

3. QUARTER 2013
SPAREBANK 1 SR-BANK GROUP



Solid earnings and low losses - good capital build-up

Q3 2013

- Pre-tax profit: NOK 661 million (NOK 505 million)
 - Net profit for the period: NOK 516 million (NOK 398 million)
 - Return on equity after tax: 15.6% (13.6%)
 - Earnings per share: NOK 2.02 (NOK 1.56)
 - Net interest income: NOK 568 million (NOK 448 million)
 - Net commissions and other operating income: NOK 466 million (NOK 374 million)
 - Net income from financial investments: NOK 137 million (NOK 192 million)
 - Operating costs: NOK 478 million (NOK 466 million)
 - Impairment losses on loans: NOK 32 million (NOK 43 million)
- (Figures for Q3 2012 are shown in parentheses)*

As of 30 September 2013

- Pre-tax profit: NOK 1,673 million (NOK 1,303 million)
 - Net profit for the period: NOK 1,293 million (NOK 1,017 million)
 - Return on equity after tax: 13.2% (12.8%)
 - Earnings per share: NOK 5.06 (NOK 3.98)
 - Net interest income: NOK 1,545 million (NOK 1,262 million)
 - Net commissions and other operating income: NOK 1,335 million (NOK 1,055 million)
 - Net income from financial investments: NOK 360 million (NOK 481 million)
 - Operating costs: NOK 1,485 million (NOK 1,384 million)
 - Impairment losses on loans: NOK 82 million (NOK 111 million)
 - Total lending growth over the last 12 months: 5.5% (8.5%)
 - Growth in deposits over the last 12 months: 2.2% (7.6%)
 - Tier 1 capital ratio: 12.2% (11.5%)
 - Core equity Tier 1 capital ratio: 10.5% (9.4%)
- (Figures as of 30 September 2012 are shown in parentheses)*

Financial performance Q3 2013

The Group's pre-tax profit was NOK 661 million (NOK 505 million), an improvement of NOK 150 million since the second quarter 2013. Return on equity for the quarter was 15.6% (13.6%) compared with 11.8% in the second quarter 2013.

Net interest income totalled NOK 568 million (NOK 448 million) compared with NOK 526 million in the second quarter 2013. The net interest margin (net interest income as a percentage of average total assets) was 1.49% in the third quarter 2013 (1.28%) compared with 1.43% in the second quarter 2013. The improvement was primarily attributable to expanded lending margins, while contracting deposit margins and the Norwegian Banks Guarantee Fund charge pulled in the opposite direction.

Net commissions and other operating income was NOK 466 million (NOK 374 million) compared with NOK 465 million in the second quarter 2013.

Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt amounted to NOK 167 million (NOK 88 million), compared with NOK 151 million in the second quarter 2013.

Net income from financial investments was NOK 137 million (NOK 192 million) compared with NOK 62 million in the second quarter 2013. The increase from the second quarter 2013 was due to increased income from ownership interests. Income from ownership interests in the second quarter were reduced by NOK 24 million associated with a write-down of the value of SpareBank 1's stake in SpareBank 1 Markets.

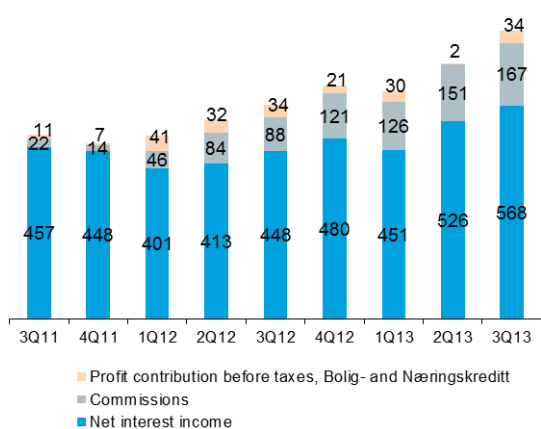
Operating costs totalled NOK 478 million (NOK 466 million) compared with NOK 517 million in the second quarter 2013. Costs were reduced by NOK 39 million from the second quarter 2013, primarily due to reduced marketing and personnel costs.

Impairment losses on loans were NOK 32 million (NOK 43 million) compared with NOK 25 million in the second quarter 2013.

Financial performance as of 30 September 2013

Net interest income

As of 30 September 2013, the Group's net interest income amounted to NOK 1,545 million (NOK 1,262 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 as of 30 September 2013 amounted to NOK 444 million (NOK 218 million), whilst profit contributions before tax amounted to NOK 66 million (NOK 107 million). In the year-to-date, net interest income, commissions and profit contributions before tax have increased by a total of NOK 468 million compared with the corresponding period last year.



The average net interest margin as of 30 September 2013 was 1.40%, compared with 1.24% as of 30 September 2012.

Net commissions and other operating income

As of 30 September 2013, net commissions and other operating income totalled NOK 1,335 million (NOK 1,055 million).

Net commissions as of 30 September 2013 totalled NOK 1,000 million (NOK 716 million). NOK 226 million of the NOK 284 million year-on-year increase is attributable to higher commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Other commissions increased by 12.0% from the corresponding period last year.

As of 30 September 2013, other operating income amounted to NOK 335 million (NOK 339 million).

Other operating income is mainly income from estate agency operations.

Net income from financial investments

As of 30 September 2013, net income from financial investments was NOK 360 million (NOK 481 million). Capital losses on securities amounted to NOK 94 million (capital gains of NOK 107 million) and capital gains on interest rate and currency trading amounted to NOK 159 million (capital gains of NOK 106 million). Furthermore, income from ownership interests totalled NOK 260 million (NOK 243 million) and dividends totalled NOK 35 million (NOK 25 million).

The losses on securities of NOK 94 million as of 30 September 2013 were derived from gains of NOK 4 million from the portfolio of shares and equity certificates and losses of NOK 98 million from the interest portfolio. As of 30 September 2013, the Group is not directly exposed to foreign government debt outside the Nordic region.

Income from ownership interests as of 30 September 2013 amounted to NOK 260 million (NOK 243 million). The share of the profit from SpareBank 1 Gruppen amounted to NOK 158 million (NOK 105 million), from SpareBank 1 Boligkreditt it amounted to NOK 42 million (NOK 70 million) and from SpareBank 1 Næringskreditt it amounted to NOK 5 million (NOK 6 million). The share of the profit from BN Bank was NOK 48 million (NOK 24 million), while NOK 6 million (NOK 6 million) was recognised as income due to the amortisation of identified badwill in connection with an acquisition in 2009.

Operating costs

The Group's operating costs totalled NOK 1,485 million as of 30 September 2013. This is an increase of NOK 101 million (7.3%) compared with the corresponding period last year. Last year's costs were affected by non-recurring items relating to the changed pension scheme totalling NOK 40 million, primarily in EiendomsMegler 1 SR-Eiendom. Corrected for this reduction in costs, non-recurring costs from personnel-related restructuring, and changes in the accrual accounting for variable pay, operating costs have increased by 2.1% in the last 12 months.

The Group's cost/income ratio, costs measured as a percentage of income, was 45.8% (49.5%) as of 30 September 2013.

Credit risk and portfolio development

The Group's total lending portfolio¹ of NOK 164.5 billion is dominated by commitments assessed as low risk. 94.3% of the bank's loan exposure is to the low and lowest risk categories. Expected losses in this portion of the portfolio are low and calculated at 0.04%. The portfolio primarily consists of commitments 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 deemed 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 is to the low and lowest risk categories. Expected losses in this portion of the portfolio are limited and calculated at 0.09%. The property management portfolio represents the Group's largest concentration in a single sector and accounts for 15% of total loan exposure, including 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 assessed to be 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 around 98%.

