,047 contracts). The company's total new sales in the first half of 2013 amounted to NOK 1,254 million (NOK 1,130 million). This represents an increase of 11.0% compared with the same period in 2012.

Continued good growth in car loans for retail customers but slightly slower growth within lease financing are expected in 2013.

SR-Forvaltning AS

SR-Forvaltning is licensed to provide active management and securities management services. The latter were launched on the 2 May 2013 and consist of three new funds: SR-Utbytte, SR-Kombinasjon and SR-Rente. All of the funds have enjoyed a good start. The company manages portfolios for SpareBank 1 SR-Bank's pension fund and around 2,500 external customers on the basis of discretionary mandates. The customer base comprises pension funds, public institutions, corporate customers and high net worth individuals.

Pre-tax profit in the first half of 2013 amounted to NOK 10.7 million (NOK 11.5 million). The company had approximately NOK 6.8 billion under management at the end of the first half of 2013 (NOK 6.1 billion).

SR-Investering AS

The purpose of SR-Investering 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.

Pre-tax profit in the first half of 2013 amounted to NOK 8.2 million (NOK 4.1 million). The improvement in profitability is attributable to realisations and the rise in value of the company's investment portfolio. At the end of the first half of 2013, the company had investments of NOK 174.6 million and residual commitments linked to these of NOK 92 million, split between 20 funds and companies.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

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

SpareBank 1 Boligkreditt's total lending volume at the end of the first half of 2013 amounted to NOK 166.9 billion, NOK 46.8 billion of which were home mortgages bought from SpareBank 1 SR-Bank. The bank currently owns a 29.9% stake in the company. This is updated at the end of each year in line with the volume sold.

SpareBank 1 Næringskreditt's total lending volume at the end of the first half of 2013 was NOK 12.9 billion, NOK 0.7 billion of which were mortgages bought from SpareBank 1 SR-Bank. The bank owns a 27.8% share in the company.

Funding

Norwegian economic growth was somewhat lower in the last few quarters than previously forecast. In May, the companies in Norges Bank's regional network reported that production growth has slowed down. At the same time, they adjusted their expected growth forecasts downwards. Employment growth has slowed somewhat and unemployment has risen slightly.

However, the high levels of activity in the petroleum sector and building industry have helped sustain growth in Norway's economy. Meanwhile, sections of the export industry are being affected by weak growth in Norway's most important trading partners, a high level of costs and a strong NOK exchange rate. The growth seen in both exports from mainland Norway and company investments has been quite moderate in recent quarters. Housing prices continued to rise throughout last year, but this growth has slowed relatively significantly in the last few months.

The financial markets were volatile in the quarter. The equity markets developed positively in both April and May, but experienced a fall in June. The interest rate markets also saw major movements, and the Norwegian 10-year government rate has risen by more than 50 basis points since it bottomed out in the quarter. SpareBank 1 SR-Bank is therefore prepared for a continued high level of volatility in the market.

The markets for long-term unsecured borrowing were good in April and May for banks with a high credit rating. However, towards the end of the quarter market sentiment turned due to signs that the US Federal Reserve was considering starting to scale back on quantitative easing if its economy continued to strengthen. Increased fears of economic problems in China also contributed to greater uncertainty and a hesitant, nervous bond market at the end of the quarter. SpareBank 1 SR-Bank has had good access to new funding during the quarter and, like most major banks, is continuing to adapt to the new regulatory requirements by securing more long-term funding and increasing its holdings of highly liquid securities.

The liquidity situation at the end of the quarter was good and SpareBank 1 SR-Bank assumes it will continue to have good access to long-term funding at competitive prices going forward. The Group strives to achieve an even maturity structure for funding and believes it is important to have good relations with a large number of Norwegian and international investors and banks. The liquidity buffer[4] amounted to NOK 15.8 billion at the end of the quarter. This level ensures that the bank can maintain normal operations for 20 months without access to extra funding.

Capital adequacy

The core equity capital ratio at the end of the first half of 2013 (excl. hybrid tier 1 capital) was 10.3% (9.2%). At the same time, the Group's tier 1 capital ratio was 12.0% (11.4%) and its capital ratio was 12.9% (11.9%). All capital ratio figures are based on the transitional rule (Basel I floor) that states that the capital requirement for using internal methods cannot be less than 80% of the capital requirement according to the Basel I regulations.

New capital adequacy rules for financial institutions and securities firms were adopted by both the European Parliament and the Council and Ministers of the European Community in the second quarter. The rules are based on the Basel Committee's recommendations for new, stricter capital and liquidity standards, Basel III, and will come into force on 1 January 2014. Norway has chosen to introduce the requirements more quickly than it is required to by the implementation deadline in the international rules. In Norway, the law came into force on 1 July 2013 and entails requirements for a core equity capital ratio of at least 9% and a total capital ratio of 12.5%. The core equity capital ratio will subsequently be gradually increased to 12% by 1 July 2016.

In addition to the above-mentioned capital requirements, there will be a requirement in Norway, pursuant to Basel III, for a so-called countercyclical capital buffer of up to 2.5% in the form of core equity tier 1 capital. Norges Bank will advise on the level and timing for the introduction of the buffer during autumn 2013, while the actual level will be set by the Ministry of Finance. Clarification of how the banks' home mortgages will be weighted in capital adequacy calculations are also expected in the second half of 2013. Until the final regulatory clarifications are in place, SpareBank 1 SR-Bank will gradually adapt its operations to the new requirements.
The reduction of its stake in Bank 1 Oslo Akershus AS through the sale of shares to Sparebanken Hedmark was approved by the Ministry of Finance on 26 April 2013. SpareBank 1 SR-Bank's stake in the company has been reduced from 19.5% to 4.8%. The effect on its capital ratio was consequently included in the second quarter and, on its own, entailed a strengthening of around 0.10 percentage points.

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

The bank's shares

The bank's share price (SRBANK) was NOK 47.5 at the end of the first half of 2013. This represents a decrease of 2.0% from the end of the first quarter 2013, corrected for paid dividends. The main Oslo Stock Exchange index rose by 0.5% in the same period. 5.0% (3.5%) of outstanding SRBANK shares were traded in the second quarter of 2013.

There were 11,527 (12,259) owners of SRBANK at the end of the first half of 2013. The proportion owned by foreign companies and individuals was 10.1%, whilst 57.2% were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned 61.1% of the shares. The bank's treasury shares numbered 207,645 shares. Group employees accounted for 2.1% of the shares at the end of the first half of 2013.

The table below shows the 20 biggest shareholders as at 30 June 2013:

	Quantity (NOK mill)	%
Sparebankstiftelsen SR-Bank	76.836	30,04 %
Gjensidige Forsikring ASA	26.483	10,36 %
Folketrygdfondet	7.909	3,09 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,43 %
Odin Norge	5.897	2,31 %
Frank Mohn AS	5.373	2,10 %
Odin Norden	4.148	1,62 %
Skagen Global	3.884	1,52 %
State Street Bank and Trust, U.S.A.	2.227	0,87 %
Clipper AS	2.179	0,85 %
J.P. Morgan Chase Bank, U.K.	2.099	0,82 %
J.P. Morgan Chase Bank, Sverige	2.014	0,79 %
Fondsfinans Spar	1.671	0,65 %
The Bank of New York Mellon, U.S.A.	1.574	0,62 %
Tveteraas Finans AS	1.391	0,54 %
Westco AS	1.322	0,52 %
Skagen Global II	1.316	0,51 %
Køhlergruppen AS	1.293	0,51 %
FLPS, U.S.A.	1.250	0,49 %
Varma Mutual Pension Insurance, Finland	1.248	0,49 %
Total 20 largest	156.340	61,13 %

Accounting policies

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

[4] Liquidity buffer: cash, short-term investments, and drawing rights in Norges Bank (bonds including covered bonds). Providing deposits and lending remain unchanged, with no new borrowing during the period.

