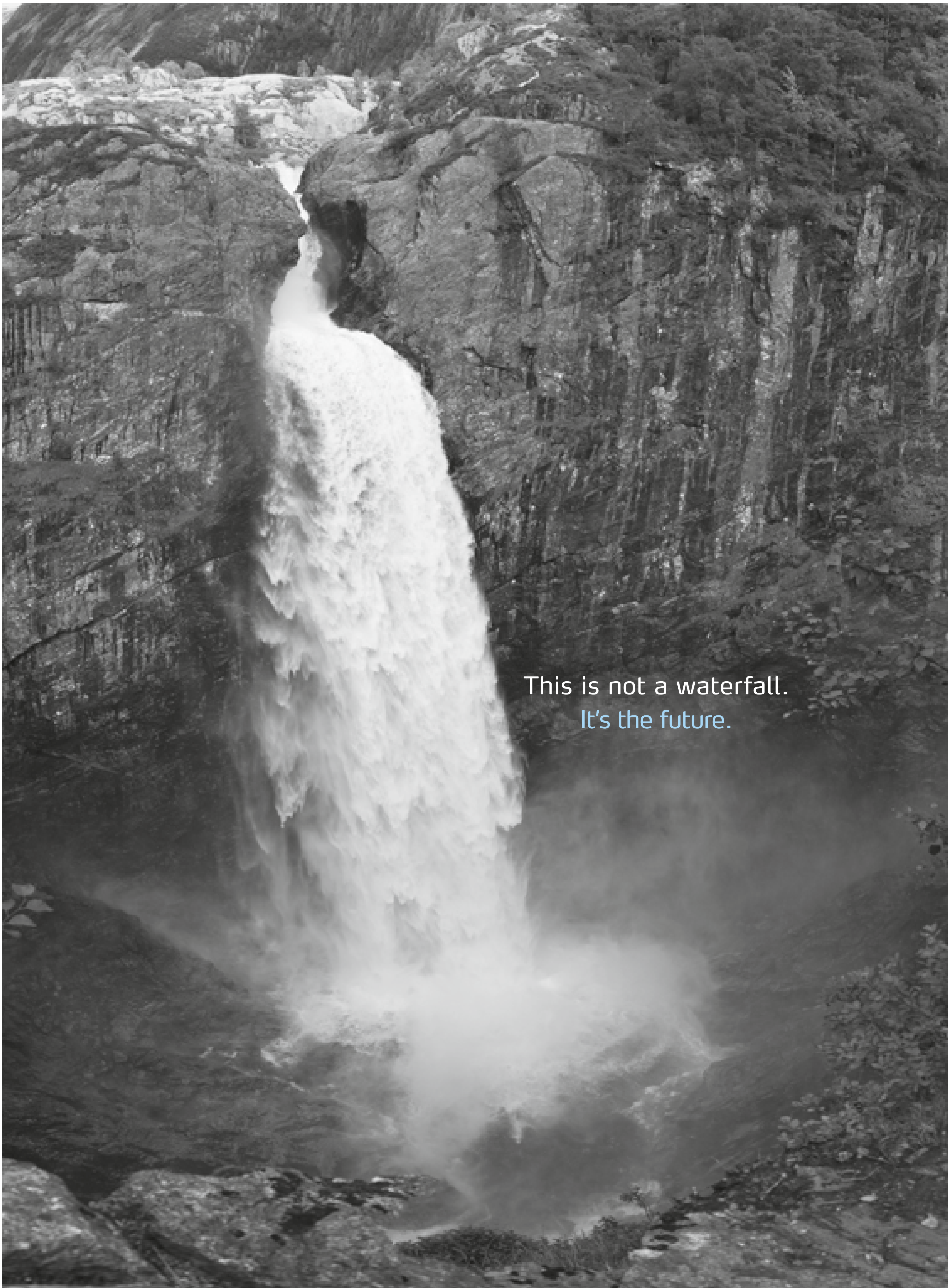


ANNUAL REPORT 2013

SPAREBANK 1 SR-BANK

OVERVIEW
OF OUR OFFICES

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

HEADOFFICE/ADMINISTRATION:
Bjergsted Terrasse 1
P.O.Box 250, N-4066 Stavanger
E-mail retail customers: kundesenter@sr-bank.no
E-mail corporate customers: bedrift@sr-bank.no
Fax +47 51 57 12 60

For branch opening hours and addresses,
please visit: www.sr-bank.no

TABLE OF CONTENTS

KEY FIGURES

(Figures in NOK million)	**2013**	2012
Net interest income	**2 119**	1 742
Total other operating income	**2 379**	2 044
Total operating costs before losses on loans	**2 019**	1 888
Operating profit before losses on loans	**2 479**	1 898
Losses on loans and guarantees	**132**	137
Operating profit before tax	**2 347**	1 761

KEY FIGURES

	2013	2012
Total assets 31.12 (NOK million)	**156 985**	141 543
Loans to customers (NOK million)	**119 525**	108 758
Loans to customers, incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt (NOK million)	**165 914**	157 446
Customer deposits (NOK million)	**71 667**	67 594
Lending growth incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**5,3 %**	7,8 %
Deposit growth	**6,0 %**	5,5 %
Capital ratio %	**14,1**	13,1
Tier 1 capital ratio %	**12,8**	12,1
Core equity capital ratio %	**11,1**	10,0
Net regulatory capital (NOK million)	**15 915**	14 568
Return on equity %	**14,0**	12,4
Cost/income ratio	**44,9**	49,9
No. of full time equivalents	**1 165**	1 207
No. of branches	**52**	53
Market price at year-end	**60,25**	37,20
Earnings per share	**7,28**	5,33
Dividend per share	**1,60**	1,50
Effective yield on share %	**65,99**	-4,91

Please also refer to the complete review of key figures and definitions on pages 14 and 118

GROUP PRE-TAX PROFIT:

2 347

NOK million (NOK 1 761 million)

NET INTEREST INCOME:

2 119

NOK million (NOK 1 742 million)

RETURN ON EQUITY AFTER TAX:

14,0

per cent (12,4 per cent)

NET COMMISSIONS AND OTHER OPERATING INCOME:

1 824

NOK million (NOK 1 466 million)

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

5,3 %

per cent (7,8 per cent)

IMPAIRMENTS AS % OF GROSS LOANS, INCL. SB1 BOLIGKREDITT AND SB1 NÆRINGSKREDITT:

0,08

per cent (0,09 per cent)

GROWTH IN DEPOSITS OVER THE LAST 12 MONTHS:

6,0 %

per cent (5,5 per cent)

CORE EQUITY CAPITAL RATIO:

11,1

per cent (10,0 per cent)

(Previous year's figures in brackets)

PAST, PRESENT AND FUTURE

A year that has provided us with a new perspective on the terms past, present and future is now behind us. Never before have these three terms been so interwoven for us as a bank. The changes society is currently undergoing are so great and happening so fast that the future is here now, and the present is already becoming the past. This is something we can assert with authority as we start the year in which we will celebrate 175 years' work in our region.

PAST

Our history, and our basis for development, started with equity of NOK 224 in 1839. Today, 175 years later, we can look back with satisfaction on how this equity has been managed.
If we follow the long lines back in time, we can see what the Bank has meant for the local communities. Last year we celebrated the 100th anniversary of one of the first procurements of public waterfall rights in the region. The Bank was a key player when the development of larger hydropower stations took off in the 1900s. This started, as so often is the case, with clever, forward-looking people from our region, combined with commitment and capital from the local savings bank.
It is precisely electricity, based on hydropower, that has made an important contribution to much of the industrial development and welfare we are enjoying in our region. In fact, much of this industry provided the basis for the development of the oil service industry that characterises our region today.

PRESENT

In 2012, we went from being a primary capital certificate owned bank to a public limited company. At the same time, we raised NOK 1.5 billion in new equity to ensure continued robust growth in our expanding region. This region is still characterised by forward-looking people and a regional bank that continues to focus on growth and development; primarily through ensuring business and people have access to capital for business development and house building.
In summer 2010, we launched mobile applications for smart phones based on the new needs of our customers. Since then we have experienced enormous growth in that we have gone from zero to almost 60,000 mobile banking customers. In 2013, the mobile platforms became the most important channel for the daily contact between our customers and us as their provider of financial services. We get more than 1.1 million visits per month via the mobile platforms. Our customers stand out as pioneers in the early adoption of new digital services, not only in a national but also in an international perspective.

In 2013, we made new investments and took decisions that took account of these major changes in customer behaviour. We have streamlined a number of processes that used to be handled manually. This means we had fewer full time equivalents performing administrative duties at the end of the year than we had at the start of the year. We are seeing the same development in the interface between the customer and our employees. Our customer advisers can now serve more customers than they could in 2012. This also improves efficiency.
At year-end 2013, our operations, which have grown in size throughout the year, were being run by 50 fewer full time equivalents than at the start of 2013. This trend will continue in the future as an ever larger proportion of our services for customers can be digitalised and our employees work in ever smarter ways. Our employees are both willing and able to change.
In 2006, the Bank's had just over NOK 4 billion in equity. Now, seven years later, we have gradually improved our financial strength by around NOK 10 billion to more than NOK 14 billion. This change has been necessary in order to allow us to be who we have always been, contributors of capital for the development of a robust business sector and house building in our region.
The composition of different income sources has made us more robust. A growing proportion, more than 30 per cent, of our income comes from areas off our balance sheet. We earn this income through a good, established sales culture that ensures us high commission levels and sales of savings and pension products, as well as sales of a broad range of insurance products. We are also growing our income from estate agency through EiendomsMegler 1 SR-Eiendom, and from securities activities through SR-Forvaltning and SR- Bank Markets.
Block by block we are building in order to satisfy the regulatory requirements to which we must now adapt. During 2013, we strengthened our tier 1 capital ratio by more than 1 percentage point, to 11.1 per cent. We achieved this through a record result for the year.
The annual business barometer for the region was published at the start of 2014. The barometer generally confirms that we are enjoying a record level of investment in the offshore sector and that further growth is expected in 2014. However, it will not be on the same level it was in previous years. This means we continue to expect high levels of activity for the technology

companies that supply this sector. At the same time, we know that this activity has positive ripple effects for most other industries. Many companies are doing well. Optimism remains high, despite lower expectations concerning increased staff numbers, profitability and investments.