Impairment losses on loans and non-performance

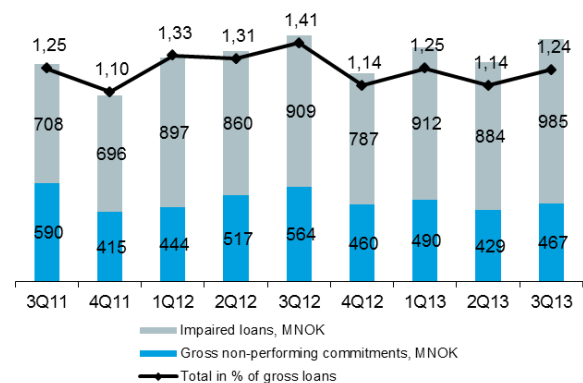
The Group recognised NOK 82 million in net loan loss provisions as of 30 September 2013 (NOK 111 million). This corresponds to loss provisions as a percentage of gross loans of 0.10% (0.14%). There were no changes in group write-downs as of 30 September 2013.

Closely monitoring customers and preventive work are important tools in maintaining this good credit quality, and contribute to the continued moderate write-downs on loans.

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

Gross non-performing commitments amounted to NOK 467 million as of 30 September 2013 (NOK 564 million). This corresponds to 0.40 % (0.54 %) of gross loans. The portfolio of impaired (not non-performing) loans totalled NOK 985 million (NOK 909 million). This corresponded to 0.84% (0.87%) of gross loans. Total non-performing loans and impaired loans as of 30 September 2013 came to NOK 1,452 million (NOK 1,473 million). In terms of gross loans, this is a reduction over the last 12 months from 1.41% to 1.24%.

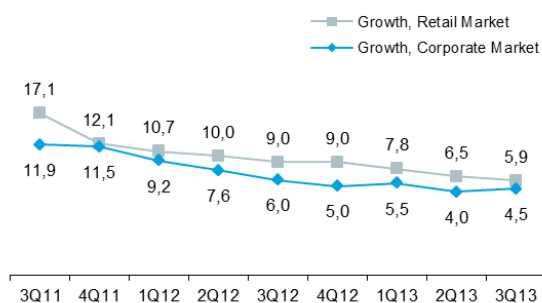
The loan loss provision ratios, measured as individual write-downs as a percentage of non-performing and impaired loans, was 28% (28%) and 27% (40%) respectively at the end of the third quarter 2013.



Loans to and deposits from customers

Gross loans totalled NOK 116.7 billion (NOK 104.5 billion) as of 30 September 2013. Including loans totalling NOK 47.8 billion (NOK 51.4 billion) sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, gross loans amounted to NOK 164.5 billion (NOK 156.0 billion) at the end of the third quarter 2013. Gross lending growth in the last 12 months was 5.5% (8.5%) and this was in line with the Group's aim of gradually reducing lending growth in order to satisfy the new capital requirements. Loans to the retail market accounted for 63.6% (63.3%) of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) as of 30 September 2013.

12 month lending growth (%)



Deposits from customers rose by 2.2% (7.6%) over the last 12 months to NOK 70.7 billion (NOK 69.2 billion). Deposits from the corporate market and public sector comprised 49.2% (50.6%) of the Group's customer deposits as of 30 September 2013.

In addition to ordinary customer deposits, the Group had NOK 13.2 billion (NOK 11.7 billion) under management as of 30 September 2013, primarily through SR-Forvaltning and ODIN funds.

The deposit coverage ratio, measured as deposits as a percentage of gross loans as of 30 September 2013 was 60.6% (66.2%). At the end of the third quarter 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 107.4% (108.5%) for the parent bank and 106.6% (106.0%) on a consolidated basis.

Business areas

Retail market division²

The retail market division's contribution before impairment losses on loans was NOK 996 million at the end of the third quarter 2013. The improvement of NOK 234 million from last year was due to higher net interest, an increase in commissions, and good cost management. Commissions related to money transfers, insurance and investment services are increasing.

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 financing (credit premium). Differences between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated at the group level. The premium on intercompany receivables for funding has increased from 2012 to 2013 and is thus affecting interest income in the business areas.

Over the last 12 months, the division's lending has increased by 5.9% and deposits by 2.6%³. Lending growth has been stable in the third quarter, while the growth in deposits was weakened by reduced assets under management from the public guardian.

The number of mobile banking customers continues to grow and the number logging into the mobile bank has stabilised at more than 1 million per month. In spring, SpareBank 1 SR-Bank launched bank cards for children with great success and in the third quarter a special mobile bank for children was launched. The use of digital products and services is expected to increase in the future. The division will adapt the services it offers in line with changes in customer behaviour.

Impairment losses on loans are low. The percentage of non-performing loans is 0.35% of total loans.

Corporate market division²

The corporate market division's contribution before impairment losses on loans was NOK 696 million at the end of the third quarter 2013. This is NOK 37 million higher than the same time last year. The improvement in earnings from last year is largely explained by the increase in net interest income. Operating costs as of 30 September 2013 were NOK 15 million higher than at the same time last year, primarily due to a reorganising of the retail and corporate market business areas.

Over the last 12 months, the division's lending has increased by 4.5% and deposits by 2.4%. 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 14.5% over the last 12 months.

Net individual write-downs of NOK 44 million were posted as of 30 September, compared with NOK 124 million at the same time last year. The total level of losses during period is below the long-term expected average and the proportion of non-performing loans is low.

Priority areas for the division are balanced and long-term volume growth, good customer relationships and a well-developed range of products.

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

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 third quarter 2013 amounted to NOK 123 million (NOK 206 million). Losses due to a single investment in bonds, in addition to a decrease in fixed income trading, has a negative effect on the result compared to last year. The bulk of this income comes from customer trading in fixed income and foreign exchange instruments.

The equities trading department displayed good potential at the end of the third quarter. July and the first half of August saw low levels of trading both within equities and bonds.

The Corporate Finance department experienced greater activity in the bank's market area in the last quarter compared to the first half of the year, especially within M&A and refinancing activities. The capital market (public issues and High Yield Bonds) was also weak in the third quarter, but somewhat increased levels of activity are expected in the fourth quarter 2013.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company's pre-tax profit amounted to NOK 37.8 million at the end of the third quarter 2013 (NOK 81.7 million). The lower result is largely attributable to the recognition as income in the second quarter 2012 of NOK 35 million in earlier provisions linked to changes to the company's pension scheme. The result otherwise reflects the somewhat reduced sales.

In the third quarter 2013, 1,752 (1,886) properties with a total value of around NOK 4.8 billion were sold. The supply of new assignments is good and the order book rose by 10% compared with the same period last year. A moderate rise in house prices is expected for 2013 as a whole, but more house building and tighter general conditions have somewhat increased the uncertainty about future price trends. This has resulted in a certain amount of reserve on the part of buyers and slower sales.

The supply of new housing projects for sale is good, but sales fell significantly in the third quarter, especially with respect to projects with smaller living units aimed at first time buyers. Tighter general

conditions and the requirement for a larger deposit particularly impact this customer segment.