IFRS regulations. As of 30 June 2013, the IFRS consolidated financial statements show a net profit for the period of NOK 777 million and the IFRS financial statements for the parent company show a net profit for the period of NOK 1,064 million. Most of the items are treated identically in the parent company and the consolidated financial statements, although there is one major difference. In the consolidated financial statements subsidiaries are consolidated, while associated companies are recognised using the equity method. Use of the equity method is not permitted in IFRS parent company financial statements. These ownership interests must be assessed at cost here. Dividends paid by the bank's subsidiaries and the SpareBank 1 Group and other associated companies are taken to income in the parent company's financial statements. It is the parent company's profit as of 31 December 2013 that provides the basis for allocation of the profit.

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

Events after the balance sheet date

SpareBank 1 Markets will effective from the third quarter of 2013, have a new ownership structure through SpareBank 1 Gruppen's divestment of its shares in the company to other partners in the SpareBank 1 Alliance. The transaction is subject to approval from The Board of Directors and the Financial Supervisory Authority of Norway.

SpareBank 1 SR-Bank has opted not to acquire an ownership stake in SpareBank 1 Markets.

No other material events have been recorded after 30 June 2013.

Outlook

The uncertainty surrounding the debt situation and real economic consequences in a number of Eurozone countries continues, and macroeconomic trends so far in 2013 indicate somewhat muted international growth. This is having certain ripple effects on the Norwegian economy as well. A stronger and sustained negative trend in Europe and Asia thus represents a risk for the macro picture in Norway too.

However, the expectation of a continued high oil price, a high level of investment and increased house building are contributing to a high, stable level of activity in the region and continued good conditions for growth are therefore expected for the region's business and population with sustained low unemployment. If the region's business sector is hit to a greater degree than to date by continued international setbacks or a significant fall in the price of oil, this could contribute to reduced demand for credit. Non-performance and write-downs of loans are expected to remain relatively low in the future as well.

New regulations, including in the form of stricter requirements for equity and funding, necessitate less capital intensive growth going forward than has been the norm in the last few years. Further clarifications regarding the requirement for any countercyclical capital buffer and increased risk weighting for home mortgages are expected in the second half of 2013, and together the new requirements entail a need to continue significantly increasing the Group's tier 1 capital. The Group is well capitalised and will continue to organically build up its solvency in the future. Solid earnings and good access to long-term funding mean SpareBank 1 SR-Bank is well positioned to adapt to the new regulatory requirements.

The increases in interest rates that have been implemented for retail and corporate customers will, on their own, contribute to increased interest income in the coming quarters. Together with efficient operations and income from SpareBank 1 SR-Banks several product and service areas this means we expect continued good earnings and positive underlying growth in the business areas for the year as a whole.

Stavanger, 13 August 2013
The Board of Directors of SpareBank 1 SR-Bank ASA.

Interim financial statements

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	30.06.13 MNOK	%	30.06.12 MNOK	%	31.12.12 MNOK	%
Net interest income	977	*1,35*	814	*1,21*	1.742	*1,27*
Net commission and other income	869	*1,20*	681	*1,02*	1.466	*1,07*
Net return on investment securities	223	*0,31*	289	*0,43*	578	*0,42*
Total income	2.069	*2,86*	1.784	*2,66*	3.786	*2,76*
Total operating expenses	1.007	*1,39*	918	*1,37*	1.888	*1,38*
Profit before losses	1.062	*1,47*	866	*1,29*	1.898	*1,38*
Impairment losses on loans and guarantees	50	*0,07*	68	*0,10*	137	*0,10*
Pre-tax profit	1.012	*1,40*	798	*1,19*	1.761	*1,28*
Tax expense	235	*0,33*	179	*0,27*	400	*0,29*
Profit after tax from continuing operations	777	*1,08*	619	*0,92*	1.361	*0,99*

	30.06.13	30.06.12	31.12.12
PROFITABILITY			
Return on equity [1]	12,1 %	12,3 %	12,4 %
Cost ratio [2]	48,7 %	51,5 %	49,9 %
BALANCE SHEET			
Gross loans to customers	115.214	105.428	109.513
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	162.714	153.329	158.201
Deposits from customers	73.281	71.285	67.594
Deposit-to-loan ratio	63,6 %	67,6 %	61,7 %
Growth in loans	9,3 %	-2,3 %	8,0 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	6,1 %	9,3 %	7,8 %
Growth in deposits	2,8 %	9,7 %	5,5 %
Average total assets	145.751	134.830	137.212
Total assets	151.110	139.615	141.543
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3]	0,09	0,13	0,13
Non-performing commitments as a percentage of gross loans	0,37	0,49	0,42
Other doubtful commitments as a percentage of gross loans	0,77	0,82	0,72
SOLIDITY			
Capital ratio	12,9	11,9	13,1
Tier 1 capital ratio	12,0	11,4	12,1
Core equity Tier 1 capital ratio	10,3	9,2	10,0
Core capital	13.691	12.514	13.507
Net equity and subordinated loan capital	14.721	13.041	14.568
Minimum subordinated capital requirement	9.135	8.797	8.897
BRANCHES AND STAFF			
Number of branches	53	53	53
Number of employees (annualised)	1.196	1.222	1.207

Shares	30.06.13	31.12.12	31.12.11	31.12.10	31.12.09
Market price	47,50	37,20	40,70	57,00	50,00
Market capitalisation	12.148	9.514	5.182	7.257	6.047
Book equity per share(including dividends) (group)	50,89	49,48	48,75	47,45	42,07
Book equity per share (including dividends) (parent bank)	46,78	44,23	42,81	41,80	36,85
Earnings per share (group) [4]	3,04	5,32	5,42	6,84	6,88
Dividends per share	n.a.	1,50	1,50	2,75	1,75
Price / Earnings per share	7,81	6,99	7,51	8,33	7,27
Price / Book equity (group)	0,93	0,75	0,83	1,20	1,19
Price / Book equity (parent bank)	1,02	0,84	0,95	1,36	1,36
Equity certificate ratio [4]	n.a.	n.a.	63,8 %	63,2 %	62,9 %

[1] *Net profit as a percentage of average equity*

[2] *Total operating expenses as a percentage of total operating income*

[3] *Net losses expressed as a percentage of average gross lending year to date, annualized*

4) Number of shares was increased on 18 June 2012 from 199,489,689 to 255,751,082 as a result of a capital expansion. Earnings per share from the second quarter to the year to date are calculated based on the new number of shares SpareBank 1 SR-Bank does not have any forward cover contracts or other circumstances that can dilute earning per share.