FUTURE

Looking ahead, major infrastructure changes are planned. The west coast of Norway is dissected by numerous deep, wide fjords that have not just made communication difficult, but have also split the region culturally; both between city and country, and also between different parts of counties and regions. In the future, it will become increasingly rare to cross these fjords by ferry. On the contrary, we will increasingly get from one side to the other via tunnels beneath them.

This improvement in infrastructure will result in many new needs and opportunities for the region. Improved onshore communications coordinated with new ports, busy airports and, not least, our expertise, will represent our most important competitive advantages in the coming years.

Yet again, we are seeing new, important development trends in our region that favour continued growth. We will continue to help stimulate this growth by remaining heavily involved in what is happening in society, facilitating access to capital, and, not least, positioning ourselves to participate in the many business opportunities that will open up. In order to remain who we have always been and continue being in a position to manage the capital we were founded with in 1839, we will in the years ahead remain conscious of ensuring good customer experiences and good, profitable operations, to both build up adequate equity and fulfil the expectations our owners have of us.

This will be achieved through continued good profitability, a moderate level of dividends, and limited growth in the risk-weighted balance sheet.

It is therefore with pride, and a good deal of confidence, that I would assert that given the result we achieved in 2013, with respect to both financial figures and market position, we are well equipped to meet the needs of our hundreds of thousands of customers in the coming years.

Arne Austreid

Arne Austreid
Chief Executive Officer

ABOUT SPAREBANK 1 SR-BANK ASA

SpareBank 1 SR-Bank is the leading financial group in Southern and Western Norway with Rogaland, the Agder counties and Hordaland as our market area. We offer a full range of financial services within areas such as loans, savings, advice, insurance, and pensions for personal and corporate customers. We had 52 branches in our market area and total assets of NOK 157 billion as of 31 December 2013.

SpareBank 1 SR-Bank is part of the SpareBank 1 Alliance, which is a banking and product alliance between independent, locally based Norwegian banks.

As one of the country's largest financial groups, we believe we have a special responsibility to stimulate growth and development in our market area. SpareBank 1 SR-Bank's aim is to create value for the region of which we are a part.

SpareBank 1 SR-Bank converted from a savings bank to a public limited company ('limited liability savings bank') with effect from 1 January 2012. The Sparebankstiftelsen SR-Bank foundation was established at the same time. The purpose of the foundation is to manage the shares received upon its formation and to exercise and maintain a substantial, long-term and stable ownership interest in SpareBank 1 SR-Bank ASA. The foundation can distribute its surplus and, in line with savings bank traditions, donates to publicly beneficial projects in Rogaland, Aust-Agder, Vest-Agder, and Hordaland.

VISION

SpareBank 1 SR-Bank - recommended by the customer

The Group aims to ensure customer satisfaction that will result in the customer recommending us to others.

CORE VALUES

The courage to believe - the strength to create - through long-term thinking, openness, honesty, prudence, respect, and displaying a capacity and willingness to improve.

STRATEGY

We shall be Southern and Western Norway's most attractive provider of financial services based on customer satisfaction, a strong team spirit and professionalism, local roots, decisiveness and financial strength, profitability and the confidence of the market.

FINANCIAL GOALS

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

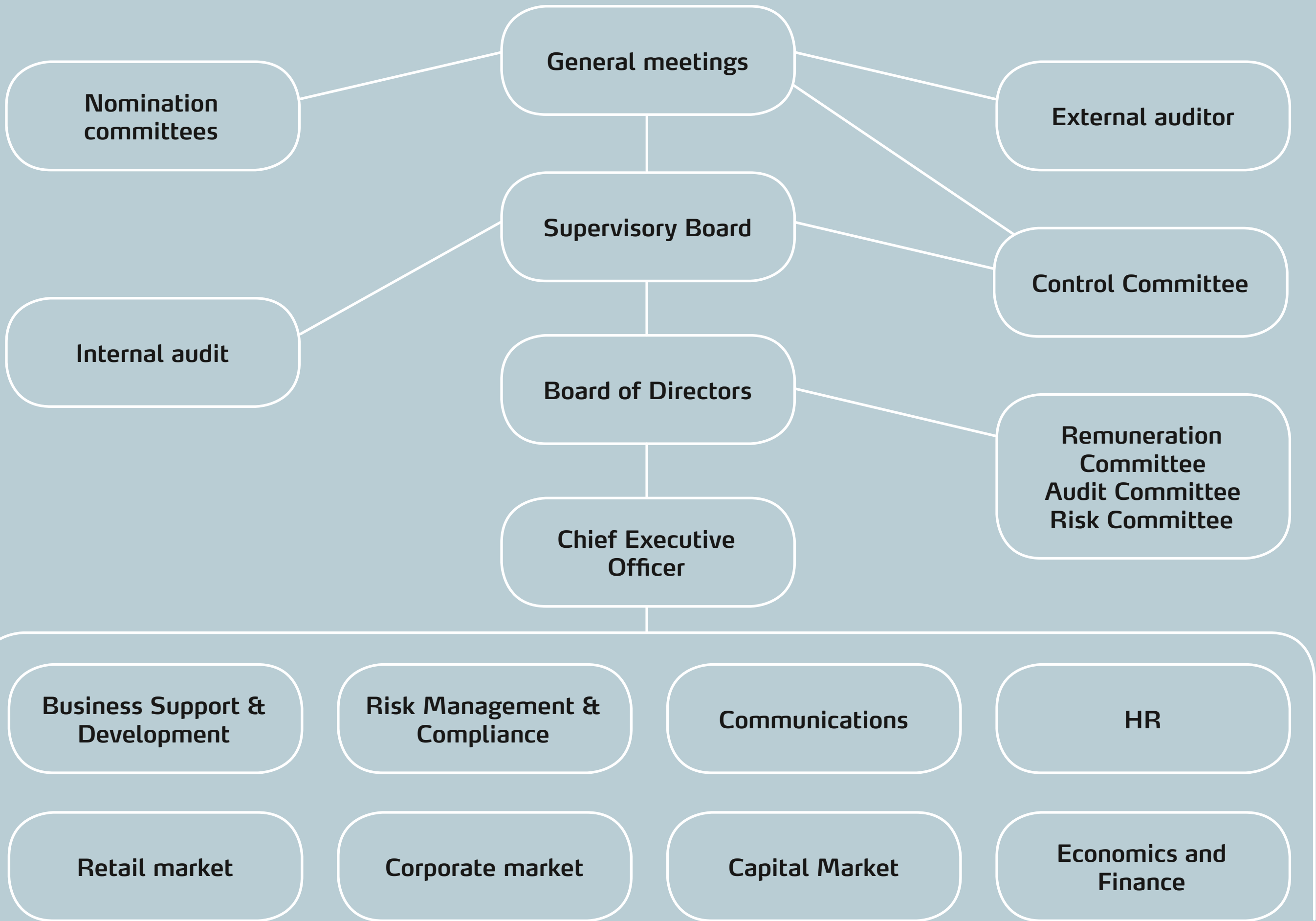
Financial ambitions in the lead up to 2017:

Return on equity: 13 - 15 per cent with normalised interest rates

Core equity capital ratio: above 13 per cent as of 30 June 2016

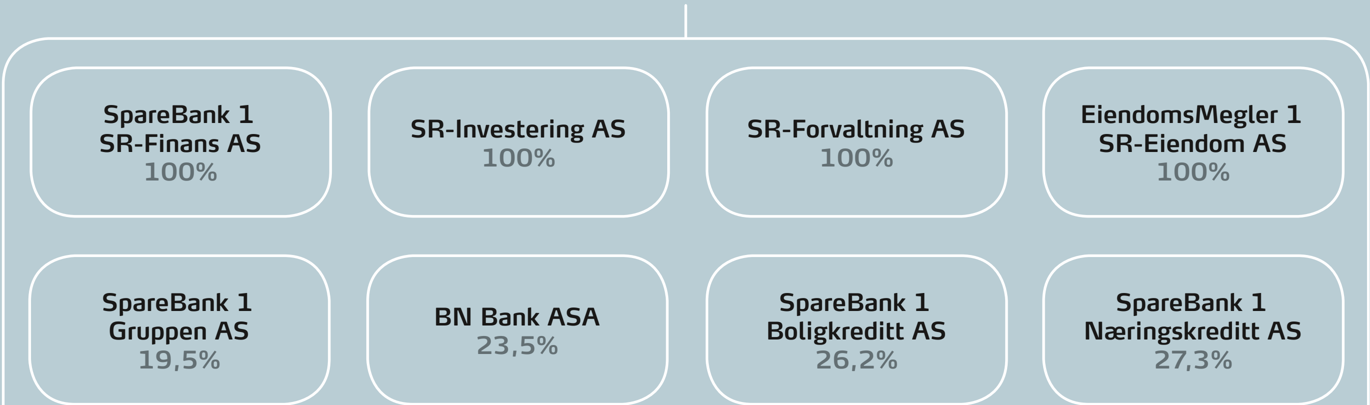
Particular account is taken of the Group's capital needs, including capital adequacy requirements and the Group's targets and strategic plans, when determining the annual dividend. The level of the annual cash dividend in the lead up to 2017 will take into account the fact that the banking sector is currently building up capital to satisfy new capital requirements. Unless capital requirements dictate otherwise, the Board aims to gradually increase the distribution rate such that approximately half of the annual net profit for the year is distributed as cash dividends.

GROUP STRUCTURE



FINANCIAL GROUP SPAREBANK 1 SR-BANK

SpareBank 1 SR-Bank ASA



MARKET AND CUSTOMER BASE

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

LOCATIONS AND DISTRIBUTION NETWORK

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

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

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

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

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

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

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

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

SpareBank 1 SR-Bank practises a multi-channel strategy based on building on the personal relationships between the bank and its customers through our 52 branches, while making both traditional and new banking services readily available via digital channels. This simplifies customers' lives and helps strengthen customer relationships.