Activity in the commercial property market is good and mirrors the level of activity within oil-related activities in the Stavanger region. However, there are signs that indicate a somewhat more subdued lease market and higher vacancy vis-à-vis office premises. The trend within the management and operation of commercial buildings is satisfactory.

The company maintained its strong market position in its market area during the third quarter.

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 6,273 million.

As of 30 September 2013, the company had achieved a pre-tax profit of NOK 120.7 million (NOK 77.3 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 109.8 million (NOK 86.9 million). Net lending has increased by 5.7% in the last 12 months and at the end of the third quarter 2013 it amounted to NOK 6,265 million (NOK 5,928 million).

4,720 contracts have been established in the year-to-date 2013 (4,473 contracts). The company's total new sales as of 30 September 2013 amounted to NOK 1,809 million (NOK 1,813 million).

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

SR-Forvaltning AS

SR-Forvaltning is licensed to provide active management and securities management services. The latter were launched in 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 as of 30 September 2013 was NOK 16.7 million (NOK 16.4 million). The company had approximately NOK 7.2 billion under management at the end of the third quarter 2013 (NOK 6.3 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 as of 30 September 2013 was NOK 9.9 million (NOK 5.9 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 third quarter 2013, the company had investments of NOK 156.0 million and residual commitments linked to these of NOK 84.6 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 as of 30 September 2013 amounted to NOK 169.6 billion, NOK 47.1 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 as of 30 September 2013 amounted to NOK 13.7 billion, NOK 0.7 billion of which were loans bought from SpareBank 1 SR-Bank. The bank owns a 24.1% stake in the company.

Funding

Europe is still experiencing a demanding situation and in the USA there is uncertainty surrounding both fiscal policy and the debt ceiling. Norwegian economic growth was somewhat lower in the last few quarters than previously anticipated. In August, the

companies in Norges Bank's regional network reported moderate growth over the summer and that they expected unchanged growth going forward. Employment growth has slowed somewhat and unemployment has risen slightly. Households appear to be more cautious and saving more. This is weakening retail sales and retail companies risk facing challenges. Retail sales rose by just 0.2% from July to August, after a fall of no less than 1.3% in July. This cautious behaviour also means that it is taking somewhat longer to sell in the housing market, at the same time as banks have raised mortgage rates. The growth in house prices has therefore slowed in the year-to-date.

Many Norwegian companies are being impacted by the relatively weak economic growth of our largest trading partners and the high cost levels in Norway. At the same time, the high oil price and continued good growth in both Norwegian and global oil investments are helping to ensure that a good level of activity in industries that deliver goods and services to the oil industry. The NOK weakened significantly in the latter half of June and, seen in isolation, this was positive for export-oriented industries. However, this fall must be viewed in the context of greater uncertainty in the financial markets after the interest rate meeting in the USA on 19 June and the fact that the day after Norges Bank presented a lower interest rate path than market players had anticipated. The NOK exchange rate has seen major fluctuations over the summer and autumn.

SpareBank 1 SR-Bank's funding costs fell slightly over the summer and access to market funding has been good. The risk premium in the 3-month money market rate has fallen to pre-financial crisis levels, while the risk premium for covered bonds and unsecured bond loans remained largely unchanged in the quarter. SpareBank 1 SR-Bank has continued to focus on adapting to the new regulatory requirements by acquiring more long-term funding and increasing holdings of liquid securities.

However, great uncertainty still surrounds the development of the international financial markets. New instability could again contribute to increasing risk premiums and thus increasing funding costs for banks. The fear of the effects of de-escalating the US Federal Reserve's quantitative easing contributed to increased risk premiums in the international credit market as recently as June. The increase was subsequently reversed and had less impact on

Norwegian banks' market funding risk premiums than feared.

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 buffer⁴ amounted to NOK 16.5 billion at the end of the quarter. This level ensures that the bank can maintain normal operations for 17 months without access to extra funding.

Capital adequacy

As of 30 September 2013, the core equity Tier 1 capital ratio was 10.5% (9.4%). At the same time, the Group's Tier 1 capital ratio was 12.2% (11.5%) and its capital ratio was 13.1% (12.0%). 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.

In June, new capital adequacy rules were adopted by both the European Parliament and the Council and Ministers of the European Community. 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 Tier 1 capital ratio of at least 9% and a total capital ratio of 12.5%. The core equity Tier 1 capital ratio will subsequently be gradually increased to 12% by 1 July 2016⁵.

On 13 October 2013, the Ministry of Finance approved a change to the rules for the calculation basis for banks that use internal models. The change

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

⁵ For banks defined as systemically important and with 2% extra capital requirement.

means that the minimum requirement for the model parameter 'loss given default' (LGD) will increase from 10% to 20% from 1 January 2014. For SpareBank 1 SR-Bank, this change means that the average IRB risk-weighting for existing home mortgages will increase from 8.9% to 17.2%, but it will otherwise not have a negative effect on the reported capital adequacy figures. The current rules concerning the so-called Basel I floor will continue as they are today until the end of 2017, with the possibility of a further extension. The way in which the Basel I floor is practised has not been harmonised on a Nordic level.

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 in the range of 0-2.5% in the form of core equity tier 1 capital. Norges Bank will advise on the level and timing of the introduction of the buffer in December 2013. The aims of the buffer are to make the banks more robust in any future economic downturn and to counter a major impact on the availability of credit that could exacerbate economic swings. The Ministry of Finance will set the buffer requirement every quarter and any increase in the buffer requirement will normally not come into effect until at least 12 months after being set. However, any reduction in the requirement can come into effect immediately. The countercyclical capital buffer requirement will be assessed in light of the other requirements for the banks. Until the final regulatory clarifications are in place, SpareBank 1 SR-Bank will adapt its operations to the new requirements gradually.

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 47.7 at the end of the third quarter 2013. This is a fall of 0.4% since the end of the second quarter 2013. The main Oslo Stock Exchange index rose by 7.0% in the same period. 3.1% (3.1%) of outstanding SRBANK shares were traded in the third quarter 2013.

There were 11,387 (12,090) owners of SRBANK at the end of the third quarter 2013. The proportion owned by foreign companies and individuals was 10.4%, whilst 56.6% of owners were resident in

Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned 61.6% 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 third quarter 2013.

The table below shows the 20 biggest shareholders as of 30 September 2013:

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	76.836	30,04 %
Gjensidige Forsikring ASA	26.483	10,36 %
Folketrygdfondet	7.959	3,11 %
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	3.944	1,54 %
State Street Bank and Trust, U.S.A.	2.682	1,05 %
State Street Bank and Trust, U.S.A.	2.527	0,99 %
Clipper AS	2.179	0,85 %
J.P. Morgan Chase Bank, U.K.	2.115	0,83 %
J.P. Morgan Chase Bank, Sverige	2.014	0,79 %
Fondsfinans Spar	1.450	0,57 %
Westco AS	1.322	0,52 %
Köhlergruppen AS	1.293	0,51 %
Skagen Global II	1.279	0,50 %
FLPS, U.S.A.	1.250	0,49 %
Varma Mutual Pension Insurance, Finland	1.248	0,49 %
Vpf Nordea Norge	1.212	0,47 %
Total 20 largest	157.438	61,56 %

Accounting policies

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

Events after the balance sheet date

No material events have been recorded after 30 September 2013.

Future prospects

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, expectations concerning continued high oil prices, high levels of investment and major investments in infrastructure are contributing to high, stable economic activity in the region. Therefore, continued good conditions for the region's business and population growth with lasting low unemployment are assumed. The growth in house prices has slowed and been lower than expected in the year-to-date. 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 in the future. Non-performance and write-downs of loans are expected to remain relatively low in the future as well.