Income statement

Parent bank						Note	Group				
2012	Q2 2012	Q2 2013	01.01.12 - 30.06.12	01.01.13 - 30.06.13	Income statement (MNOK)		01.01.13 - 30.06.13	01.01.12 - 30.06.12	Q2 2013	Q2 2012	2012
5.126	1.274	1.356	2.560	2.628	Interest income		2.727	2.646	1.406	1.319	5.300
3.568	907	883	1.836	1.754	Interest expense		1.750	1.832	880	906	3.558
1.558	367	473	724	874	Net interest income		977	814	526	413	1.742
1.068	263	336	473	649	Commission income		674	495	349	273	1.105
80	20	17	39	34	Commission expenses		37	40	18	20	76
14	2	9	3	10	Other operating income		232	226	134	126	437
1.002	245	328	437	625	Net commission and other income		869	681	465	379	1.466
25	21	31	24	31	Dividend income		32	24	32	21	25
339	308	412	339	412	Income from investment in associates		130	153	31	53	265
270	12	95	108	148	Net gains/losses on financial instruments		61	112	-1	13	288
634	341	538	471	591	Net income on investment securities		223	289	62	87	578
3.194	953	1.339	1.632	2.090	Total income		2.069	1.784	1.053	879	3.786
849	211	225	422	451	Personnel expenses	14	589	519	297	244	1.082
361	85	105	176	193	Administrative expenses		219	205	118	99	417
252	58	62	126	127	Other operating expenses		199	194	102	97	389
1.462	354	392	724	771	Total operating expenses before losses		1.007	918	517	440	1.888
1.732	599	947	908	1.319	Operating profit before losses		1.062	866	536	439	1.898
128	32	18	64	45	Losses on loans and guarantees	2, 3 and 4	50	68	25	34	137
1.604	567	929	844	1.274	Pre-tax profit		1.012	798	511	405	1.761
363	106	117	171	210	Tax expense		235	179	128	102	400
1.241	461	812	673	1.064	Profit after tax	12	777	619	383	303	1.361
					Other comprehensive income						
1.241	461	812	673	1.064	Profit after tax		777	619	383	303	1.361
413	-194	-23	-185	-43	Unrecognised actuarial gains and losses *		-47	-181	-25	-200	452
-116	54	7	51	12	Deferred tax concerning changed estimates/pension plan changes		13	51	7	56	-127
0	0	0	0	0	Share of profit associated companies and joint ventures		-2	0	0	0	13
297	-140	-16	-134	-31	Total items not reclassified through profit or loss		-36	-130	-18	-144	338
0	0	0	0	0	Change in value of financial assets available for sale		0	0	0	0	0
0	0	0	0	0	Total items reclassified through profit or loss		0	0	0	0	0
297	-140	-16	-134	-31	Other comprehensive income		-36	-130	-18	-144	338
1.538	321	796	539	1.033	Total comprehensive income		741	489	365	159	1.699
					Earnings per share (group)		3,04	2,42	1,50	1,19	5,32

* With effect from 2005, IAS 19 allowed for recording actuarial gains and losses (estimate deviations) directly against equity. SpareBank 1 SR-Bank has elected to apply this principle. The revised rules in IAS 19 Employee Benefits have been applied from and including 1 January 2013. See note 1.10.

Balance sheet

Parent bank				Note	Group		
31.12.12	30.06.12	30.06.13	Balance sheet (MNOK)		30.06.13	30.06.12	31.12.12
1.314	290	1.762	Cash and balances with central banks		1.762	290	1.314
6.354	6.198	8.023	Balances with credit institutions		2.612	1.160	1.087
102.859	98.903	108.333	Net loans to customers	8	114.493	104.597	108.758
18.672	22.535	19.848	Certificates, bonds and other fixed-income securities	13	19.852	22.539	18.677
4.588	4.113	4.943	Financial derivatives	10	4.936	4.102	4.578
498	468	702	Shares, ownership stakes and other securities		879	623	671
84	84	84	Business available for sale		85	85	85
3.812	3.906	3.743	Investment in associates		4.682	4.944	4.964
809	805	897	Investment in subsidiaries		0	0	0
1.180	975	1.590	Other assets	5	1.809	1.275	1.409
140.170	138.277	149.925	Total assets	12	151.110	139.615	141.543
4.560	3.435	4.683	Balances with credit institutions		4.681	3.418	4.522
7.299	7.299	6.429	Public sector deposits regarding the covered bonds swap agreement		6.429	7.299	7.299
67.756	71.376	73.392	Deposits from customers	7	73.281	71.285	67.594
40.691	38.101	45.006	Listed debt securities	11	45.006	38.101	40.691
2.282	2.158	2.487	Financial derivatives	10	2.486	2.158	2.282
2.063	1.949	2.015	Other liabilities	6	2.264	2.262	2.295
4.223	3.661	3.958	Additional Tier 1 and Tier 2 capital instruments	11	3.958	3.661	4.223
128.874	127.979	137.970	Total liabilities		138.105	128.184	128.906
6.394	6.394	6.394	Share capital		6.394	6.394	6.394
-9	-9	-5	Holding of own shares		-5	-9	-9
1.587	1.587	1.592	Premium reserve		1.592	1.587	1.587
384	0	0	Proposed dividend		0	0	384
72	43	72	Fund for unrealised gains		72	43	72
2.868	1.610	2.838	Other equity		4.175	2.797	4.209
0	673	1.064	Profit/loss at period end		777	619	0
11.296	10.298	11.955	Total equity		13.005	11.431	12.637
140.170	138.277	149.925	Total liabilities and equity	12	151.110	139.615	141.543

Statement of changes in equity

SpareBank 1 SR-Bank Group

(Amounts in NOK million)	Share-capital	Premium reserve	Other equity	Reserve for unrealised gains	Total equity
Equity as of 01.01.2012	4.984	1.507	3.223	43	9.757
Dividend 2011, resolved in 2012			-299		-299
Purchase/sale of own shares	-5	-3	1		-7
Share issue	1.406	113	2		1.521
Issue expenses		-30			-30
Change in value of financial assets available for sale				-1	-1
Adjusted equity accosiates			-3		-3
Profit after tax			1.331	30	1.361
Unrecognised actuarial gains and losses after tax			325		325
Share of profit associated companies and joint ventures			13		13
Other comprehensive income			338		338
Total comprehensive income			1.669	30	1.699
Equity as of 31.12.2012	6.385	1.587	4.593	72	12.637
Dividend 2012, resolved in 2013			-384		-384
Purchase/sale of own shares	4	5	0		9
Adjusted equity accosiates			2		2
Profit after tax			777		777
Unrecognised actuarial gains and losses after tax			-34		-34
Share of profit associated companies and joint ventures			-2		-2
Total items not reclassified through profit or loss			-36		-36
Items reclassified through profit or loss			0		0
Other comprehensive income			-36		-36
Total comprehensive income			741		741
Equity as of 30.06.2013	6.389	1.592	4.952	72	13.005