SpareBank 1 SR-Bank's most important competitors are full-service banks like DNB, Nordea, Handelsbanken and Danske Bank, as well as local savings banks. Thanks to strong economic development in our market area, the competition situation is intense.

CUSTOMER BASE

SpareBank 1 SR-Bank's market area covers about 25 per cent of Norway's population.

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

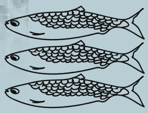
In its latest population forecast, Statistics Norway estimates that the population of Rogaland will grow by around 145 000 people by 2030 (mean estimate), which would imply an annual growth rate of about 1.42 per cent. The long-term forecast indicates that Rogaland will see the strongest growth in the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

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

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

1839

SpareBank 1 SR-Bank's roots go back to 1839. Join us on a journey through our history. The first bank that today forms part of SpareBank 1 SR-Bank is established. Egersund Sparebank is founded with capital of 56 Norwegian specidaler, around NOK 224.



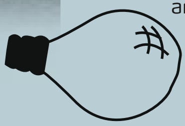
The herring fishery, salting factory and fish exports that provide most people with their livelihoods create the need for a savings bank.

1852

In the middle of the 1800s, an agricultural revolution takes place in Rogaland. The farmers need a dairy and modern equipment to increase food production. Finnøy Sparebank, which later becomes SR-Bank, is one of the first rural banks to furnish the farmers with the credit they need for their new investments.

1913

Theodor Nordaas literally sees the light at the Paris World's Fair in 1895, and brings the idea of electrical light home with him. 18 years later, Sands Herred Sparebank (Sand Sparebank), the future SR-Bank, purchases the waterfall rights to Hiimsfossen as a gift for the municipality. A number of savings banks follow this model and give light to the people.

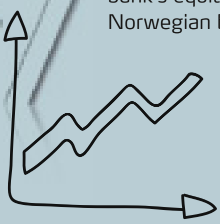


1976

24 savings banks merge to form Sparebanken Rogaland. SR-Bank's total assets amount to NOK 1.5 billion and it has 350 staff. The Ekofisk find in the North Sea seven years earlier means huge revenues for and massive investments in Rogaland. The region's new need for capital provides the basis for the binding collaboration.

1994

SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange. This is necessary to strengthen the bank's equity at a difficult time for Norwegian banks.



1996

SR-Bank is one of the founders of SpareBank 1, an alliance consisting of SR-Bank, Sparebanken Nord Norge, Sparebanken Vest and Sparebanken Midt Norge. Under the SpareBank 1 name, the banks collaborate on insurance products, fund management, financial services, technology and brand building.

SpareBank 1

2012

SpareBank 1 SR-Bank is converted into a public limited company so it can continue to fulfil its purpose: to create value in the region of which we are a part. The most important goal is satisfying the region's need for capital. The Group's total assets amount to around NOK 150 billion and it has 1,300 staff.

ASA

2039

Our feet are firmly planted in Southern and Western Norway, but we still look to the horizon so we can adapt as our customers' needs change. As the region's most attractive provider of financial services we are the very symbol of Southern and Western Norway's capacity for creation.

THE SRBANK SHARE

FACTS ABOUT OUR SHARE

SpareBank 1 SR-Bank converted from an equity certificate bank to a limited liability savings bank on 1 January 2012. Earlier equity certificate holders received one share for each equity certificate they held at the time of the conversion. The share capital amounts to NOK 6 393 777 050 divided into 255 751 082 shares, each with a nominal value of NOK 25.

The ticker code on the Oslo Stock Exchange was changed at the same time from ROGG to SRBANK. SRBANK is included in the OSEAX All-share index and OSE40 Financials/OSE4010 Banks sector index. The liquidity segment is Match.

FACTS ABOUT SPAREBANKSTIFTELSEN SR-BANK

The Sparebankstiftelsen SR-Bank foundation was established as part of the conversion. The purpose of the foundation is to manage the shares received upon its formation and to exercise and maintain a substantial, long-term and stable ownership interest in SpareBank 1 SR-Bank ASA. This ownership shall be exercised in accordance with generally accepted corporate governance principles and within the limits and guidelines adopted by the General Meeting. The ownership interest must represent at least 25 per cent of shares issued.

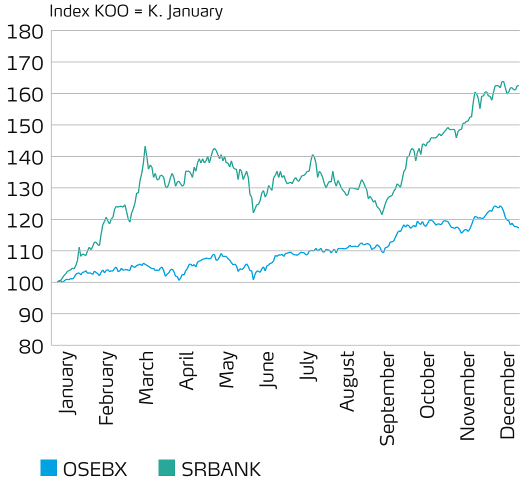
The activities of the foundation should continue its savings bank tradition by participating in capital increases in SpareBank 1 SR-Bank ASA and in other ways. The foundation may allocate its profits and distribute dividend funds to publicly beneficial projects.

As of 31 December 2013, the foundation owned 76 835 551 shares, equivalent to 30.0 per cent of shares issued.

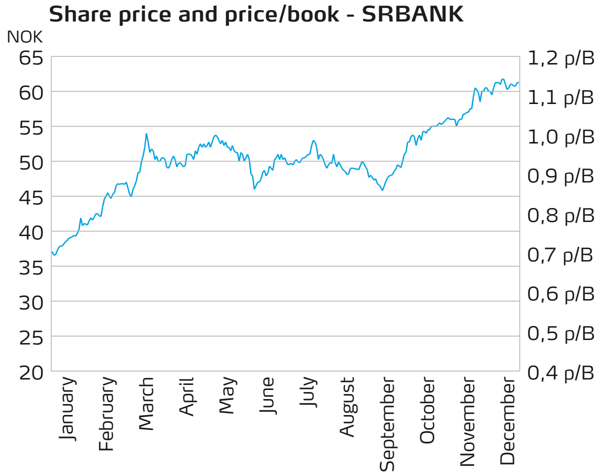
SHARE PRICE AND LIQUIDITY TRENDS

Relative share price trend 2OK3

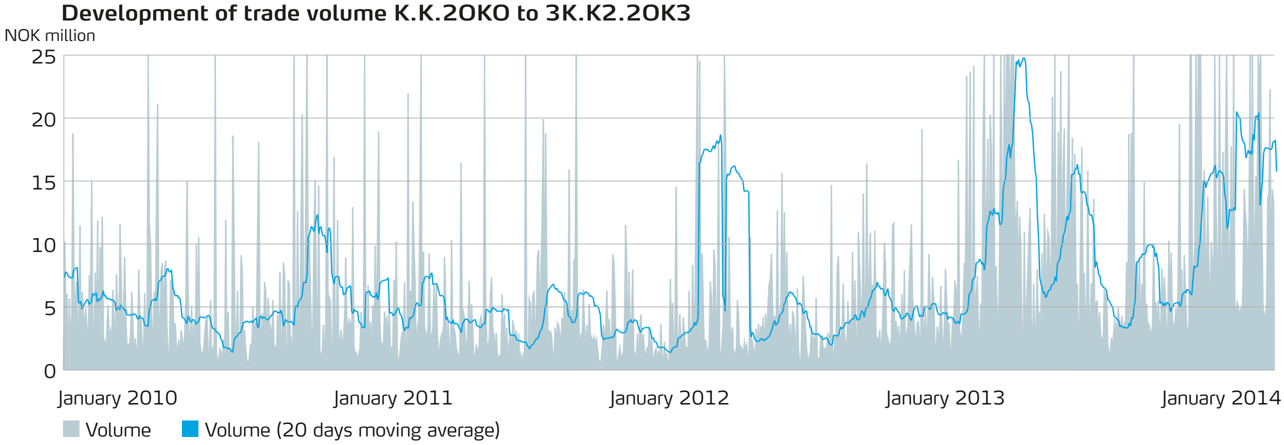
Index KOO = K. January



Share price and price/book - SRBANK



Development of trade volume K.K.2OKO to 3K.K2.2OK3



DIVIDEND POLICY

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

Particular account is taken of the Group's capital needs, including capital adequacy requirements and the Group's targets and strategic plans, when determining the annual dividend. The level of the annual cash dividend in the lead up to 2017 will take into account the fact that the banking sector is currently building up capital to satisfy new capital requirements. The level of the annual cash dividend in the lead up to 2017 will take into account the fact that the banking sector is currently building up capital to satisfy new capital requirements. Unless capital requirements dictate otherwise, the Board aims to gradually increase the distribution rate such that approximately half of the annual net profit for the year is distributed as cash dividends.

The parent company's distributable profit in 2013 was NOK 1 747 million, equivalent to NOK 6.83 per share. In line with SpareBank 1 SR-Bank's dividend policy, various factors have been taken into consideration in determining the dividend, including, in particular, our financial strength and the core capital adequacy ratio in light of the new regulatory requirements for banks. The requirements, which have now been published, will be gradually raised in the lead up to 30 June 2016.

The Board proposes a dividend of NOK 1.60 per share for 2013.
This represents a dividend rate of around 22 per cent of the Group's earnings per share.

INVESTOR POLICY

SpareBank 1 SR-Bank makes every effort to ensure that accurate, relevant and timely information is disclosed about the Group's performance and results in order to maintain the confidence of the investor market. Market information is primarily provided via quarterly investor presentations, websites, press releases and financial statements. Regular presentations are also made to international partners, rating agencies, lenders and investors.

It is in SpareBank 1 SR-Bank's own interests to publish current, financial analyses of the highest possible quality. All analysts are treated equally at all times regardless of their recommendations and views on the bank's share. At the end of 2013, ten brokerage houses officially covered SRBANK. Updated contact information for these is available at all times on: www.sr-bank.no/ir.