New regulations, including in the form of significantly stricter requirements for equity and funding, necessitate less capital intensive growth going forward than has been the norm in the last few years. Further clarification concerning the level of any countercyclical capital buffer is expected by the end of the year, and overall the new requirements result in a need to continue strengthening the Group's core capital. Solid earnings, efficient operations and good access to long-term funding are helping ensure that SpareBank 1 SR-Bank is well-positioned to satisfy new regulatory requirements through organic capital build-up in the future.

Stavanger, 30 October 2013

The Board of Directors of SpareBank 1 SR-Bank ASA

Interim financial statements

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Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	01.01.13 - 30.09.13		01.01.12 - 30.09.12		31.12.12	
	MNOK	%	MNOK	%	MNOK	%
Net interest income	1.545	1,40	1.262	1,24	1.742	1,27
Net commission and other income	1.335	1,21	1.055	1,04	1.466	1,07
Net return on investment securities	360	0,33	481	0,47	578	0,42
Total income	3.240	2,94	2.798	2,75	3.786	2,76
Total operating expenses	1.485	1,35	1.384	1,36	1.888	1,38
Profit before losses	1.755	1,59	1.414	1,39	1.898	1,38
Impairment losses on loans and guarantees	82	0,07	111	0,11	137	0,10
Pre-tax profit	1.673	1,52	1.303	1,28	1.761	1,28
Tax expense	380	0,34	286	0,28	400	0,29
Profit after tax from continuing operations	1.293	1,17	1.017	1,00	1.361	0,99
	30.09.13		30.09.12		31.12.12	
PROFITABILITY						
Return on equity ¹⁾	13,2 %		12,8 %		12,4 %	
Cost ratio ²⁾	45,8 %		49,5 %		49,9 %	
BALANCE SHEET						
Gross loans to customers	116.720		104.521		109.513	
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	164.538		155.962		158.201	
Deposits from customers	70.714		69.195		67.594	
Deposit-to-loan ratio	60,6 %		66,2 %		61,7 %	
Growth in loans	11,7 %		0,6 %		8,0 %	
Growth in loans incl SB1 Boligkreditt and Næringskreditt	5,5 %		8,5 %		7,8 %	
Growth in deposits	2,2 %		7,6 %		5,5 %	
Average total assets	147.588		136.021		137.212	
Total assets	153.639		138.663		141.543	
LOSSES AND NON-PERFORMING COMMITMENTS						
Impairment losses ratio ³⁾	0,10		0,14		0,13	
Non-performing commitments as a percentage of gross loans	0,40		0,54		0,42	
Other doubtful commitments as a percentage of gross loans	0,84		0,87		0,72	
SOLIDITY						
Capital ratio	13,1		12,0		13,1	
Tier 1 capital ratio	12,2		11,5		12,1	
Core equity Tier 1 capital ratio	10,5		9,4		10,0	
Core capital	13.974		12.746		13.507	
Net equity and subordinated loan capital	15.034		13.273		14.568	
Minimum subordinated capital requirement	9.203		8.856		8.897	
BRANCHES AND STAFF						
Number of branches	53		53		53	
Number of employees (annualised)	1.182		1.221		1.207	
Shares	30.09.13	31.12.12	31.12.11	31.12.10	31.12.09	
Market price	47,70	37,20	40,70	57,00	50,00	
Market capitalisation	12.199	9.514	5.182	7.257	6.047	
Book equity per share (including dividends) (group)	52,87	49,48	48,75	47,45	42,07	
Book equity per share (including dividends) (parent bank)	48,14	44,23	42,81	41,80	36,85	
Earnings per share (group) ⁴⁾	5,06	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	7,07	6,99	7,51	8,33	7,27	
Price / Book equity (group)	0,90	0,75	0,83	1,20	1,19	
Price / Book equity (parent bank)	0,99	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	Q3 2012	Q3 2013	01.01.12 - 30.09.12	01.01.13 - 30.09.13		01.01.13 - 30.09.13	01.01.12 - 30.09.12	Q3 2013	Q3 2012	2012
Income statement (MNOK)										
5.126	1.282	1.398	3.842	4.026		4.178	3.969	1.451	1.323	5.300
3.568	877	885	2.713	2.639		2.633	2.707	883	875	3.558
1.558	405	513	1.129	1.387		1.545	1.262	568	448	1.742
1.068	267	373	740	1.022		1.060	775	386	280	1.105
80	17	20	56	54		60	59	23	19	76
14	9	1	12	11		335	339	103	113	437
1.002	259	354	696	979		1.335	1.055	466	374	1.466
25	1	2	25	33		35	25	3	1	25
339	0	0	339	412		260	243	130	90	265
270	100	3	208	151		65	213	4	101	288
634	101	5	572	596		360	481	137	192	578
3.194	765	872	2.397	2.962		3.240	2.798	1.171	1.014	3.786
849	205	214	627	665	14	873	790	284	271	1.082
361	92	91	268	284		323	310	104	105	417
252	58	55	184	182		289	284	90	90	389
1.462	355	360	1.079	1.131		1.485	1.384	478	466	1.888
1.732	410	512	1.318	1.831		1.755	1.414	693	548	1.898
128	38	34	102	79	2, 3 and 4	82	111	32	43	137
1.604	372	478	1.216	1.752		1.673	1.303	661	505	1.761
363	94	130	265	340		380	286	145	107	400
1.241	278	348	951	1.412	12	1.293	1.017	516	398	1.361
Other comprehensive income										
1.241	278	348	951	1.412		1.293	1.017	516	398	1.361
413	119	0	-66	-43		-47	-57	0	124	452
-116	-33	0	18	12		13	16	0	-35	-127
0	0	0	0	0		1	8	3	8	13
297	86	0	-48	-31		-33	-33	3	97	338
0	0	0	0	0		0	0	0	0	0
0	0	0	0	0		0	0	0	0	0
297	86	0	-48	-31		-33	-33	3	97	338
1.538	364	348	903	1.381		1.260	984	519	495	1.699
Earnings per share (group)										
						5,06	3,98	2,02	1,56	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	30.09.12	30.09.13		30.09.13	30.09.12	31.12.12
			Balance sheet (MNOK)			
1.314	224	588	Cash and balances with central banks	588	224	1.314
6.354	5.708	7.212	Balances with credit institutions	1.732	481	1.087
102.859	97.747	109.737	Net loans to customers	8	115.992	108.758
18.672	22.152	22.402	Certificates, bonds and other fixed-income securities	13	22.408	18.677
4.588	4.780	4.892	Financial derivatives	10	4.887	4.578
498	392	725	Shares, ownership stakes and other securities		880	671
84	84	84	Business available for sale		85	85
3.812	4.050	3.743	Investment in associates		4.804	4.964
809	805	897	Investment in subsidiaries		0	0
1.180	1.296	2.053	Other assets	5	2.263	1.409
140.170	137.238	152.333	Total assets	12	153.639	141.543
4.560	3.658	4.721	Balances with credit institutions		4.719	4.522
7.299	7.299	6.429	Public sector deposits regarding the covered bonds swap agreement		6.429	7.299
67.756	69.307	70.865	Deposits from customers	7	70.714	67.594
40.691	37.935	50.124	Listed debt securities	11	50.124	40.691
2.282	2.665	2.235	Financial derivatives	10	2.235	2.282
2.063	2.005	2.060	Other liabilities	6	2.310	2.295
4.223	3.706	3.597	Additional Tier 1 and Tier 2 capital instruments	11	3.597	4.223
128.874	126.575	140.031	Total liabilities		140.128	128.906
6.394	6.394	6.394	Share capital		6.394	6.394
-9	-9	-5	Holding of own shares		-5	-9
1.587	1.588	1.592	Premium reserve		1.592	1.587
384	0	0	Proposed dividend		0	384
72	43	72	Fund for unrealised gains		72	72
2.868	1.696	2.837	Other equity		4.165	4.209
0	951	1.412	Profit/loss at period end		1.293	0
11.296	10.663	12.302	Total equity		13.511	12.637
140.170	137.238	152.333	Total liabilities and equity	12	153.639	141.543