Cash flow statement

Parent bank				Group		
31.12.2012	30.06.2012	30.06.2013	Cash flow statement	30.06.2013	30.06.2012	31.12.2012
-7.632	-3.677	-5.381	Change in gross lending to customers	-5.701	-3.953	-8.145
4.339	2.113	2.218	Interest receipts from lending to customers	2.371	2.276	4.698
3.542	7.162	5.636	Change in deposits from customers	5.687	7.243	3.552
-1.893	-398	-285	Interest payments on deposits from customers	-278	-390	-1.872
-920	-2.183	-2.003	Change in receivables and deby from credit institutions	-1.849	-1.834	-336
-110	-28	-155	Interest on receivables and debt to financial institutions	-240	-117	-291
1.174	-2.689	-1.176	Change in certificates and bonds	-1.175	-2.689	1.173
628	356	259	Interest receipts from commercial paper and bonds	259	356	628
795	371	372	Commission receipts	620	615	1.257
150	94	127	Capital gains from sale of trading	127	94	150
-1.340	-643	-730	Payments for operations	-929	-819	-1.746
-58	-58	-185	Taxes paid	-265	-95	-130
-221	-983	186	Other accruals	442	-1.073	-455
-1.546	-563	-1.117	A Net change in liquidity from operations	-931	-386	-1.517
-47	-18	-30	Investments in tangible fixed assets	-51	-22	-67
24	0	15	Receipts from sale of tangible fixed assets	15	0	33
-563	-541	-192	Change in long-term investments in equities	-179	-541	-563
0	0	170	Receipts from sales of long-term investments in equities	170	0	0
364	357	440	Dividends from long-term investments in equities	263	177	364
-222	-202	403	B Net cash flow, investments	218	-386	-233
14.999	9.651	6.784	Debt raised by issuance of securities	6.784	9.651	14.999
-11.083	-8.053	-3.966	Repayments - issuance of securities	-3.966	-8.053	-11.083
-1.011	-546	-546	Interest payments on securities issued	-546	-546	-1.009
825	0	0	Additional capital instruments issued	0	0	825
-1.528	-1.314	-231	Repayments - additional capital instruments	-231	-1.314	-1.528
-241	-98	-81	Interest payments on subordinated loans	-81	-98	-241
1.521	1.521	0	Issue shares	0	1.521	1.521
-299	-299	-384	Dividend to share holders	-384	-299	-299
3.183	862	1.576	C Net cash flow, financing	1.576	862	3.185
1.415	97	862	A+B+C Net cash flow during the period	863	90	1.435
381	381	1.796	Cash and cash equivalents as at 1 January	1.823	388	388
1.796	478	2.658	Cash and cash equivalents as at 31 March	2.686	478	1.823
			Cash and cash equivalents specified			
1.314	290	1.762	Cash and balances with central banks	1.762	290	1.314
482	188	896	Balances with credit institutions	924	188	509
1.796	478	2.658	Cash and cash equivalents	2.686	478	1.823

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

Notes to the financial statements
(in MNOK)

Note 1 Accounting principles

1.1 Basis for preparation
The 2nd quarter 2013 interim financial statements of Sparebank 1 SR-Bank ASA are for the six months ending 30 june 2013. They have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Financial Reportings are unaudited. The financial statements have been prepared in accordance with current IFRS standards and IFRIC interpretations. The group's accounting principles and calculation methods are essentially unchanged compared to the financial statements for 2012. The principles mentioned below should be viewed in context to the principles discussed in the financial statements for 2012.

1.2 Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment information is disclosed in a separate note.

1.3 Foreign currency transactions and balances
Foreign exchange gains and losses, resulting from the settlement of foreign currency transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates, are recognised in the income statement, except where hedge accounting is applied.

1.4 Tangible fixed assets
Tangible fixed assets comprise buildings, plots of land and operating equipment. Buildings and operating equipment are recognised at cost less depreciation and write-downs. Plots of land are recorded at cost price less write-downs. The cost price includes all direct costs related to the acquisition of the asset. Alternatively own properties could be valued at market value, which would result in an excess value. Depreciation is on a straight-line basis in order to allocate the cost price, less possible residual value, over the useful life of the operating equipment.

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

1.5 Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

1.6 Securities
Securities consist of shares, ownership stakes, certificates and bonds. Shares and ownership stakes are recognised either at "fair value through profit and loss" or as "available for sale". Certificates and bonds are recognised either at "fair value through profit and loss" or as categories recognised at amortised cost. i.e. "held to maturity" or "loans and receivables". All gains and losses arising from changes in the fair value of securities recognised at "fair value through profit and loss" are included in "Net gain/losses on financial instruments" in the statements. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as "Net gain/losses on financial instruments". Securities recognised as "held to maturity" or "loans and receivables" are measured at amortised cost using the effective interest method. Refer to item 1.8. for explanation of this method.

1.7 Interest income and expense
Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of loans and deposits and of allocating the interest income or expense over the expected term to maturity. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. Once a financial asset or a group of similar assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.8 Loans to customers
Fixed rate loans to customers are carried at fair value related to market interest. Gains and losses from changes in fair value are included in the income statement. Other loans and advances are carried at amortised cost using the effective interest method.

Impairment of gross loans carried at amortised cost
The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

Impairment of loans carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets carried at fair value is impaired. Impairment losses are included in the income statement in the period in which they arise.

1.9 Derivative financial instruments and hedge accounting

Derivatives comprise currency and interest rate instruments linked to structured products. Derivatives are recognised at fair value in profit and loss unless they are earmarked as hedging instruments. The Bank assesses and documents the efficiency of the hedging, both when the initial classification is made and on an ongoing basis. In the case of complete hedging both the hedging instrument and the hedged object are recognised at fair value and changes in these values compared to the opening balance are recorded in the income statement. For structured products with a capital guarantee, gains are recognised, including subscription costs and any structuring gains, as day 1 gains. Structuring gains are calculated by discounting the bank's future receivables (option premium) and liabilities (guarantee capital) using the swap curve.

1.10 Pension obligations

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

Defined benefits schemes

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

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

The revised rules in IAS 19 Employee Benefits have been applied from and including 1 January 2013. The amended rules mean 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. The revised rules shall be treated as a change in policy from an accounting perspective. The change in policy has had no material effect on the figures in the company's financial reporting.

The defined benefits plan was closed for new members with effect from April 1th 2011. Employees who were members of the defined benefit scheme before the scheme closed on 1 April 2011 could voluntarily choose to convert to the defined contribution scheme

Defined contribution schemes

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

1.11 Borrowing

Borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.12 Allocated to dividends

Allocated to dividends are recognised as equity in the period before they are approved by the bank's Supervisory Board.

1.13 Ownership in subsidiaries and associated companies

Stakes in subsidiaries and associated companies are stated at cost in the company's financial statements in accordance with IFRS rules. Any dividends are taken to income when they are paid. These assets are recognised using the equity method in the consolidated financial statements. This involves the share of results in associated companies being taken to income on an ongoing basis, while subsidiary are consolidated into the consolidated financial statements.

1.14 Estimates

The preparation of consolidated financial statements, leads to management making estimates, evaluations and assumptions that affect the way the application of accounting principles and thus the reported amounts of assets, liabilities, revenues and expenses. Critical estimates and disclaimers are described more detailed in note 3 in the financial statements 2012.

1.15 Financial risk

For a further reference to financial risk management please see note 3 of the financial statements 2012, including note 16 of the quaterly report.