INFORMATION ADDRESSES

SpareBank 1 SR-Bank publishes information for the market online at: www.sr-bank.no.

Other links to financial information: www.ose.no (Oslo Stock Exchange)

Financial calendar for 2014	
Annual general meeting	29.04.2014
Ex dividend date:	30.04.2014
Q1	30.04.2013
Q2	13.08.2014
Q3	30.10.2014

Preliminary accounting figures for 2014 will be published in February 2015.

OWNERSHIP

SpareBank 1 SR-Bank aims to ensure the good liquidity of its share and that it has a good range of owners who represent customers, regional investors and Norwegian and international investors.

The share price rose from NOK 37.20 to NOK 60.25 in 2013. Taking into account the paid dividend of NOK 1.50, this represents an effective return of no less than 66 per cent. The Oslo Stock Exchange Benchmark Index rose by 23.6 per cent in the same period.

There were 11 151 (11 959) owners of SRBANK at year-end 2013. The percentage owned by companies and individuals based abroad rose significantly, from 6.0 per cent to 14.1 per cent, and the percentage owned by companies and individuals resident in Rogaland, the Agder counties and Hordaland fell from 61.2 per cent to 53 per cent. The 20 largest shareholders owned a total of 63.6 per cent of the shares. The bank owned 207 645 treasury shares. Group employees owned a total of 2.0 per cent of the shares at year-end 2013.

The table below shows the 20 largest shareholders as of 31 December 2013:

SpareBank 1 SR-Bank ASA shares 20 largest owners as of 31 December 2013.	Beholdning	Share in %
Sparebankstiftelsen SR-Bank	76 835 551	30,0%
Gjensidige Forsikring ASA	26 483 470	10,4%
Folketrygdfondet	7 934 328	3,1%
SpareBank 1-stiftinga Kvinnherad	6 226 583	2,4%
Odin Norge	5 896 605	2,3%
Frank Mohn AS	5 680 920	2,2%
Morgan Stanley & Co, USA	4 359 373	1,7%
Odin Norden	4 085 363	1,6%
Skagen Global	3 943 743	1,5%
State Street Bank and Trust, USA	3 683 118	1,4%
State Street Bank and Trust, USA	2 542 777	1,0%
J.P. Morgan Chase Bank, UK	2 364 569	0,9%
Clipper AS	2 178 837	0,9%
J.P. Morgan Chase Bank, UK	2 083 137	0,8%
J.P. Morgan Chase Bank, Sweden	2 014 054	0,8%
Westco AS	1 321 817	0,5%
Skagen Global II	1 264 174	0,5%
FLPS, USA	1 250 000	0,5%
Goldman Sachs & Co, USA	1 249 123	0,5%
Vpf Nordea Kapital	1 161 371	0,5%
Total 20 largest	**162 558 913**	**63,6%**

	2013	2012	2011	2010	2009
Resident in region	53,0 %	61,2 %	47 %	47 %	47 %
Other Norwegian owners	32,9 %	32,8 %	43 %	43 %	46 %
International owners	14,1 %	6,0 %	10 %	10 %	7 %
Total owners	11 151	11 959	11 887	12 031	12 219

CREDIT RATING

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

Fitch Ratings confirmed its A- (long-term) and F2 (short-term) with stable outlook credit ratings of SpareBank 1 SR-Bank on 6 December 2013.

Key figures*)	2013	2012	2011	2010	2009
Market price 31 Dec, NOK	60,25	37,20	40,70	57,00	50,00
Value for tax purposes 1.1 following year, NOK	n.a.	37,45	41,40	57,50	50,25
Dividend per share, NOK	1,60	1,50	1,50	2,75	1,75
Direct return [1]	2,7 %	4,0 %	3,7 %	4,8 %	3,5 %
Effective return [2]	66,0 %	-4,9 %	-23,8 %	17,5 %	87,7 %
Book value per share, NOK [3]	55,00	49,48	48,75	47,45	42,07
Earnings per share, NOK	7,27	5,32	5,42	6,84	6,88
Payout ratio, net [4]	22 %	28 %	32 %	44 %	42 %
No. of shares issued 31 Dec	255 751 082	255 751 082	127 313 361	127 313 361	120 933 730
Treasury shares 31 Dec	207 645	346 134	133 248	133 248	353 116
No. of outstanding shares 31 Dec	255 543 437	255 404 948	127 180 113	127 180 113	120 580 614
*) From and including 1 Jan 2012, the old equity certificates were converted to shares					

1) Dividend as a percentage of market price at year-end.
2) Appreciation during the year plus dividend paid as a percentage of market price at the beginning of the year.
3) Equity divided by number of shares issued.
4) Dividend as a percentage of the Group's net profit for the period

CORPORATE SOCIAL RESPONSIBILITY (CSR)

AN INTEGRAL PART OF SOCIETY

Allerede siden 1839, ved opprettelsen av Egersund Sparebank, har en sentral del av vårt formål vært å være en engasjert og ansvarlig samfunnsaktør. Siden den gang har det preget vår grunnfilosofi. Med god lokal kunnskap og nærhet til kundene, gjør vi daglige vurderinger som både handler om økonomi og risiko i kombinasjon med at vi har et samfunnsoppdrag. Et oppdrag som handler om å bidra til utvikling av det samfunn vi virker i, gjennom både å sikre landsdelen kapital til næringsutvikling og boligbygging samt bidra til å skape gode oppvekstvilkår.

Arbeidet med samfunnsspørsmål er integrert i vårt løpende planarbeid. Slik sikrer vi at etikk, miljø og viktige samfunns-spørsmål til en hver tid står på dagsorden.

RESPONSIBILITY IS PROFITABLE

SpareBank 1 SR-Bank wants to use the Group's overall knowledge and expertise to contribute to sustainable development in the communities of which we are a part. We believe that active social involvement creates value directly by reducing risk, opening up new business opportunities, producing motivated staff and, not least, helping to maintain a good reputation.

OUR STRATEGY

SpareBank 1 SR-Bank shall create value for the communities of which we are part. We will build brick by brick. Decisions will be based on a long-term perspective, which means that the bank will avoid short-term gains if they are likely to diminish or harm the communities of which we are a part. We shall act with integrity in every context.

We have defined the following four categories, and associated focus areas, which are based on the Group's integration of corporate social responsibility:

INTEGRATED INTO OPERATIONS

Ensuring that daily operations focus strongly on financial value creation in all business areas is, for us, a very important part of fulfilling our corporate social responsibility. This value creation should primarily come from our ability to allocate capital both for developing a robust business sector and financing housing in the region.

STATUS 2013

CORPORATE GOVERNANCE

Corporate governance in SpareBank 1 SR-Bank ASA comprises the objectives and overriding principles according to which the Group is governed and controlled, in order to secure the interests of shareholders, customers and other groups. Our core corporate governance principles are:
openness, predictability and transparency.

The Group complies with the Norwegian Code of Practice for Corporate Governance.

SpareBank 1 SR-Bank has clear guidelines intended to prevent violations of human and labour rights, and employees taking advantage of corruption or contributing to serious environmental harm and/or other actions that could be deemed unethical. We continuously work to ensure that these guidelines are not breached and, each year, every employee must sign to confirm that they have read and understood the contents of the Group's code of conduct.

EMPLOYEES AND THE ORGANISATION

SpareBank 1 SR-Bank aims to be an attractive and inclusive place to work for employees in all age groups and phases of their life. The bank tries to ensure that all employees are satisfied with the balance between work, home and leisure. We also want to help ensure our employees remain healthy, both by developing a good working environment and by motivating

HR	Environment	Society	Financial
▪ Ethics committee ▪ Code of conduct ▪ Personnel handbook with a heavy focus on values and attitudes ▪ Training	▪ Health, Safety and Environment ▪ Video conferencing ▪ Criteria for suppliers ▪ Hybrid cars	▪ Employment ▪ Inclusive Work company ▪ Anti-corruption ▪ Code of conduct ▪ Fraud prevention measures ▪ Our purpose "creating value for our region" ▪ Financial grants and sponsorship ▪ Competence sharing ▪ Innovation	▪ Good corporate governance ▪ Risk management ▪ Credit management ▪ Profitability ▪ Financial strength

them to exercise. The reason for this is a belief that employees whose needs are catered for will perform better, which benefits both them and the Group.

The sick leave rate in SpareBank 1 SR-Bank is relatively low. In December 2013, our sick leave rate was 3.9 per cent, which gives a healthy rate of 96.1 per cent.

The balance between gender and age groups is good. We are working to increase the percentage of women in executive positions. In 2013, 41.6 per cent of executive positions were filled by women (40.5 per cent in 2012).

The Group has established a well thought through framework for managing organisational matters, including: a personnel handbook, HSE handbook, inclusive workplace agreement, and several internal committees regulated by agreements. The executive management team and the Group's two unions work well together in these areas.

The Group has established a reimbursement scheme that covers part of employees' regular exercise expenses in order to promote better health, greater motivation and satisfaction.

The Group's working environment is characterised by diversity, respect and consideration. Discrimination and harassment are not tolerated. The Group conducts regular surveys of the organisation with very good results. The employees give us an overall score of 830 out of 1 000.

ENVIRONMENT

As a responsible financial group, we are proactive in relation to climate challenges, including by setting criteria for environmental prevention measures in our own organisation. The Group has a specific environmental strategy and guidelines, which are reviewed annually.

The Group regularly introduces measures that are intended to help reduce the consumption of electricity, paper and other resources, as well as ensure that resource-demanding travel is limited. A great deal of attention is also paid to managing technological waste and purchasing environmentally friendly solutions. The bank is always trying to ensure it buys the right technological equipment based on specific assessment criteria for energy and environmental requirements.

All technological equipment is treated as special waste, which ensures the equipment is properly dealt with from an environmental perspective. 1.3 tons of technological waste were returned in 2013. The increased use of electronic communications and introduction of new printout solutions reduced paper consumption by 5.9 tons in 2013.

The use of technological solutions is increasing, which makes greater demands on security and privacy protection.
The following measures are being implemented to ensure security is in focus and that we possess the necessary expertise: regular internal security courses, national security exercises (catastrophe exercises) and training older users in the safe use of online banks and in becoming more self-sufficient bank customers.