Statement of changes in equity

SpareBank 1 SR-Bank Group

<i>(Amounts in NOK million)</i>	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			-11		-11
Profit after tax			1.293		1.293
Unrecognised actuarial gains and losses after tax			-34		-34
Share of profit associated companies and joint ventures			1		1
Total items not reclassified through profit or loss			-33		-33
Items reclassified through profit or loss			0		0
Other comprehensive income			-33		-33
Total comprehensive income			1.260		1.260
Equity as of 30.09.2013	6.389	1.592	5.458	72	13.511

Cash flow statement

Parent bank			Cash flow statement	Group		
31.12.12	01.01.13 - 30.09.13	01.01.13 - 30.09.13		01.01.13 - 30.09.13	01.01.13 - 30.09.13	31.12.12
-7.632	-2.535	-6.796	Change in gross lending to customers	-7.208	-3.153	-8.145
4.339	3.200	3.485	Interest receipts from lending to customers	3.752	3.430	4.698
3.542	5.093	3.109	Change in deposits from customers	3.120	5.153	3.552
-1.893	-578	-432	Interest payments on deposits from customers	-421	-567	-1.872
-920	-1.561	-1.788	Change in receivables and debt from credit institutions	-1.522	-1.000	-336
-110	-56	-234	Interest on receivables and debt to financial institutions	-362	-190	-291
1.174	-2.306	-3.730	Change in certificates and bonds	-3.732	-2.306	1.173
628	508	381	Interest receipts from commercial paper and bonds	381	508	628
795	574	600	Commission receipts	966	941	1.257
150	125	138	Capital gains from sale of trading	138	125	150
-1.340	-980	-1.020	Payments for operations	-1.343	-1.277	-1.746
-58	-58	-185	Taxes paid	-255	-95	-130
-221	-683	-834	Other accruals	-656	-1.399	-455
-1.546	743	-7.306	A Net change in liquidity from operations	-7.142	170	-1.517
-47	-26	-42	Investments in tangible fixed assets	-51	-34	-67
24	23	15	Receipts from sale of tangible fixed assets	15	32	33
-563	-688	-192	Change in long-term investments in equities	-179	-700	-563
0	0	170	Receipts from sales of long-term investments in equities	170	0	0
364	-356	442	Dividends from long-term investments in equities	264	242	364
-222	-1.047	393	B Net cash flow, investments	219	-460	-233
14.999	5.797	12.390	Debt raised by issuance of securities	12.390	5.797	14.999
-11.083	-4.545	-5.045	Repayments - issuance of securities	-5.045	-4.545	-11.083
-1.011	-747	-646	Interest payments on securities issued	-646	-761	-1.009
825	0	0	Additional capital instruments issued	0	0	825
-1.528	-1.354	-231	Repayments - additional capital instruments	-231	-1.354	-1.528
-241	-129	-118	Interest payments on subordinated loans	-118	-129	-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	244	5.966	C Net cash flow, financing	5.966	230	3.185
1.415	-60	-947	A+B+C Net cash flow during the period	-957	-60	1.435
381	381	1.796	Cash and cash equivalents as at 1 January	1.823	388	388
1.796	321	849	Cash and cash equivalents as at 31 March	866	328	1.823
			Cash and cash equivalents specified			
1.314	224	588	Cash and balances with central banks	588	224	1.314
482	97	261	Balances with credit institutions	278	104	509
1.796	321	849	Cash and cash equivalents	866	328	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 3rd quarter 2013 interim financial statements of Sparebank 1 SR-Bank ASA are for the nine months ending 30 september 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.

Securities purchased with a repurchase agreement are not included since the risk and return associated with ownership of the assets have not been transferred. Such transactions primarily involve interest-bearing securities. Received securities, including pledged collateral, are registered off the balance sheet regardless of whether or not the Group is allowed to sell or pledge the security. When received securities are sold, the Group will register a liability on the balance sheet. The balance sheet item "Loans to and receivables from financial institutions" includes receivables in connection with repurchase agreements.

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 1st 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 quarterly report.

Note 2 Losses on loans and guarantees

Parent bank				Group		
31.12.12	01.01.12 - 30.09.12	01.01.13 - 30.09.13		30.09.13	01.01.12 - 30.09.12	31.12.12
79	97	-81	Change in individual impairment losses provisions for the period	-27	100	78
-30	-30	0	Change in collective impairment loss provisions for the period	0	-30	-30
5	5	3	Amortised cost	3	5	5
102	29	75	Actual loan losses on commitments for which provisions have been made	84	31	105
12	4	30	Actual loan losses on commitments for which no provision has been made	38	11	24
9	0	76	Change in assets taken over for the period	16	0	9
-49	-3	-24	Recoveries on commitments previously written-off	-32	-6	-54
128	102	79	The period's net losses / (reversals) on loans and advances	82	111	137

Note 3 Provisions for impairment losses on loans and guarantees

Parent bank				Group		
31.12.12	30.09.12	30.09.13		30.09.13	30.09.12	31.12.12
357	357	436	Provisions for Individual impairment losses at start of period	423	420	420
79	56	77	Increases in previous provisions for individual impairment losses	77	56	79
-62	-74	-189	Reversal of provisions from previous periods	-132	-90	-89
166	148	108	New provisions for individual impairment losses	115	169	120
-2	-4	-2	Amortised cost	-2	-4	-2
-102	-29	-75	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-84	-31	-105
436	454	355	Provisions for Individual impairment losses at period end	397	520	423
114	33	105	Net losses	122	42	129

Note 4 Non-performing and problem commitments

Parent bank				Group		
31.12.12	30.09.12	30.09.13		30.09.13	30.09.12	31.12.12
			Non-performing loans and advances			
406	512	445	Gross non-performing loans above 90 days	467	564	460
142	144	125	Provisions for Individual impairment losses	130	157	152
264	368	320	Net non-performing loans and advances	337	407	308
35 %	28 %	28 %	Loan loss provision ratio	28 %	28 %	33 %
			Other problem commitments			
839	800	923	Problem commitments	985	909	787
295	310	230	Provisions for Individual impairment losses	267	363	272
544	490	693	Net other problem commitments	718	546	515
35 %	39 %	25 %	Loan loss provision ratio	27 %	40 %	35 %

Note 5 Other assets

Parent bank				Group		
31.12.12	30.09.12	30.09.13		30.09.13	30.09.12	31.12.12
0	0	0	Intangible assets	43	49	43
347	341	333	Tangible fixed assets	358	352	363
384	289	759	Income earned but not received from SpareBank 1 Bolig- and Næringskredit	759	289	384
30	40	34	Prepaid expences	37	43	43
5	331	26	Remburs	26	331	5
414	295	901	Other assets including unsettled trades	1.040	485	571
1.180	1.296	2.053	Total other assets	2.263	1.549	1.409