Note 2 Losses on loans and guarantees

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
79	82	-91	Change in individual impairment losses provisions for the period	-31	80	78
-30	-30	0	Change in collective impairment loss provisions for the period	0	-30	-30
5	4	3	Amortised cost	3	4	5
102	8	45	Actual loan losses on commitments for which provisions have been made	53	11	105
12	4	22	Actual loan losses on commitments for which no provision has been made	30	9	24
9	0	76	Change in assets taken over for the period	13	0	9
-49	-4	-10	Recoveries on commitments previously written-off	-18	-6	-54
128	64	45	The period's net losses / (reversals) on loans and advances	50	68	137

Note 3 Provisions for impairment losses on loans and guarantees

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
357	357	436	Provisions for Individual impairment losses at start of period	423	420	420
79	66	82	Increases in previous provisions for individual impairment losses	82	66	79
-62	-71	-165	Reversal of provisions from previous periods	-103	-87	-89
166	107	38	New provisions for individual impairment losses	45	124	120
-2	-3	-1	Amortised cost	-1	-3	-2
-102	-17	-45	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-54	-20	-105
436	439	345	Provisions for Individual impairment losses at period end	392	500	423
114	12	67	Net losses	83	20	129

Note 4 Non-performing and problem commitments

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
			Non-performing loans and advances			
406	470	403	Gross non-performing loans above 90 days	429	517	460
142	150	94	Provisions for Individual impairment losses	97	168	152
264	320	309	Net non-performing loans and advances	332	349	308
35 %	32 %	23 %	Loan loss provision ratio	23 %	32 %	33 %
			Other problem commitments			
839	766	810	Problem commitments	884	860	787
295	289	251	Provisions for Individual impairment losses	295	332	272
544	477	559	Net other problem commitments	589	528	515
35 %	38 %	31 %	Loan loss provision ratio	33 %	39 %	35 %

Note 5 Other assets

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
0	0	0	Intangible assets	43	49	43
347	365	337	Tangible fixed assets	363	386	363
384	229	625	Income earned but not received from SpareBank 1 Bolig- and Næringskreditt	625	229	384
30	46	42	Prepaid expences	51	54	43
5	28	8	Remburs	8	28	5
414	307	578	Other assets including unsettled trades	719	529	571
1.180	975	1.590	Total other assets	1.809	1.275	1.409

Note 6 Other liabilities

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
213	205	225	Accrued expenses and prepaid revenue	311	290	283
597	198	532	Deferred tax	593	237	631
162	746	177	Pension liabilities	193	823	176
1	2	2	Other specified provisions	3	2	1
5	28	8	Remburs	8	28	5
132	169	157	Taxes payable	189	243	209
953	601	914	Other liabilities including unsettled trades	967	639	990
2.063	1.949	2.015	Total other liabilities	2.264	2.262	2.295

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
1.116	1.201	1.164	Agriculture/forestry	1.164	1.201	1.116
131	191	115	Fishing/Fish farming	115	191	131
962	1.170	851	Mining/extraction	851	1.170	962
1.080	1.049	1.260	Industry	1.260	1.049	1.080
1.598	1.326	1.421	Power and water supply/building and construction	1.421	1.326	1.598
2.096	1.892	1.869	Retail trade, hotels and restaurants	1.869	1.892	2.096
1.001	944	1.933	Foreign trade shipping, pipeline transport and other transport activities	1.933	944	1.001
5.900	6.330	5.740	Real estate business	5.740	6.330	5.900
7.406	6.737	7.416	Service industry	7.416	6.646	7.406
12.120	15.840	13.740	Public sector and financial services	13.629	15.840	11.958
33.410	36.680	35.509	Total corporate sector	35.398	36.589	33.248
34.311	34.070	37.265	Retail customers	37.265	34.070	34.311
35	626	618	Accrued interests corporate sector and retail customers	618	626	35
67.756	71.376	73.392	Total deposits	73.281	71.285	67.594

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
3.894	3.641	4.012	Agriculture/forestry	4.265	3.909	4.141
481	304	452	Fishing/Fish farming	569	421	597
2.293	2.738	2.552	Mining/extraction	2.625	2.807	2.351
1.400	1.438	2.191	Industry	2.930	2.100	2.135
2.957	3.198	2.451	Power and water supply/building and construction	3.335	4.045	3.804
2.472	2.473	2.635	Retail trade, hotels and restaurants	3.104	2.982	2.975
5.930	5.934	6.615	Foreign trade shipping, pipeline transport and other transport activities	7.135	6.531	6.451
24.178	23.356	25.288	Real estate business	25.424	23.356	24.306
5.879	5.867	5.687	Service industry	7.479	7.469	7.650
2.087	2.163	1.970	Public sector and financial services	1.970	2.163	1.949
51.571	51.112	53.853	Total corporate sector	58.836	55.783	56.359
51.431	48.007	54.534	Retail customers	55.790	49.107	52.569
283	171	214	Unallocated (excess value fixed interest loans and amort. lending fees)	203	179	292
297	338	361	Accrued interests corporate sector and retail customers	385	359	293
103.582	99.628	108.962	Gross loans	115.214	105.428	109.513
-436	-438	-342	- Individual impairment losses provisions	-389	-499	-423
-287	-287	-287	- Collective impairment losses provisions	-332	-332	-332
102.859	98.903	108.333	Net loans	114.493	104.597	108.758