SpareBank 1 SR-Bank took 3 013 flights during 2013, compared with 3 476 flights in 2012. Despite the increase in customer activity and the Group's participation in committees and projects under the auspices of the SpareBank 1 Alliance, air travel has been reduced. Air travel has primarily been reduced thanks to the use of video conferencing, telephone conferencing, and digital tools for interacting and sharing knowledge. 22 video conferencing rooms have been established in the Group.

ANTI-CORRUPTION

Employees of SpareBank 1 SR-Bank shall under no circumstances use their position to achieve personal benefit or act in a manner that could harm the Group's reputation or be in breach of Norwegian law.

SpareBank 1 SR-Bank emphasises the prevention of corruption and wants to develop a culture of anti-corruption in the companies that make up the Group. In 2013, SpareBank 1 SR-Bank reviewed and reinforced it detailed trading rule covering "Personal benefits and corruption", which is incorporated into the Group's code of conduct. The purpose of the trading rule is to raise awareness of, and improve the understanding of issues relating to, corruption, as well as to clarify the Group's attitude and routines for ensuring that all employees comply with anti-corruption legislation. Every year, employees must sign to confirm that they have read and understood the contents of the Group's code of conduct.

FINANCIAL INVESTMENTS

In 2014, the Group will draw up and assess the introduction of guidelines for financial investments.

OVERALL SOCIAL ACCOUNTS

Strategic	2013	2012
Group strategy	Updated	Updated
CSR strategy	Not established	Established

Financial		
Taxes and duties (MNOK) *	926	832
Net pay/pensions and other benefits (MNOK)	1 196	1 082
Cash dividend shareholders (MNOK)	409	384
Growth capital, retained earnings (MNOK)	1 338	827
Purchased goods and services (MNOK)	823	806

Social factors		
No. of working full time equivalents, incl. temps	1 214	1 263
Healthy rate	96,1 %	97,1 %
Percentage of women in executive positions	41,6 %	40,5 %
Average age	43,9	43,4
Organisational satisfaction	830	806
Inclusive workplace agreement	Continued	Continued
Life phase strategy	Continued	Continued
Management development programme	Continued	Continued
Code of conduct	Continued	Continued
No. of meetings of ethics committee	2	0
Grants for publicly beneficial purposes/sponsorship (MNOK)	31,5	20

Environment		
Technological waste (tons)	1,3	Not logged
Reduction in paper consumption (tons)	5,9	Not logged
Air travel	3 013	3 476
No. of video conferencing rooms	22	20
Energy consumption (kWh)	6 400 000	6 370 000

* Incl. corporate tax, tax paid by employees, and employers' National Insurance contributions

BUSINESS AREAS

RETAIL MARKET

SpareBank 1 SR-Bank was the leading bank in the retail market in Rogaland with 287 846 customers and a market share of about 40 per cent at year-end 2013. In addition to retail customers, the division also serves 5 888 small business and agricultural customers, as well as 3 217 clubs and associations. A complete range of good digital services, a modern customer service centre, and a well-developed network of branches provide our customers with fast, easy access to financial services and expertise via all channels.

RM	31.12.2013
Gross loans	62 182
Total deposits	41 045
Operating profit before tax	1 296
No. of full time equivalents	482

CORPORATE MARKET

In 2013, the corporate market division was responsible for serving 13 430 corporate customers via a good, broad distribution network. The division has five regional business units and two specialist units: one for the energy and maritime sector and one for the public sector. The overall expertise the division possesses in managing business opportunities and uncovering risk will be crucial when it comes to customers choosing SpareBank 1 SR-Bank as their partner for 2014 as well.

CM	31.12.2013
Gross loans	49 335
Total deposits	27 002
Operating profit before tax	882
No. of full time equivalents	168

CAPITAL MARKET

SpareBank 1 SR-Bank Markets is the region's leading securities firm. Its activities include own account and customer trading in interest rate instruments, foreign exchange and equities, providing advice and facilitating debt and equity funding, as well as administrative securities services. Management services are performed by a separate subsidiary, SR-Forvaltning AS. Its primary mission is to serve customers in collaboration with the Group's other business areas and help combine special expertise with knowledge and an understanding of the local region.

CAPITAL MARKET	31.12.2013
Total income	165
Customer income	112
Own account	53
Operating profit before tax	95
No. of full time equivalents	37

SUBSIDIARIES:
EIENDOMSMEGLER 1 SR-EIENDOM AS

EiendomsMegler 1 SR-Eiendom AS is the market leader in the Group's market area and the largest company in the nationwide EiendomsMegler 1 chain. Its activities cover commercial real estate, holiday homes, new-builds and existing homes. In 2013, the company sold 7 246 properties via its 33 estate agent branches in Rogaland, the Agder counties and Hordaland.

EM1	31.12.2013
Total income	438
Value of sales	22 mrd
No. of sales	7 246
Pre-tax profit	42
FTEs	219

SPAREBANK 1 SR-FINANS AS

SpareBank 1 SR-Finans AS is a financing company that offers lease financing to the business sector, as well as car, boat and personal loans to retail customers. The company is the market leader in Rogaland and is planning to become a significantly stronger market player in Hordaland and the Agder counties as well. Its products are distributed via the bank's distribution network, its own advisers, self-service solutions, and external distributor channels. About half of its new leasing business involves customers who have a business relationship with both SpareBank 1 SR-Finans and SpareBank 1 SR-Bank.

SR-Finans	31.12.2013
Total income	201
Total assets	6,4 mrd
New sales	2 374
Pre-tax profit	149
FTEs	29

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. The company manages portfolios for SpareBank 1 SR-Bank's pension fund and around 2 000 external customers on the basis of discretionary mandates. The external customer base comprises pension funds, public and private enterprises and affluent individuals.

SR-Forvaltning	31.12.2013
Total income (gross)	71
Assets under management	7,7 mrd
Net new assets	300
Pre-tax profit	22
FTEs	11

PART-OWNED COMPANIES: SPAREBANK 1 GRUPPEN AS

The SpareBank 1 banks run the alliance through their ownership and participation in Alliansesamarbeidet SpareBank 1 DA, while the development and operation of product companies is organised through the banks' ownership of the holding company SpareBank 1 Gruppen AS. The purpose of the alliance is to procure and provide competitive financial services and products, and to exploit economies of scale in the form of lower costs and/or higher quality. The alliance thus helps ensure customers local roots, expertise and a simpler everyday life.

SpareBank 1 Gruppen AS is owned by SpareBank 1 SR-Bank (19.5 per cent), SpareBank 1 Nord-Norge (19.5 per cent), SpareBank 1 SMN (19.5 per cent), Sparebanken Hedmark (12 per cent), Samarbeidende Sparebanker AS (19.5 per cent – owned by 11 savings banks in the south of Norway), together with the Norwegian Confederation of Trade Unions (LO)/trade unions affiliated to LO (10 per cent). SpareBank 1 Gruppen AS owns 100 per cent of SpareBank 1 Forsikring AS, SpareBank 1 Skadeforsikring AS, ODIN Forvaltning AS, SpareBank 1 Medlemskort AS, SpareBank 1 Gruppen Finans AS and Conecto AS.

SpareBank 1 Gruppen AS bears administrative responsibility for the collaboration processes in the SpareBank 1 Alliance, where technology, brands, expertise, common processes/application of best practice, and procurement are key elements. The alliance is also engaged in development work through three resource centres: learning (Tromsø), payments (Trondheim) and credit (Stavanger).

SPAREBANK 1 BOLIGKREDITT AS AND SPAREBANK 1 NÆRINGSKREDITT AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are licensed mortgage companies that issue covered bonds secured by home mortgage loan or commercial real estate portfolios sold by the owner banks. The companies are owned by the savings banks that make up the SpareBank 1 Alliance and help ensure the owner banks have access to stable, long-term funding at competitive rates.
At year-end 2013, SpareBank 1 Boligkreditt AS's total lending volume amounted to NOK 174.8 billion, NOK 45.7 billion of which were home mortgages bought from SpareBank 1 SR-Bank. The bank holds a 26.2 per cent stake in the company and this is adjusted at the end of each year in line with its share of the volume sold. At year-end 2013, SpareBank 1 Næringskreditt AS had made loans totalling NOK 15.2 billion, NOK 0.6 billion of which were loans that had been bought from SpareBank 1 SR-Bank. The bank owns a 27.3 per cent stake in the company.

BN BANK ASA

SpareBank 1 SR-Bank and the other savings banks in the SpareBank 1 Alliance acquired Glitnir Bank ASA in the fourth quarter of 2008. It has since been renamed BN Bank ASA. SpareBank 1 SR-Bank owns a 23.5 per cent stake.

SpareBank 1 SR-Bank ASA

SpareBank 1 SR-BANK

Capital Market	Retail market	Corporate market	Administration and support
No. of full time equivalents: 37	No. of full time equivalents: 482	No. of full time equivalents: 168	No. of full time equivalents: 219

WHOLLY OWNED SUBSIDIARIES

EiendomsMegler 1 | SpareBank 1 SR-FORVALTNING | SpareBank 1 SR-FINANS | SpareBank 1 SR-BANK

EiendomsMegler 1 SR Eiendom AS
- Sales of homes and commercial properties

SR-Forvaltning AS
- Active management

SpareBank 1 SR-Finans AS
- Leasing

SpareBank 1 SR-Investering AS

DELEIDE SELSKAPER

SpareBank 1 Gruppen AS
(19.5 %)
- Holding company for the products companies in the SpareBank 1 Alliance

BN Bank ASA
(23.5 %)
- Commercial bank with offices in Oslo and Trondheim

SpareBank 1 Boligkreditt AS
(26.2 %)
- Mortgage company - issuer of covered bonds (home mortgages)

SpareBank 1 Næringskreditt AS
(27.3 %)
- Mortgage company - issuer of covered bonds (commercial property mortgages)

EXECUTIVE MANAGEMENT TEAM

CEO
ARNE AUSTREID

Arne Austreid has been the CEO of SpareBank 1 SR-Bank since January 2011.