Note 6 Other liabilities

Parent bank				Group		
31.12.12	30.09.12	30.09.13		30.09.13	30.09.12	31.12.12
213	206	275	Accrued expenses and prepaid revenue	368	278	283
597	231	532	Deferred tax	593	272	631
162	630	191	Pension liabilities	208	685	176
1	2	1	Other specified provisions	1	2	1
5	331	26	Remburs	26	331	5
132	264	287	Taxes payable	334	349	209
953	341	748	Other liabilities including unsettled trades	780	367	990
2.063	2.005	2.060	Total other liabilities	2.310	2.284	2.295

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.12	30.09.12	30.09.13		30.09.13	30.09.12	31.12.12
1.116	1.160	1.120	Agriculture/forestry	1.120	1.160	1.116
131	199	222	Fishing/Fish farming	222	199	131
962	771	743	Mining/extraction	743	771	962
1.080	1.075	1.091	Industry	1.091	1.075	1.080
1.598	1.265	2.271	Power and water supply/building and construction	2.271	1.265	1.598
2.096	1.817	1.872	Retail trade, hotels and restaurants	1.872	1.817	2.096
1.001	987	948	Foreign trade shipping, pipeline transport and other transport activities	948	987	1.001
5.900	6.051	5.262	Real estate	5.262	6.051	5.900
7.406	7.000	7.747	Service industry	7.747	7.000	7.406
12.120	14.323	13.240	Public sector and financial services	13.089	14.212	11.958
33.410	34.648	34.516	Total corporate sector	34.365	34.537	33.248
34.311	33.747	35.438	Retail customers	35.438	33.747	34.311
35	912	911	Accrued interests corporate sector and retail customers	911	911	35
67.756	69.307	70.865	Total deposits	70.714	69.195	67.594

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.12	30.09.12	30.09.13		30.09.13	30.09.12	31.12.12
3.894	3.744	4.039	Agriculture/forestry	4.290	3.994	4.141
481	427	395	Fishing/Fish farming	518	539	597
2.293	2.902	2.479	Mining/extraction	2.571	2.962	2.351
1.400	1.260	2.134	Industry	2.869	1.997	2.135
2.957	2.981	2.519	Power and water supply/building and construction	3.389	3.819	3.804
2.472	2.446	2.564	Retail trade, hotels and restaurants	3.022	2.940	2.975
5.930	5.689	6.684	Foreign trade shipping, pipeline transport and other transport activities	7.232	6.216	6.451
24.178	23.909	25.294	Real estate	25.450	24.033	24.306
5.879	6.134	5.843	Service industry	7.626	7.849	7.650
2.087	2.280	2.155	Public sector and financial services	2.155	2.277	1.949
51.571	51.772	54.106	Total corporate sector	59.122	56.626	56.359
51.431	46.320	55.795	Retail customers	57.128	47.453	52.569
283	58	164	Unallocated (excess value fixed interest loans and amort. lending fees)	158	69	292
297	336	313	Accrued interests corporate sector and retail customers	312	373	293
103.582	98.486	110.378	Gross loans	116.720	104.521	109.513
-436	-452	-354	- Individual impairment losses provisions	-396	-518	-423
-287	-287	-287	- Collective impairment losses provisions	-332	-332	-332
102.859	97.747	109.737	Net loans	115.992	103.671	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 Boligkredit AS, SpareBank 1 Næringskredit 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	30.09.12	30.09.13		30.09.13	30.09.12	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	1.588	1.592	Premium reserve	1.592	1.588	1.587
384	0	0	Allocated to dividend	0	0	384
72	43	72	Reserve for unrealised gains	72	43	72
2.868	1.696	2.837	Other equity	4.165	2.889	4.209
11.296	9.712	10.890	Total book equity	12.218	10.905	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	-463	-395	50% deduction for subordinated capital in other financial institutions	-51	-17	-17
-278	-253	-219	50% deduction for expected losses on IRB, net of write-downs	-223	-260	-319
0	0	0	50 % capital adequacy reserve	-518	-700	-727
0	475	706	Year-to-date profit included in core capital (50%)	647	508	0
2.242	2.250	1.824	Additional Tier 1 capital	1.957	2.377	2.374
12.413	11.719	12.805	Total core capital	13.974	12.746	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	1.289	1.645	Non-perpetual additional capital	1.852	1.504	2.124
-462	-463	-395	50% deduction for investment in capital instruments in other financial institutions	-51	-17	-17
-278	-253	-219	50% deduction for expected losses on IRB, net of write-downs	-223	-260	-319
0	0	0	50 % capital adequacy reserve	-518	-700	-727
1.136	573	1.031	Total supplementary capital	1.060	527	1.061
13.549	12.292	13.836	Net subordinated capital	15.034	13.273	14.568
			Basis for calculation Basel I			
			Minimum requirements subordinated capital, Basel II			
2.328	2.234	2.357	Specialised lending exposure	2.357	2.234	2.328
2.346	2.327	2.172	Other corporations exposure	2.172	2.328	2.346
32	33	41	SME exposure	50	39	39
400	363	421	Retail mortgage exposure (properties)	836	793	796
55	58	66	Other retail exposure	73	61	58
619	555	661	Equity investments	0	0	0
5.780	5.570	5.718	Total credit risk IRB	5.488	5.455	5.567
168	194	200	Debt risk	183	193	149
44	32	54	Equity risk	54	32	44
0	0	0	Currency risk	0	0	0
207	231	204	Participations calculated after other market risk	282	276	277
366	366	379	Operational risk	457	447	447
0	0	0	Transitional scheme	1.189	944	908
423	437	450	Participations calculated using standard method	1.646	1.624	1.624
-74	-74	-63	Deductions	-96	-115	-119
6.914	6.756	6.942	Minimum requirements subordinated capital	9.203	8.856	8.897
15,68 %	14,56 %	15,94 %	Capital ratio	13,07 %	11,99 %	13,10 %
14,36 %	13,88 %	14,76 %	Tier 1 capital	12,15 %	11,51 %	12,15 %
1,31 %	0,68 %	1,19 %	Tier 2 capital	0,92 %	0,48 %	0,95 %
11,77 %	11,21 %	12,65 %	Core equity Tier 1 capital ratio	10,45 %	9,37 %	10,01 %
14,36 %	13,88 %	14,76 %	Tier 1 capital ratio, IRB	13,95 %	12,89 %	13,53 %
11,77 %	11,21 %	12,65 %	Core equity Tier 1 capital ratio, IRB	12,00 %	10,48 %	11,15 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount	Fair value at 30.09.13	
	30.09.13	Assets	Liabilities
Currency instruments			
Currency forward contracts	4.857	76	48
Currency swaps	38.349	731	218
Currency options	62	0	0
Total currency instruments	43.268	807	266
Interest rate instruments			
Interest rate swaps(including cross-currency)	70.711	1.170	1.136
Other interest rate contracts	0	0	0
Total interest rate instruments	70.711	1.170	1.136
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	47.846	2.100	338
Total hedging / Interest rate instruments	47.846	2.100	338
Accrued interests			
Accrued interests		810	495
Total accrued interests		810	495
Total currency and interest rate instruments			
Total currency instruments	43.268	807	266
Total interest rate instruments	118.557	3.270	1.474
Total accrued interests		810	495
Total	161.825	4.887	2.235