Note 9 Capital adequacy

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

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

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
6.394	6.394	6.394	Share capital	6.394	6.394	6.394
-9	-9	-5	- Own shares	-5	-9	-9
1.587	1.587	1.592	Premium reserve	1.592	1.587	1.587
384	0	0	Allocated to dividend	0	0	384
72	43	72	Reserve for unrealised gains	72	43	72
2.868	1.610	2.838	Other equity	4.175	2.797	4.209
11.296	9.625	10.891	Total book equity	12.228	10.812	12.637
			Core capital			
0	0	0	Deferred taxes, goodwill and other intangible assets	-55	-65	-56
-1	-2	-1	Fund for unrealized gains, available for sale	-1	-2	-1
-384	0	0	Deduction for allocated dividends	0	0	-384
-462	-465	-393	50% deduction for subordinated capital in other financial institutions	-49	-18	-17
-278	-229	-266	50% deduction for expected losses on IRB, net of write-downs	-272	-237	-319
0	0	0	50 % capital adequacy reserve	-503	-685	-727
0	336	532	Year-to-date profit included in core capital (50%)	388	309	0
2.242	2.272	1.824	Additional Tier 1 capital	1.955	2.400	2.374
12.413	11.537	12.587	Total core capital	13.691	12.514	13.507
		0				
			Supplementary capital in excess of core capital			
0	0	0	Tier 2 capital - excess of 15% additional Tier 1 capital	0	0	0
1.876	1.251	1.645	Non-perpetual additional capital	1.854	1.467	2.124
-462	-465	-393	50% deduction for investment in capital instruments in other financial institutions	-49	-18	-17
-278	-229	-266	50% deduction for expected losses on IRB, net of write-downs	-272	-237	-319
0	0	0	50 % capital adequacy reserve	-503	-685	-727
1.136	557	986	Total supplementary capital	1.030	527	1.061
13.549	12.094	13.573	Net subordinated capital	14.721	13.041	14.568
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
2.328	2.202	2.365	Specialised lending exposure	2.365	2.202	2.328
2.346	2.286	2.235	Other corporations exposure	2.236	2.286	2.346
32	32	41	SME exposure	49	38	39
400	407	430	Retail mortage exposure (properties)	861	836	796
55	66	50	Other retail exposure	58	70	58
619	526	658	Equity investments	0	0	0
5.780	5.519	5.779	Total credit risk IRB	5.569	5.432	5.567
168	174	196	Debt risk	179	172	149
44	47	53	Equity risk	53	47	44
0	0	0	Currency risk	0	0	0
207	233	211	Participations calculated after other market risk	278	270	277
366	366	379	Operational risk	457	447	447
0	0	0	Transitional scheme	982	894	908
423	478	434	Participations calculated using standard method	1.705	1.647	1.624
-74	-75	-63	Deductions	-88	-112	-119
6.914	6.742	6.989	Minimum requirements subordinated capital	9.135	8.797	8.897
15,68 %	14,35 %	15,54 %	Capital ratio	12,89 %	11,86 %	13,10 %
14,36 %	13,69 %	14,41 %	Tier 1 capital	11,99 %	11,38 %	12,15 %
1,31 %	0,66 %	1,13 %	Tier 2 capital	0,90 %	0,48 %	0,95 %
11,77 %	10,99 %	12,32 %	Core equity Tier 1 capital ratio	10,28 %	9,20 %	10,01 %
14,36 %	13,69 %	14,41 %	Tier 1 capital ratio, IRB	13,43 %	12,67 %	13,53 %
11,77 %	10,99 %	12,32 %	Core equity Tier 1 capital ratio, IRB	11,52 %	10,24 %	11,15 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount 30.06.13	Fair value at 30.06.13 Assets	Liabilities
Currency instruments			
Currency forward contracts	14.819	224	154
Currency swaps	34.391	689	199
Currency options	22	0	0
Total currency instruments	49.232	913	353
Interest rate instruments			
Interest rate swaps(including cross-currency)	72.247	1.334	1.345
Other interest rate contracts	0	0	0
Total interest rate instruments	72.247	1.334	1.345
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	45.077	2.065	363
Total hedging / Interest rate instruments	45.077	2.065	363
Accrued interests			
Accrued interests		623	425
Total accrued interests		623	425
Total currency and interest rate instruments			
Total currency instruments	49.232	913	353
Total interest rate instruments	117.324	3.399	1.708
Total accrued interests		624	425
Total	166.556	4.936	2.486

Counterparty risk associated with derivatives is reduced via ISDA agreements and CSA supplements. The CSA supplement regulates the counterparty risk through payments of margins in relation to exposure limits. The contract sum and effect of reinvestment costs covered by offsetting agreements amounted to NOK 109,5 billion and NOK 1.5 million as of the second quarter of 2013.

The note is approximately identical for the Parent Bank and the Group

Note 11 Issuance of unsecured debt and additional capital instruments

Debt raised through issuance of securities	31.12.12	30.06.12	30.06.13
Bonds, nominal amount	37.960	35.713	42.525
Adjustments	2.220	1.930	2.030
Accrued interests	511	458	451
Total debt raised through issuance of securities	40.691	38.101	45.006

Change in debt raised through issuance of securities	Balance as at 31.12.12	Issued 2013	Past due/ redeemed 2013	FX rate- and other changes 2013	Balance as at 30.06.13
Bonds, nominal amount	37.960	6.784	-3.966	1.747	42.525
Adjustments	2.220	0	0	-190	2.030
Accrued interests	511	0	0	-60	451
Total debt raised through issuance of securities	40.691	6.784	-3.966	1.497	45.006

Additional Tier 1 and Tier 2 capital instruments	31.12.12	30.06.12	30.06.13
Non-perpetual additional Tier 2 capital, nominal amount	1.876	1.250	1.645
Perpetual additional Tier 2 capital, nominal amount	0	0	0
Additional Tier 1 capital, nominal amount	2.242	2.272	2.192
Adjustments	81	81	66
Accrued interests	24	58	55
Total additional Tier 1 and Tier 2 capital instruments	4.223	3.661	3.958

Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 31.12.12	Issued 2013	Past due/ redeemed 2013	FX rate- and other changes 2013	Balance as at 30.06.13
Non-perpetual additional Tier 2 capital, nominal amount	1.876	0	-231	0	1.645
Perpetual additional Tier 2 capital, nominal amount	0	0	0	0	0
Additional Tier 1 capital, nominal amount	2.242	0	0	-50	2.192
Adjustments	81	0	0	-15	66
Accrued interests	24	0	0	31	55
Total additional Tier 1 and Tier 2 capital instruments	4.223	0	-231	-34	3.958

The note is approximately identical for the Parent Bank and the Group

Note 12 Segment reporting

Management has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, the capital market and subsidiaries of considerable siginificance. The Bank's own investment activities are not a separate reportable segment and they appear under the item "Other activities" together with activities that cannot be allocated to the retail market, corporate market, capital market or subisidiaries of considerable significance.

	SpareBank 1 SR-Bank Group 30.06.2013							
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Eiendoms-Megler 1	SR-Finans	Eliminations	Other activities	Total
Interest income	916	715	429	8	191	-101	568	2.727
Interest expense	500	300	402	5	86	-95	551	1.750
Net interest income*	415	415	27	3	106	-6	17	977
Commission income	487	143	21	0	2	-17	38	674
Commission expenses	17	13	2	0	9	-17	12	37
Other operating income	0	0	0	224	0	-1	9	232
Net commission and other income	470	131	18	224	-7	-1	34	869
Dividend income	0	0	3	0	0	2	27	32
Income from investment in associates	0	0	0	0	0	-259	389	130
Net gains/losses on financial instruments	6	5	56	0	0	-95	89	61
Net income on investment securities	6	5	59	0	0	-353	506	223
Personnel expenses	170	84	26	114	16	-4	182	589
Administrative expenses	60	14	6	20	4	0	114	219
Other operating expenses	42	13	2	62	6	14	61	199
Total operating expenses	272	112	34	196	26	10	357	1.007
Operating profit before losses	620	439	71	31	72	-370	199	1.062
Change in individual write-downs in the period	1	45	0	0	-10	0	14	50
Change in group write-downs in the period	0	0	0	0	0	0		0
Pre-tax profit	619	394	71	31	82	-370	185	1.012
Net interest income*								
External net interest income	415	415	27	-5	190	0	-65	977
Internal net interest income	0	0	0	8	-84	0	76	0
Net interest income	415	415	27	3	106	0	11	977
Balance sheet (MNOK)								
Loans to customers	58.205	48.386	0	0	6.262	0	2.360	115.214
Individual loss provisions	-78	-265	0	0	-46	0	0	-389
Group loss provisions	-23	-263	0	0	-45	0	-1	-332
Other assets	0	0	787	213	9	0	35.608	36.617
Total assets	58.104	47.858	787	213	6.180	0	37.968	151.110
Deposits from customers	42.561	26.824	0	0	0	0	3.896	73.281
Other debt	0	0	787	153	5.646	0	58.238	64.824
Total debt	42.561	26.824	787	153	5.646	0	62.135	138.105
Equity	0	0	0	60	534	0	12.411	13.005
Total debt and equity	42.561	26.824	787	213	6.180	0	74.546	151.110
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	46.775	726						47.500

Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Eiendoms-Megler 1	SR-Finans	Eliminations	Other activities	Total
	SpareBank 1 SR-Bank Group 30.06.2012							
Interest income	917	745	325	9	170	-95	574	2.646
Interest expense	483	320	297	6	84	-95	737	1.832
Net interest income*	434	425	28	3	85	0	-163	814
Commission income	338	114	39	0	1	-17	20	495
Commission expenses	22	12	2	0	7	-17	14	40
Other operating income	0	0	0	223	0	-1	3	226
Net commission and other income	315	102	37	223	-5	-1	9	681
Dividend income	0	0	6	0	0	0	18	24
Income from investment in associates	0	0	0	0	0	-186	339	153
Net gains/losses on financial instruments	5	11	72	0	0	0	24	112
Net income on investment securities	5	11	78	0	0	-186	382	289
Personnel expenses	167	75	25	72	15	0	165	519
Administrative expenses	59	12	5	22	5	0	102	205
Other operating expenses	41	12	2	60	5	-1	75	194
Total operating expenses	267	99	33	154	24	-1	342	918
Operating profit before losses	487	440	110	72	56	-185	-114	866
Change in individual write-downs in the period	9	85	0	0	4	0	0	98
Change in group write-downs in the period	0	-30	0	0	0	0	0	-30
Pre-tax profit	478	385	110	72	52	-185	-114	798
Net interest income*								
External net interest income	434	427	28	-6	169	0	-238	814
Internal net interest income	0	-2	0	9	-84	0	77	0
Net interest income	434	425	28	3	85	0	-161	814
Balance sheet (MNOK)								
Loans to customers	51.165	46.882	0	0	5.805	0	1.576	105.428
Individual loss provisions	-110	-327	0	0	-62	0	0	-499
Group loss provisions	-19	-268	0	0	-45	0	0	-332
Other assets	0	0	906	250	55	0	33.807	35.018
Total assets	51.036	46.287	906	250	5.753	0	35.383	139.615
					0			
Deposits from customers	39.894	26.512	0	0	0	0	4.879	71.285
Other debt	0	0	906	201	5.271	0	50.521	56.899
Total debt	39.894	26.512	906	201	5.271	0	55.399	128.184
Equity	0	0	0	49	482	0	10.900	11.431
Total debt and equity	39.894	26.512	906	250	5.753	0	66.299	139.615
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	47.454	447						47.901

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

Note 13 Reclassification of financial assets

Due to the extraordinary and negative development in the world's financial markets during 3rd quarter 2008 the IASB 13th October 2008 approved certain changes to IAS 39 and IFRS 7. The changes permit a reclassification of part of or the whole portfolio of financial assets held for trading retrospectively to 1st July 2008. SpareBank 1 SR-Bank has decided to adopt this opportunity and has, after due consideration, chosen to reclassify certain parts of the bond portfolio into categories recognised at amortised cost, i.e. "held to maturity" or "loans and receivables". No reclassifications have been adopted by any of the subsidiaries.

Listed instruments were classified as "held to maturity" while instruments with no observable market value and where the price has been recognised through alternative valuation methods according to IAS 39 were reclassified as "loans and receivables".

Reclassification was carried through due to the major and abnormal impairments that have arisen during the turbulent financial markets. A major part of the bank's bond portfolio has normally been kept in custody in Norges Bank and held to maturity. These bonds are normally of superior quality and exceptional changes in price is, according to the bank's opinion, disturbing the result unnecessarily. There is ability as well as will to keep the reclassified portolio until maturity.

The survey below states the effect a non-reclassification would have in the accounts.

As at 1.7.2008	Group			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass. effect	Fair value
At fair value through profit and loss	3.041	0	0	3.041
Held to maturity [1]	2.350	0	0	2.350
Receivables [1]	578	0	0	578
Total certificates and bonds	5.969	0	0	5.969

As at 30.06.2013	Group			
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass. effect	Fair value
At fair value through profit and loss	12.850	0	0	12.850
Held to maturity	117	0	0	117
Covered Bonds [2]	6.784	0	0	6.784
Accrued interests	101	0	0	101
Total certificates and bonds	19.852	0	0	19.852

	Group		
Bonds reclassified as receivable and hold to maturity	31.12.12	30.06.12	30.06.13
Book value	218	404	117
Nominal value	221	409	119
Observable market value	220	405	117

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

[1] Net urealised losses written back as at 1st July 2008 amounts to NOK 47.3 million. The amounts will be amortised during the instruments economic life. Weighted remaining economic life at the time of reclassification was approximately 2.7 years.

[2] Receiveables includes 6.784 million NOK of covered bonds used in the swap agreement with the Ministry of Finance. Remaining economic life of the covered bonds is approximately equal to remaining economic life of the swap agreement.

Note 14 Pension

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

Accounting treatment of the defined benefit scheme

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). The changes to the rules for treating estimate deviations, therefore, do not affect the bank's financial statements.

The revised rules in IAS 19 Employee Benefits have been applied from and including 1 January 2013. The amended rules mean 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). The revised rules shall be treated as a change in policy from an accounting perspective. The change in policy has had no material effect on the figures in the company's financial reporting.

The policy for calculating returns on pension assets has, from and including 1 January 2013, been changed from using the expected return to using the discount rate. Account was taken of this policy in the calculation of the pension liabilities and costs as of 31 June 2013. Had the same policy been applied in the second quarter of 2012, the pension costs would have amounted to around NOK 8 million higher in SpareBank 1 SR-Bank's consolidated financial statements. The Group views this effect as immaterial and has therefore chosen not to restate the 2012 figures.

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

Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Parent bank and group
2,10 %	2,20 %	3,90 %	3,80 %	3,80 %	Discount rate
6,00 %	6,00 %	5,00 %	3,80 %	3,80 %	Expected return on assets
4,00 %	3,25 %	3,50 %	3,50 %	3,50 %	Forecast salary increase
3,25 %	3,00 %	3,25 %	3,25 %	3,25 %	National Insurance scheme's basic amount
2,00 %	2,00 %	2,00 %	2,00 %	2,00 %	Pension adjustment

Change in pension obligations (NOK million):

				Parent bank		Group				
2012	Q2 2012	Q2 2013	01.01.12 - 30.06.12	01.01.13 - 30.06.13		01.01.13 - 30.06.13	01.01.12 - 30.06.12	Q2 2013	Q2 2012	2012
-413	185	43	185	43	Actuarial liabilities and losses recognised in	47	181	47	181	-452
61	32	32	32	32	Net pension cost	34	33	34	33	68
-51	-51	-56	-51	-56	Company contributions	-60	-54	-60	-54	-78
-13	-7	-4	-7	-4	Payments from operations	-4	-7	-4	-7	-15
-6	0	0	0	0	Curtailments and settlements included in the	0	-35	0	-35	-50
162	743	177	743	177	Net pension obligations closing balance	193	821	193	821	176

Previously adopted changes in the subsidiary EiendomsMegler 1 SR-Eiendom's pension scheme

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

	Parent bank	Impact on profit	Group
Q2 2012	0	Effect of settlement	35
Q4 2012	0	Effect of settlement	5
	0	Change in pension obligation over profit and loss	40

Note 15 SpareBank 1 Boligkreditt AS

In the 3rd quarter of 2010, in association with the other owners of Sparebank 1 Boligkreditt, Sparebank 1 SR-Bank entered into an agreement to establish a liquidity facility for SpareBank 1 Boligkreditt. his implies that the banks undertake to buy mortgage bonds limited to a total value equal to 12 months' maturities in SpareBank 1 Boligkreditt. Each owner is primarily liable for its share of the need, secondarily for twice the amount of the primary liability under the same agreement. The bonds can be deposited with Norges Bank and represent, therefore, no significant increase in the bank's inherent risk.