He is a trained petroleum engineer and holds an MBA (Master of Business Administration) from the University of Aberdeen, UK. He has previously worked for Transocean ASA and Prosafe SE: offshore, onshore and abroad. His final management position in Prosafe SE was President and CEO. He sits on the board of SpareBank 1 Gruppen AS, Alliansesamarbeidet SpareBank 1 DA and chairman of the board in Pilehagen Invest AS.

EXECUTIVE VP
CAPITAL MARKET
STIAN HELGØY

Stian Helgøy became Executive VP Capital Market in January 2010. He graduated in business economics (Siviløkonom) from BI Norwegian Business School, and has previously worked in DNB Markets as an interest rate and currency broker and Interkraft Trading as a derivatives trader. He has worked for SpareBank 1 SR-Bank since 2001. He is the chairman of the board of Property Holding AS and Helgøy Property I AS, and a deputy member of the board of SpareBank 1 Boligkreditt AS.

EXECUTIVE VP HR
WENCHE DRØNEN
CHRISTENSSEN

Wenche Drønen Christenssen became Executive VP HR in May 2009.
She holds a bachelor's degree with specialisation in banking and finance and a master's degree in organisational psychology and management from BI Norwegian Business School. She has previous experience from, among others, Sparebanken Vest and Elcon Finans. She has worked for SpareBank 1 SR-Bank since 2006. She is the chairman of the board of SAFI and Arriva Berg-Hansen AS, and sits on the boards of EiendomsMegler 1 SR-Eiendom AS and SpareBank 1 SR-Bank's pension fund.

EXECUTIVE VP RISK
MANAGEMENT &
COMPLIANCE
FRODE BØ

Frode Bø became Executive VP Risk Management & Compliance in January 2006. He holds a Bachelor of Management and has also completed a master's degree programme in operational auditing and risk management at BI Norwegian Business School. Alongside his EVP position, he has worked as a lecturer in the Department of Industrial Economics, Risk Management and Planning at the University of Stavanger since 2006. He has worked for SpareBank 1 SR-Bank since 2001.

CFO
INGE REINERTSEN

Inge Reinertsen became CFO in February 2010.
He graduated in business economics (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). He has previous experience from various management positions in the SpareBank 1 SR-Bank Group and has worked for the Group since 2001. He is the chairman of the board of SR-Investering AS and SR-Forvaltning AS, the deputy chairman of SpareBank 1 Boligkreditt AS, and sits on the boards of SpareBank 1 Gruppen Finans AS, SpareBank 1 SR-Bank's pension fund, and Conecto AS.

For more comprehensive CVs, see: www.sr-bank.no.

**EXECUTIVE VP
BUSINESS SUPPORT &
DEVELOPMENT
GLENN SÆTHER**

Glenn Sæther became Executive VP Business Support & Development in May 2010. He was educated in economics and business administration at BI Norwegian Business School. He has previously worked as the chief accountant of the municipality of Sandnes, a consultant and marketing executive in Webcenter Unique ASA and a senior consultant in Helse Vest RHF. He has worked for SpareBank 1 SR-Bank since 2005. He sits on the board of SpareBank 1 Skadeforsikring AS and AS Riskafjord.

**EXECUTIVE VP
RETAIL MARKET
JAN FRIESTAD**

Jan Friestad became Executive VP Retail Market in August 2011. He holds a degree in economics and business administration from Stavanger University College and has also taken various masters of management courses within marketing strategy and management at BI Norwegian Business School. He has worked for SpareBank 1 SR-Bank since 1988. He is the chairman of the board of EiendomsMegler 1 SR-Eiendom AS and sits on the boards of Helse Stavanger HF and Odin Forvaltning AS.

**EXECUTIVE VP
CORPORATE MARKET
TORE MEDHUS**

Tore Medhus became Executive VP Corporate Market in January 2000. He holds a Master of Business and Marketing (Handelsøkonom) from Oslo Business School/BI. He has previous experience from Elcon Finans, Forende Credit Finans and Telenor. He has worked for SpareBank 1 SR-Bank since 1994. He is the chairman of the board of SpareBank 1 SR-Finans AS and deputy chairman of BN Bank ASA.

**EXECUTIVE VP
COMMUNICATIONS
THOR-CHRISTIAN
HAUGLAND**

Thor-Christian Haugland became Executive VP Communications in 2005. He was educated at Stavanger University College, the University of Salford and BI Norwegian Business School in economics, communications and management. He has previously worked as the sales and marketing manager in at Radisson SAS in Stavanger and general manager in Brødrene Pedersen AS. He has more than 19 years' experience from various positions in SpareBank 1 SR-Bank. Haugland is a deputy member of the board of SpareBank 1 SR-Bank's pension fund.

CORPORATE GOVERNANCE

The Board of Directors and executive management team of SpareBank 1 SR-Bank annually review the corporate governance principles and how they are functioning in the Group. The formal requirements for this report follow from section 3-3b of the Accounting Act and the Oslo Stock Exchange's requirements concerning complying with, or explaining deviations from, the Norwegian Code of Practice for Corporate Governance of 23 October 2012.

POINT 1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

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

SpareBank 1 SR-Bank's object is to create value for the region of which we are a part. It is the very foundation of the company's business model. Allocating capital, for both business development and house building, is one of the company's most important social tasks.

SpareBank 1 SR-Bank's vision is: "Recommended by the customer". *The vision is based on the value "the courage to believe - the strength to create"* - through long-term thinking, openness, honesty, prudence, respect, and displaying a capacity and willingness to improve.

The vision and values provide the basis for the Group's code of conduct and corporate responsibility. SpareBank 1 SR-Bank ASA shall be characterised by high ethical standards and good corporate governance. The code of conduct states that employees of the Group shall show respect and consideration, and that all communication shall be open, honest and plain.

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

The Group's corporate social responsibility is described in more detail in a separate section of the Group's annual report, which states that SpareBank 1 SR-Bank wants to use the Group's combined knowledge and resources to contribute to the sustainable development of the society of which the company is a part. Active social involvement creates value directly by reducing risk, opening up new business opportunities, producing motivated staff and, not least, helping to maintain a good reputation.

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

Deviations from the Code of Practice: None

POINT 2 BUSINESS

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

Deviations from the Code of Practice: None

POINT 3 EQUITY AND DIVIDENDS

The Board of Directors assesses the capital situation on an ongoing basis in light of the company's objectives, strategies and desired risk profile. As of 31 December 2013, the SpareBank 1 SR-Bank Group had equity of NOK 14 billion (incl. allocated dividend).

According to the applicable calculation rules for financial institutions' capital ratio, the Group had an overall capital ratio of 14.1 per cent and a core equity capital ratio of 11.1 per cent as of 31 December 2013. The Financial Supervisory Authority of Norway decided that all Norwegian banks and financial institutions should have core equity tier 1 capital of at least 9 per cent as of 1 July 2013 and at least 10 per cent from and including 1 July 2014.

The Board considers its capital ratio to be satisfactory as of 31 December 2013, but is of the opinion that the capital ratio must be strengthened in coming years in line with the Norwegian authorities' capital strengthening regulations.

Dividends

Particular account is taken of the Group's capital ratio, including capital adequacy requirements and the Group's targets and strategic plans, when determining the annual dividend. The level of the annual cash dividend in the lead up to 2017 will take into account the fact that the banking sector is currently building up capital to satisfy new capital requirements. Unless capital requirements dictate otherwise, the Board aims to gradually increase the distribution rate such that approximately half of the annual net profit for the year is distributed as cash dividends.

Share buy back

On 25 April 2013, the General Meeting authorised the Board to acquire and register liens on the company's own shares for up to 10 per cent of the Bank's share capital. The shares must be acquired in the securities market via the Oslo Stock Exchange. Each share can be purchased at a price of between NOK 1 and NOK 150. The authorisation is valid for 12 months from the date it is adopted by the General Meeting.

Capital increases

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

Deviations from the Code of Practice: None

POINT 4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

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

Largest shareholder

Sparebankstiftelsen SR-Bank is SpareBank 1 SR-Bank's largest shareholder with a stake of 30.04 per cent. The foundation was established on 1 January 2012 when SpareBank 1 SR-Bank was converted into a public limited company. Pursuant to the foundation's articles of association, its purpose is to manage the shares that were transferred to the foundation upon its establishment and to exercise and maintain a significant long-term and stable stake in SpareBank 1 SR-Bank. The ownership interest must represent at least 25 per cent of the outstanding shares of SpareBank 1 SR-Bank.

Transactions with close associates

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

Deviations from the Code of Practice: None

POINT 5 FREELY NEGOTIABLE SHARES

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

Deviations from the Code of Practice: None

POINT 6 GENERAL MEETINGS

General meetings

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

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

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

Deviations from the Code of Practice: None

POINT 7 NOMINATION COMMITTEE

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

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

The General Meeting appoints a Nomination Committee that shall provide detailed recommendations to the General Meeting concerning the election of members of the Supervisory Board and Control Committee.

The recommendations should provide pertinent information about the candidates' background and independence.

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

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

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

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

Supervisory Board

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

Board of Directors

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

Board's independence

All board members are independent of the Bank's executive management team and important business connections. Tor Dahle is the general manager of the Sparebankstiftelsen SR-Bank foundation and Erling Øverland is a board member of the foundation. The foundation owned 76 835 551 shares and was thus the bank largest shareholder with an ownership interest of 30.04 per cent as of 31 December 2013. Catharina Hellerud is employed by Gjensidige Forsikring ASA, which owned 26 483 470 shares and thus an ownership interest of 10.36 per cent.

Election of the Board

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

Participation in board meetings and board committees in 2013

There were 17 board meetings in 2013; 11 full day meetings and 6 board meetings via phone. The Audit Committee, Remuneration Committee and Risk Committee held 6, 5 and 1 meeting, respectively.