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 116.0 billion and NOK 1.5 billion as of the third 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	30.09.12	30.09.13
Bonds, nominal amount	37.960	35.300	47.456
Adjustments	2.220	2.109	2.069
Accrued interests	511	526	599
Total debt raised through issuance of securities	40.691	37.935	50.124

	Balance as at	Issued	Past due/ redeemed	FX rate- and other changes	Balance as at
Change in debt raised through issuance of securities	31.12.12	2013	2013	2013	30.09.13
Bonds, nominal amount	37.960	12.390	-5.045	2.151	47.456
Adjustments	2.220	0	0	-151	2.069
Accrued interests	511	0	0	88	599
Total debt raised through issuance of securities	40.691	12.390	-5.045	2.088	50.124

Additional Tier 1 and Tier 2 capital instruments	31.12.12	30.09.12	30.09.13
Non-perpetual additional Tier 2 capital, nominal amount	1.876	1.288	1.645
Perpetual additional Tier 2 capital, nominal amount	0	0	0
Additional Tier 1 capital, nominal amount	2.242	2.250	1.824
Adjustments	81	86	58
Accrued interests	24	82	70
Total additional Tier 1 and Tier 2 capital instruments	4.223	3.706	3.597

	Balance as at	Issued	Past due/ redeemed	FX rate- and other changes	Balance as at
Change in additional Tier 1 and Tier 2 capital instruments	31.12.12	2013	2013	2013	30.09.13
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	-419	1	1.824
Adjustments	81	0	0	-23	58
Accrued interests	24	0	0	46	70
Total additional Tier 1 and Tier 2 capital instruments	4.223	0	-650	24	3.597

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 significance. 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 subsidiaries of considerable significance.

SpareBank 1 SR-Bank Group 01.01.13 - 30.09.13								
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Eiendoms-Megler 1	SR-Finans	Eliminations	Other activities	Total
Interest income	1.418	1.112	666	12	289	-149	831	4.178
Interest expense	759	449	625	8	128	-141	805	2.633
Net interest income*	659	662	41	4	160	-8	26	1.545
Commission income	778	218	26	0	3	-24	60	1.060
Commission expenses	27	21	3	0	15	-25	20	60
Other operating income	0	0	0	325	0	-1	11	335
Net commission and other income	751	198	23	325	-12	0	50	1.335
Dividend income	0	0	3	0	0	2	30	35
Income from investment in associates	0	0	0	0	0	-152	412	260
Net gains/losses on financial instruments	10	6	56	0	0	-95	88	65
Net income on investment securities	10	6	59	0	0	-245	530	360
Personnel expenses	274	131	40	173	24	-5	236	873
Administrative expenses	88	20	10	30	7	0	169	323
Other operating expenses	62	19	3	88	9	4	104	289
Total operating expenses	425	170	53	291	39	-2	509	1.485
Operating profit before losses	996	696	70	38	110	-251	97	1.755
Change in individual write-downs in the period	24	44	11	0	-11	15	0	82
Change in group write-downs in the period	0	0	0	0	0	0	0	0
Pre-tax profit	972	652	59	38	121	-266	97	1.673
Net interest income*								
External net interest income	659	662	41	-8	285	0	-94	1.545
Internal net interest income	0	0	0	12	-125	0	113	0
Net interest income	659	662	41	4	160	0	19	1.545
Balance sheet (MNOK)								
Loans to customers	59.459	48.700	0	0	6.353	0	2.208	116.720
Individual loss provisions	-104	-240	-11	0	-42	0	1	-396
Group loss provisions	-23	-263	0	0	-45	0	-1	-332
Other assets	0	0	667	196	8	0	36.776	37.647
Total assets	59.332	48.197	656	196	6.273	0	38.984	153.639
Deposits from customers	40.956	25.792	0	0	0	0	3.966	70.714
Other debt	0	0	656	136	5.739	0	62.883	69.414
Total debt	40.956	25.792	656	136	5.739	0	66.849	140.128
Equity	0	0	0	60	534	0	12.917	13.511
Total debt and equity	40.956	25.792	656	196	6.273	0	79.766	153.639
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt								
	47.100	718						47.818

SpareBank 1 SR-Bank Group 01.01.12 - 30.09.12

Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Eiendoms-Megler 1	SR-Finans	Eliminations	Other activities	Total
Interest income	1.386	1.109	499	15	259	-148	850	3.969
Interest expense	719	471	457	10	127	-143	1.066	2.707
Net interest income*	667	638	42	5	132	-5	-217	1.262
Commission income	538	178	43	0	2	-25	39	775
Commission expenses	31	18	3	0	11	-25	20	59
Other operating income	0	0	0	328	0	-1	12	339
Net commission and other income	507	160	40	328	-9	-1	30	1.055
Dividend income	0	0	6	0	0	0	19	25
Income from investment in associates	0	0	0	0	0	-96	339	243
Net gains/losses on financial instruments	8	16	117	0	0	0	71	213
Net income on investment securities	8	16	123	0	0	-96	429	481
Personnel expenses	273	121	39	131	22	-6	210	790
Administrative expenses	86	16	8	34	6	0	161	310
Other operating expenses	61	18	5	87	7	-1	108	284
Total operating expenses	420	155	51	251	36	-7	478	1.384
Operating profit before losses	762	659	155	82	87	-95	-236	1.414
Change in individual write-downs in the period	8	124	0	0	9	0	0	141
Change in group write-downs in the period	0	-30	0	0	0	0	0	-30
Pre-tax profit	754	565	155	82	78	-95	-236	1.303
Net interest income*								
External net interest income	667	635	42	-20	259	0	-321	1.262
Internal net interest income	0	3	0	15	-127	0	109	0
Net interest income	667	638	42	5	132	0	-222	1.262
Balance sheet (MNOK)								
Loans to customers	54.526	47.149	0	0	6.040	0	-3.194	104.521
Individual loss provisions	-101	-353	0	0	-66	0	2	-518
Group loss provisions	-23	-263	0	0	-45	0	-1	-332
Other assets	0	0	511	231	24	0	34.226	34.992
Total assets	54.402	46.533	511	231	5.953	0	31.034	138.663
					0			
Deposits from customers	39.909	25.184	0	0	0	0	4.102	69.195
Other debt	0	0	511	182	5.468	0	51.385	57.546
Total debt	39.909	25.184	511	182	5.468	0	55.487	126.741
Equity	0	0	0	49	485	0	11.388	11.922
Total debt and equity	39.909	25.184	511	231	5.953	0	66.875	138.663
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	50.908	533						51.441

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 portfolio until maturity.

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

As at 1.7.2008

Group

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

As at 30.09.2013

Group

Certificates and bonds recognised as:	Book value	Amortising as interest	Reclass. effect	Fair value
At fair value through profit and loss	15.433	0	0	15.433
Held to maturity	81	0	0	81
Covered Bonds ²⁾	6.784	0	0	6.784
Accrued interests	110	0	0	110
Total certificates and bonds	22.408	0	0	22.408

Group

Bonds reclassified as receivable and hold to maturity	31.12.12	30.09.12	30.09.13
Book value	218	350	81
Nominal value	221	353	81
Observable market value	220	352	81

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

1) Net unrealised 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) Receivables 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 30 September 2013. Had the same policy been applied in the third quarter of 2012, the pension costs would have amounted to around NOK 12 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.