The bank has concluded agreements concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. For more information about the accounting treatment of the agreements see note 2 and note 9 to the annual financial statements.

Note 16 Liquidity risk

Liquidity risk is the risk that the bank is unable to refinance its debts or is unable to fund an increase in assets. The bank's framework for liquidity risk management shall reflect its conservative risk profile. The Board has adopted internal frameworks to ensure that the bank has the best maturity structure possible for its funding. A stress test is conducted for different maturities for bank-specific crises, system crises and the combination of these, and we have also created an emergency preparedness plan for the management of liquidity crises. The average term to maturity for the portfolio of senior bond funding was 3.4 years at the end of Q2 2013.

Note 17 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:

Level 1: Listed price in an active market for an identical asset or liability.
Level 2: 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 3: Valuation based on factors not obtained from observable markets (non-observable assumptions).

Fair value 30.06.13	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers		12.179		12.179
Commercial paper and bonds at fair value	8.625	4.224		12.849
Financial derivatives		4.936		4.936
Equities, units and other equity interests	154	581	144	879
Liabilities				
Securities issued	33.347			33.347
Financial derivatives		2.486		2.486
Subordinated loans	1.193			1.193

Fair value 30.06.12	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers		10.809		10.809
Commercial paper and bonds at fair value	12.874	1.481		14.355
Financial derivatives		4.102		4.102
Equities, units and other equity interests	173	407	43	623
Liabilities				
Securities issued	23.471			23.471
Financial derivatives		2.158		2.158
Subordinated loans	1.289			1.289

Note 18 Events after the balance sheet date

SpareBank 1 Markets will effective from the third quarter of 2013, have a new ownership structure through SpareBank 1 Gruppen`s divestment of its shares in the company to other partners in the SpareBank 1 Alliance. The transaction is subject to approval from The Board of Directors and The Financial Supervisory Authority of Norway. SpareBank 1 SR-Bank has opted not to acquire an ownership stake in SpareBank 1 Markets.

No other material events have been recorded after 30 June 2013.

Statement by the Board of Directors and Chief Executive Officer

We confirm that the half-yearly report for the period 1 January to 30 June 2013 has, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole.

We also confirm that the interim accounts for the second quarter of 2013 provide a true and fair presentation of the performance, result and position of the company and group, together with a description of the most important risk and uncertainty factors that the company and the group are facing.

Stavanger, 13 August 2013
The Board of Directors of SpareBank 1 SR-Bank and Chief Executive Officer

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

QUARTERLY INCOME STATEMENT	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SpareBank 1 SR-Bank Group, MNOK	2013	2013	2012	2012	2012	2012	2011	2011	2011
Interest income	1.406	1.321	1.331	1.323	1.319	1.327	1.378	1.362	1.290
Interest expense	880	870	851	875	906	926	930	905	863
Net interest income	526	451	480	448	413	401	448	457	427
Commission income	349	325	330	280	273	222	211	200	221
Commission expenses	18	19	17	19	20	20	12	21	19
Other operating income	134	98	98	113	126	100	106	102	123
Net commission and other income	465	404	411	374	379	302	305	281	325
Dividend income	32	0	0	1	21	3	1	1	13
Income from investment in associates	31	99	22	90	53	100	67	33	58
Net gains/losses on financial instrument valued at fair value	-1	62	75	101	13	99	43	-27	2
Net return on investment securities	62	161	97	192	87	202	111	7	73
Total income	1.053	1.016	988	1.014	879	905	864	745	825
Personnel expenses	297	292	292	271	244	275	100	273	200
Administrative expenses	118	101	107	105	99	106	111	99	100
Other operating expenses	102	97	105	90	97	97	118	90	96
Total operating expenses	517	490	504	466	440	478	329	462	396
Operating profit before impairment losses	536	526	484	548	439	427	535	283	429
Impairment losses on loans and guarantees	25	25	26	43	34	34	45	30	13
Pre-tax profit	511	501	458	505	405	393	490	253	416
Tax expense	128	107	114	107	102	77	153	79	111
Profit after tax	383	394	344	398	303	316	337	174	305
Profitability									
Return on equity per quarter	11,8 %	12,3 %	11,2 %	13,6 %	11,8 %	12,9 %	13,9 %	7,2 %	12,6 %
Cost percentage	49,1 %	48,2 %	51,0 %	46,0 %	50,1 %	52,8 %	38,1 %	62,0 %	48,0 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	115.214	112.314	109.513	104.521	105.428	100.463	101.368	103.930	107.914
Deposits from customers	73.281	68.605	67.594	69.195	71.285	67.108	64.042	64.323	64.982
Total assets	151.110	146.124	141.543	138.663	139.615	134.683	131.142	132.965	134.715
Average total assets	147.331	144.265	140.555	139.002	136.674	132.949	132.392	134.579	133.469
Growth in loans over last 12 months	9,3 %	11,8 %	8,0 %	0,6 %	-2,3 %	-4,1 %	-4,2 %	3,6 %	11,5 %
Growth in deposits over last 12 months	2,8 %	2,2 %	5,5 %	7,6 %	9,7 %	7,1 %	5,4 %	15,5 %	15,8 %
Losses and non-performing commitments									
Impairment losses ratio [2]	0,09	0,09	0,10	0,16	0,13	0,13	0,18	0,11	0,05
Non-performing commitments as a percentage of total loans	0,37	0,44	0,42	0,54	0,49	0,44	0,41	0,57	0,40
Other doubtful commitments as a percentage of total loans	0,77	0,81	0,72	0,87	0,82	0,89	0,69	0,68	0,82
Solidity									
Capital ratio	12,9	12,9	13,1	12,0	11,9	11,0	11,4	11,2	11,5
Tier 1 capital ratio	12,0	12,2	12,1	11,5	11,4	10,5	10,6	9,6	10,0
Core equity Tier 1 capital ratio	10,3	10,1	10,0	9,4	9,2	8,2	8,3	8,2	8,6
Core capital	13.691	13.673	13.507	12.746	12.514	10.960	10.846	9.523	9.760
Net equity and subordinated loan capital	14.721	14.452	14.568	13.273	13.041	11.425	11.681	11.114	11.200
Minimum subordinated capital requirement	9.135	8.956	8.897	8.856	8.797	8.333	8.167	7.921	7.778
Shares									
Market price at end of quarter	47,50	50,00	37,20	36,90	32,10	41,00	40,70	40,70	51,50
Number of shares issued, millions	255,75	255,75	255,75	255,75	255,75	199,49	127,31	127,31	127,31
Earnings per share, NOK (annualised) [1]	1,50	1,54	1,35	1,56	1,19	1,58	1,73	0,86	1,51
Price/earnings per share	7,92	8,12	6,89	5,91	6,74	6,49	5,88	11,83	8,53

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

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