Board members' shareholdings as of 31 December 2012

- Kristian Eidesvik, the Chairman of the Board, owns 108 596 shares personally and through the companies Caiano AS and Smedasundet III AS
- Erling Øverland owns 18 935 shares personally and through the company Trifolium AS. Øverland is a board member of

Participation	Board Meetings	Board meetings via phone	Audit Committee	Remuneration Committee	Risk Committee
Kristian Eidesvik	11	6			1
Erling Øverland	11	6	6		1
Gunn-Jane Håland	11	4		4	
Birthe Cecilie Lepsøe (leave until end of March 2014)	8	5		4	
Catharina Hellerud	10	6	6		1
Erik Edvard Tønnesen, (until 6 June 2013)	5	1	3		
Odd Torland	11	6		4	
Tor Dahle (from 6 June 2013	6	5	2		1
Sally Lund-Andersen	11	6			
Oddvar Rettedal	11	5			
Kristine Tveteraas, substitute member	3	1			

the Sparebankstiftelsen SR-Bank foundation, which owns 76 835 551 shares
- Tor Dahle is employed by the Sparebankstiftelsen SR-Bank foundation, which owns 76 835 551 shares. Tor Dahle and close associates also own 42 623 shares.
- Catharina Hellerud is employed in Gjensidige Forsikring ASA, which owns 26 483 470 shares
- Sally Lund-Andersen, employee-elected board member, owns 2 225 shares personally
- Oddvar Rettedal, employee-elected board member, owns 7 977 shares personally

Deviations from the Code of Practice: None

POINT 9 THE WORK OF THE BOARD OF DIRECTORS

The Board's duties

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

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

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

Remuneration Committee

The Remuneration Committee is headed by Gunn-Jane Håland with Birthe Cecilie Lepsøe and Odd Torland as its other members. Besides the members of the committee, meetings are also always attended by the Executive Vice President Organisation and HR. The committee is tasked with doing the preparatory work for the annual review of the Group's remuneration packages and the CEO's contract and terms by the whole Board. The committee's mandate has incorporated into the Board's instructions.

Audit Committee

The Audit Committee is headed by Erling Øverland with Catharina Hellerud and Tor Dahle as its other members. The composition of the committee satisfies the Code of Practice's independence and competence requirements. Besides the members of the committee, meetings shall also be attended by the Chief Financial Officer. The committee is tasked with ensuring that the Group has independent and effective external and internal auditors, satisfactorily financial reporting in accordance with the laws and regulations, and that the Bank has good systems for internal control and risk management. The committee's mandate has incorporated into the Board's instructions.

Risk Committee

The Risk Committee is headed by Erling Øverland with Catharina Hellerud, Kristian Eidesvik and Tor Dahle as its other members. Besides the members of the committee, meetings are also always attended by the Executive Vice President Risk Management & Compliance. The committee is tasked with ensuring that the Group's risk and capital management underpins the Group's strategic development and goal attainment, while ensuring financial stability and prudent asset management. The committee's mandate will be incorporated into the Board's instructions.

Board's self-assessment

The Board annually conducts an evaluation of its activities and competence, and discusses improvements to the organisation and execution of the Board's work. The self-assessment report is available to the Nomination Committee.

Deviations from the Code of Practice: None

POINT 10 RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

financial stability and prudent asset management. This is achieved through:

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

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

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

The framework is described in more detail in note 6 to the financial statements, as well as in the Pillar III document for SpareBank 1 SR-Bank, which is available on the Bank's website.

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

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

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

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

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

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

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

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

Deviations from the Code of Practice: None.

POINT 11 REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board's members and subcommittees is fixed by the Supervisory Board based on the recommendations of the Nomination Committee. Separate rates are set for the Chairman of the Board and other board members. Separate rates are set for the chairmen of subcommittees and their members. Substitute board members are paid for each meeting they participate in, as well as an annual fee. Board members' remuneration is not linked to financial performance or similar factors. None of the directors, other than the employee representatives, has responsibilities to the company beyond their board duties. Information about all remuneration paid to the individual board members is presented in note 22 to the annual financial statements.

Deviations from the Code of Practice: None

POINT 12 REMUNERATION OF EXECUTIVE PERSONNEL

SpareBank 1 SR-bank has established a remuneration scheme that applies to all employees. The Group's remuneration scheme shall be consistent with the Group's overall objectives, risk tolerance and long-term interests and shall help to promote and provide incentives for good management and control of the Group's risk, discourage excessive or unwanted risk taking, and help to avoid conflicts of interest, and shall comply with the regulations governing remuneration schemes in financial institutions, investment firms and management companies dated 1 December 2010. The total remuneration shall be competitive but the Group shall not be a wage leader. It shall ensure that the Group attracts, develops and retains competent employees over time. The scheme will ensure a reward model that is perceived to be fair, predictable and future-oriented and motivating. Fixed salaries shall make up the main element of the total remuneration, which shall also consist of variable pay, pensions and benefits in kind. The Board's guidelines for the remuneration of executive personnel are disclosed in note 22.

Deviations from the Code of Practice: None

POINT 13 INFORMATION AND COMMUNICATIONS

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

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

Deviations from the Code of Practice: None

POINT 14 TAKE-OVERS

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

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

POINT 15 AUDITOR

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

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

Deviations from the Code of Practice: None

REPORT ON CORPORATE GOVERNANCE PURSUANT TO SECTION 3-3B OF THE ACCOUNTING ACT

Redegjørelsen følger lovens krav.

1. SpareBank 1 SR-Bank ASA complies with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NCGB).
2. The Code of Practice is available on www.nues.no
3. Any deviations from the Code of Practice are commented on in the Board's report on corporate governance.
4. Point 10 of the report provides a description of the main elements of the internal control and risk management systems associated with financial reporting processes.
5. SpareBank 1 SR-Bank has no articles of association that deviate from chapter 5 of the Public Limited Liability Companies Act that deals with general meetings.
6. An account is provided of the composition of the Board, its working committees, the Supervisory Board, and the Control Committee, and a description is provided of the main elements of the guidelines and mandates for these bodies in points 8 and 9 of the report.
7. An account of the provisions of the articles of association that regulate the appointment and replacement of board members is provided in point 8 of the report.
8. An account of the provisions of the articles of association and authorisations that empower the Board to decide that the enterprise will buy back or issue its own shares is provided in point 3 of the report.

GOVERNING BODIES

SUPERVISORY BOARD

Shareholder-elected members

Shareholder-elected members
Einar Risa (Chair), Stavanger (76 841 141)
Arvid Langeland, Jørpeland (35 808)
Bente Thurmann-Nielsen, Erfjord (56 761)
Berit Rustad, Trondheim (0)
Egil Fjogstad, Stavanger (0)
Hanne Eik, Stavanger (15 162)
Helge Leiro Baastad, Lysaker (26 483 470)
Hilde Lekven, Nesttun (76 835 551)
Jan Atle Toft, Lyngdal (2 872)
Jorunn Kjellfrid Nordtveit, Valen (6 226 583)
Jørgen Ringdal, Oslo (26 483 470)
Leif Inge Slethei, Røyneberg (784 048)
Leif Sigurd Fisketjøn, Egersund (121 930)
Liv Gøril Johannessen, Vedavågen (639)
Melanie Tone Stensland Brun, Oslo (2 178 837)
Ove Iversen, Hundvåg (121 756)
Steinar Haugli, Jevnaker (415 437)
Svein Kj. Søyland, Ålgård (76 839 952)
Terje Nysted, Forsand (769 230)
Terje Vareberg, Stavanger (176 163)
Tone Haddeland, Sandnes (3 502)
Trygve Jacobsen, Hafrsfjord (1 577 534)

Employee-elected members

Astrid Saurdal, Egersund (9 251)
Elin Garborg, Bryne (4 133)
Frode Sandal, Sola (4 136)
Arne Geir Larsen, Bjerkreim (0)
Thomas Fjelldal Gaarder, Bergen (0)
Anne Nystrøm Kvale, Stavanger (26 064)
Silje Eriksen Bølla, Bryne (5 673)
Kristin H. Furuholt, Lyngdal* (0)

CONTROL COMMITTEE

Odd Jo Forsell, Stavanger (10 000)
Vigdis Wiik Jacobsen, Stavanger (18 581)
Egil Fjogstad, Stavanger (0)

BOARD OF DIRECTORS

Kristian Eidesvik, Bømlo, (leder) (108 596)
Gunn Jane Håland, Stavanger (0)
Erling Øverland, Stavanger (18 935)
Tor Dahle, Stavanger (76 878 174)
Birthe Cecilie Lepsøe, Bergen (0)
Catharina Hellerud, Oslo (26 483 470)
Odd Torland, Stavanger (0)
Sally Lund-Andersen, Haugesund (employee representative) (2 225)
Oddvar Rettedal, Stavanger (employee representative) (7 977)

NOMINATION COMMITTEES

Nomination committee for elections to the Board of Directors

Einar Risa (Chair), Stavanger (76 841 141)
Trygve Jacobsen, Hafrsfjord (1 577 534)
Helge Leiro Baastad, Lysaker (26 483 470)
Hilde Lekven, Nesttun (79 735 551)
Thomas Fjelldal Gaarder, Bergen (0)

Nomination committee for elections to the Supervisory Board and control commitee

Trygve Jacobsen (Chair), Hafrsfjord (1 577 534)
Einar Risa, Stavanger (76 841 141)
Helge Leiro Baastad, Lysaker (26 483 470)
Hilde Lekven, Nesttun (76 835 551)
Thomas Fjelldal Gaarder, Bergen (0)

EXECUTIVE MANAGEMENT

CEO Arne Austreid (13 625)
CFO Inge Reinertsen (33 847)
Exective VP Capital Market Stian Helgøy (26 144)
Executive VP Retail Market Jan Friestad (26 629)
Executive VP Corporate Market Tore Medhus (30 209)
Executive VP Communications Thor-Christian Haugland (10 018)
Executive VP HR Wenche Drønen Christenssen (9 505)
Executive VP Business Support & Development Glenn Sæther (10 486)
Executive VP Risk Management & Compliance Frode Bø (12 692)

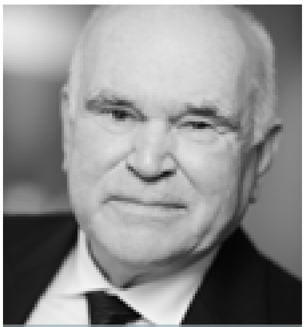
EXTERNAL AUDITOR

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

* replacement deputy member

(The figures in brackets provide an overview of the number of shares in SpareBank 1 SR-Bank ASA owned by the person concerned as of 31 December 2013. The figures also include shares belonging to immediate family members and companies where the person has a determining influence, ref. Accounting Act, section 7-26. In addition to this, the shares of the institution the individual representative was elected on behalf of are included.)