SpareBank 1 SR-Bank is in the process of updating its pension calculations in line with the new K2013 mortality table issued by the Financial Supervisory Authority of Norway on 8 March 2013. The calculation of the pension liability as of 30 September 2013 includes provisions for longer life expectancy amounting to NOK 38 million for the Group and NOK 36 million for the Parent Bank.

For defined benefit schemes the following economic assumptions have been made when calculating pension liabilities. The change in 3rd quarter is based on NRS recommendation per August 2013.

Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Parent bank and group
2,20 %	3,90 %	3,80 %	3,80 %	3,95 %	Discount rate
6,00 %	5,00 %	3,80 %	3,80 %	3,95 %	Expected return on assets
3,25 %	3,50 %	3,50 %	3,50 %	3,75 %	Forecast salary increase
3,00 %	3,25 %	3,25 %	3,25 %	3,50 %	National Insurance scheme's basic amount
2,00 %	2,00 %	2,00 %	2,00 %	2,00 %	Pension adjustment

Change in pension obligations (NOK million):

2012	Q3 2012	Q3 2013	Parent bank			Group		Q3 2012	2012	
			01.01.12 - 30.09.12	01.01.13 - 30.09.13		01.01.13 - 30.09.13	01.01.12 - 30.09.12			
584	743	177	584	162	Net obligations opening balance	176	703	193	821	703
-413	-119	0	66	43	Actuarial liabilities and losses recognised in comprehensive income	47	57	0	-124	-452
61	16	16	48	48	Net pension cost	51	51	17	18	68
-51	0	0	-51	-56	Company contributions	-60	-75	0	-21	-78
-13	-3	-2	-10	-6	Payments from operations	-6	-10	-2	-3	-15
-6	-6	0	-6	0	Curtailements and settlements included in the income statement	0	-41	0	-6	-50
162	631	191	631	191	Net pension obligations closing balance	208	685	208	685	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. This implies that the banks undertake to buy mortgage bonds limited to a total value equal to 12 months' maturities in SpareBank 1 Boligkreditt. Each owner is primarily liable for its share of the need, secondarily for twice the amount of the primary liability under the same agreement. The bonds can be deposited with Norges Bank and represent, therefore, no significant increase in the bank's inherent risk.

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 3.3 years at the end of Q3 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 30.09.13	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers		11.771		11.771
Commercial paper and bonds at fair value	9.468	5.965		15.433
Financial derivatives		4.887		4.887
Equities, units and other equity interests	164	572	144	880
Liabilities				
Securities issued	-			38.670
Financial derivatives		2.486		2.486
Subordinated loans	-			759
Fair value 30.09.12				
Assets				
Net lending to customers		11.669		11.669
Commercial paper and bonds at fair value	8.842	5.187		14.029
Financial derivatives		4.769		4.769
Equities, units and other equity interests	74	428	44	546
Liabilities				
Securities issued	-			24.743
Financial derivatives		2.158		2.158
Subordinated loans	-			1.272

Note 18 Events after the balance sheet date

No material events have been recorded after 30 september 2013.

QUARTERLY INCOME STATEMENT

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SpareBank 1 SR-Bank Group, MNOK	2013	2013	2013	2012	2012	2012	2012	2011	2011
Interest income	1.451	1.406	1.321	1.331	1.323	1.319	1.327	1.378	1.362
Interest expense	883	880	870	851	875	906	926	930	905
Net interest income	568	526	451	480	448	413	401	448	457
Commission income	386	349	325	330	280	273	222	211	200
Commission expenses	23	18	19	17	19	20	20	12	21
Other operating income	103	134	98	98	113	126	100	106	102
Net commission and other income	466	465	404	411	374	379	302	305	281
Dividend income	3	32	0	0	1	21	3	1	1
Income from investment in associates	130	31	99	22	90	53	100	67	33
Net gains/losses on financial instrument valued at fair value	4	-1	62	75	101	13	99	43	-27
Net return on investment securities	137	62	161	97	192	87	202	111	7
Total income	1.171	1.053	1.016	988	1.014	879	905	864	745
Personnel expenses	284	297	292	292	271	244	275	100	273
Administrative expenses	104	118	101	107	105	99	106	111	99
Other operating expenses	90	102	97	105	90	97	97	118	90
Total operating expenses	478	517	490	504	466	440	478	329	462
Operating profit before impairment losses	693	536	526	484	548	439	427	535	283
Impairment losses on loans and guarantees	32	25	25	26	43	34	34	45	30
Pre-tax profit	661	511	501	458	505	405	393	490	253
Tax expense	145	128	107	114	107	102	77	153	79
Profit after tax	516	383	394	344	398	303	316	337	174

Profitability

Return on equity per quarter	15,6 %	11,8 %	12,3 %	11,2 %	13,6 %	11,8 %	12,9 %	13,9 %	7,2 %
Cost percentage	40,8 %	49,1 %	48,2 %	51,0 %	46,0 %	50,1 %	52,8 %	38,1 %	62,0 %

Balance sheet figures from quarterly accounts

Gross loans to customers	116.720	115.214	112.314	109.513	104.521	105.428	100.463	101.368	103.930
Deposits from customers	70.714	73.281	68.605	67.594	69.195	71.285	67.108	64.042	64.323
Total assets	153.639	151.110	146.124	141.543	138.663	139.615	134.683	131.142	132.965
Average total assets	151.683	147.331	144.265	140.555	139.002	136.674	132.949	132.392	134.579
Growth in loans over last 12 months	11,7 %	9,3 %	11,8 %	8,0 %	0,6 %	-2,3 %	-4,1 %	-4,2 %	3,6 %
Growth in deposits over last 12 months	2,2 %	2,8 %	2,2 %	5,5 %	7,6 %	9,7 %	7,1 %	5,4 %	15,5 %

Losses and non-performing commitments

Impairment losses ratio ²⁾	0,11	0,09	0,09	0,10	0,16	0,13	0,13	0,18	0,11
Non-performing commitments as a percentage of total loans	0,40	0,37	0,44	0,42	0,54	0,49	0,44	0,41	0,57
Other doubtful commitments as a percentage of total loans	0,84	0,77	0,81	0,72	0,87	0,82	0,89	0,69	0,68

Solidity

Capital ratio	13,1	12,9	12,9	13,1	12,0	11,9	11,0	11,4	11,2
Tier 1 capital ratio	12,2	12,0	12,2	12,1	11,5	11,4	10,5	10,6	9,6
Core equity Tier 1 capital ratio	10,5	10,3	10,1	10,0	9,4	9,2	8,2	8,3	8,2
Core capital	13.974	13.691	13.673	13.507	12.746	12.514	10.960	10.846	9.523
Net equity and subordinated loan capital	15.034	14.721	14.452	14.568	13.273	13.041	11.425	11.681	11.114
Minimum subordinated capital requirement	9.203	9.135	8.956	8.897	8.856	8.797	8.333	8.167	7.921

Shares

Market price at end of quarter	47,70	47,50	50,00	37,20	36,90	32,10	41,00	40,70	40,70
Number of shares issued, millions	255,75	255,75	255,75	255,75	255,75	255,75	199,49	127,31	127,31
Earnings per share, NOK (annualised) ¹⁾	2,02	1,50	1,54	1,35	1,56	1,19	1,58	1,73	0,86
Price/earnings per share	5,90	7,92	8,12	6,89	5,91	6,74	6,49	5,88	11,83
Price/book equity (parent bank)	1,35	1,35	1,42	1,05	1,05	0,91	1,16	1,15	1,15

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