BOARD OF DIRECTORS



KRISTIAN EIDESVIK (1945), CHAIRMAN OF THE BOARD

Shipowner from Bømlo. He has built up and runs his own companies within shipping and property, including Wilson AS and Caiano AS. He sits on the boards of a number of his own companies. A complete overview is available on: www.sr-bank.no/IR. Standing for re-election in 2014.

GUNN-JANE HÅLAND (1963), BOARD MEMBER

Special adviser within gas strategy and portfolio in Petoro AS, Stavanger. She also has 15 years experience from banking and finance. She holds a Master in Business Administration (MBA) from BI Norwegian Business School. Standing for re-election in 2014.

TOR DAHLE (1952), BOARD MEMBER

General Manager, Sparebankstiftelsen SR-Bank, Stavanger. He has experience from various management positions in SpareBank 1 SR-Bank, most recently as managing director of SR-Investering AS. He is the chairman of the board of EM Software Partners AS and EMT Eiendom AS. He graduated in business economics (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). Standing for re-election in 2015.

BIRTHE CECILIE LEPSØE (1971), BOARD MEMBER

Former Finance Manager of Grieg Shipping Group, Bergen. She is currently on maternity leave. She has many years of experience from the shipping division in DnB. She graduated in business economics (Siviløkonom) from BI Norwegian Business School. Standing for re-election in 2014.

ERLING ØVERLAND (1952), BOARD MEMBER

General Manager, Trifolium AS, Stavanger, He has previous experience from various managerial positions in Statoil ASA and as president of the Confederation of Norwegian Enterprise (NHO). He is the chairman of the board of PCI Biotech Holding ASA and the Norwegian Business Sector's NOx Fund, and sits on the boards of Sparebankstiftelsen SR-Bank, the University of Stavanger, Norway Trade Fairs and Executives' Global Network Norway. He graduated in business economics (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). Standing for re-election in 2015.

More detailed CVs are available for all board members on: www.sr-bank.no/IR

CATHARINA HELLERUD (1968), BOARD MEMBER

CFO in Gjensidige Forsikring ASA, Oslo. She has previously worked for the Oslo Stock Exchange following up listed companies. She is the chairman of the board of Gjensidige Norge AS, Lokal Forsikring AS and Glitne Invest AS, and sits on the board of Gjensidige Bank Holding AS. She qualified as a state authorised public accountant at the Norwegian School of Economics and Business Administration (NHH) and graduated in business economics (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). Standing for re-election in 2015.

ODD TORLAND (1964), BOARD MEMBER

CEO, Smedvig AS, Stavanger. He is the former CEO of Scana Industrier ASA. He sits on the boards of a number of companies. A complete overview is available on: www.sr-bank.no/IR.
He qualified as a state authorised public accountant at the Norwegian School of Economics and Business Administration (NHH). Standing for re-election in 2015.

ODDVAR RETTEDAL (1953), EMPLOYEE-ELECTED BOARD MEMBER

Financing product manager at SpareBank 1 SR-Bank ASA. Standing for re-election in 2014.

SALLY LUND-ANDERSEN (1961), EMPLOYEE-ELECTED BOARD MEMBER

Chief employee representative in SpareBank 1 SR-Bank ASA. She sits on the board of SpareBank 1 Gruppen AS and is the chairman of the board of the Rogaland branch of the Finance Sector Union of Norway. Standing for re-election in 2015.

ANNUAL REPORT

The SpareBank 1 SR-Bank Group achieved a pre-tax profit of NOK 2 347 million in 2013. The net profit for the year amounted to NOK 1 860 million, compared with NOK 1 361 million in 2012. The return on equity after tax was 14.0 per cent, compared with 12.4 per cent in 2012. The improvement in the result can primarily be attributed to stronger underlying operations and low losses.

The Board of Directors is very satisfied with the result for 2013. The staunch efforts of the staff, good credit quality of the loan portfolio, and close customer relationships were important drivers behind a strong result. Our market position as Southern and Western Norway's leading financial group was further strengthened by 8 500 new retail customers and 1 000 new corporate customers.

Lending growth in 2013, including loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, amounted to 5.3 per cent (seen in isolation, the growth in lending on the consolidated balance sheet was 9.9. per cent, which reflects the fact that a smaller proportion of the Group's home mortgages were sold to SpareBank 1 Boligkreditt in 2013 than in 2012). The growth in deposits increased from 5.5 per cent in 2012 to 6.0 per cent in 2013. The deposit coverage ratio, measured in terms of deposits as a percentage of gross loans, fell from 61.7 per cent to 59.6 per cent during 2013.

Net interest income totalled NOK 2 119 million in 2013, compared with NOK 1 742 million in 2012. Net interest income as a percentage of average total assets amounted to 1.42 per cent in 2013, up from 1.27 per cent in 2012. The improvement was primarily attributable to expanded lending margins, while contracting deposit margins and the higher Norwegian Banks Guarantee Fund charge pulled in the opposite direction.

Net commissions and other operating income totalled NOK 1 824 million in 2013, up from NOK 1 466 million in 2012. This improvement can mainly be attributed to higher commissions from SpareBank 1 Boligkreditt. Income from payment systems and sales of savings and insurance products also increased moderately. The net return on financial investments amounted to NOK 555 million in 2013, compared with NOK 578 million in 2012. This includes the Group's share of the profit from SpareBank 1 Gruppen AS, BN Bank ASA, SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

The Group's operating costs amounted to NOK 2 019 million for the year, compared with NOK 1 888 million in 2012. A significant proportion of the increase was due to non-recurring costs of NOK 37 million linked to planned personnel-related restructuring. In addition to this, costs in 2012 were affected by non-recurring items related to the Group's pension plans that reduced costs by a total of NOK 45 million. The cost/income ratio, measured as operating costs in relation to income, was improved from 49.9 per cent to 44.9 per cent.

Good quality credit management and the continued good macroeconomic situation in Norway and the region contributed to stable net impairment losses on loans of NOK 132 million, compared with NOK 137 million in 2012. The relatively low level of impairments supports the Group's solid loan portfolio.

The allocation of the year's profit is based on the parent bank's distributable profit of NOK 1 747 million for 2013. The Board proposes that NOK 409 million be paid in dividends, corresponding to NOK 1.60 per share, while NOK 1 338 million be allocated to other equity and strengthening the Group's financial strength.

The core equity capital ratio increased significantly in 2013, from 10.0 per cent at year-end 2012 to 11.1 per cent at year-end 2013. The tier 1 capital ratio (including hybrid tier 1 capital) increased in the same period to 12.8 per cent from 12.1 per cent. At year-end 2013, SpareBank 1 SR-Bank is in a solid financial position and well-equipped to meet the stricter regulatory requirements for financial strength while developing its leading position in Norway's strongest growing region. Its financial strength significantly exceeds the minimum target set by the Board for 2013 of a core equity capital ratio of 10 per cent.

NATURE OF THE BUSINESS

The SpareBank 1 SR-Bank Group consists of the parent bank, SpareBank 1 SR-Bank ASA, and subsidiaries. The most important subsidiaries are: SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering

AS, SR-Forvaltning AS and the second tier subsidiary EiendomsMegler 1 Drift AS. Rygir Industrier AS and its subsidiaries (repossessed assets) also became a subsidiary of the parent bank on 31 December 2013.

SpareBank 1 SR-Bank's head office is in Stavanger and it has 52 branches in the counties of Rogaland, Hordaland, Vest-Agder and Aust-Agder. The Group's primary activities are selling and procuring a wide range of financial products and services, investments services, and leasing and estate agency.

GROUP'S PERFORMANCE

SpareBank 1 SR-Bank recorded good progress in all of the Group's business areas in 2013. The Group further strengthened its position as the market leader in the retail and corporate markets in Rogaland. The Capital Market Division has established itself as the region's leading expert environment in its field. The Group's position in the estate agency market has helped EiendomsMegler 1 become the largest chain of estate agents in Norway. EiendomsMegler 1 SR-Eiendom AS is the market leader in Rogaland, and further strengthened its position in Hordaland and the Agder counties in 2013.

The Group's subsidiaries and its strategic stakes in the SpareBank 1 Alliance's product companies make a significant contribution to SpareBank 1 SR-Bank's earnings. Among the subsidiaries, the level of activity remained high in the estate agency company and the financing company SpareBank 1 SR-Finans. Collaboration between the Group's various business areas was further strengthened and clarified in 2013 by operationalising and refining our strategic 'One door in' concept. This is helping to ensure the Group delivers a complete and competitive range of products and services to a steadily larger customer base.

The banking market in 2013 saw continued strong, but slightly decreasing, competition due to factors such as increasingly clear signals of much stricter requirements concerning the industry's financial strength. The relatively moderate growth in lending was due to a combination of stronger competition in the market for home mortgages, including from more providers, slightly lower growth in the Norwegian economy, and the increased use of the bond market by major corporate customers. Deposit margins were low and contracted at times during the year due to low interest rates and lasting strong competition. Overall, earnings were better in 2013 than in 2012.

Net commissions and other operating income increased from 2012 to 2013. The increase was mainly attributable to increased commissions from SpareBank 1 Boligkreditt. Income from sales of insurance products and commissions from estate agency were also slightly up on 2012.

The equity and interest rate markets were again volatile in 2013, but improved markedly in the second half of the year. The Group's holding of securities rose in value over the year as a whole.

Impairment losses on loans were stable in 2013 and on a par with 2012. Impairments as a percentage of gross loans amounted to 0.11 per cent. The Board is satisfied with the quality of the loan portfolio and believes the risk management is good.

DEVELOPMENTS IN THE GROUP'S MARKET AREAS

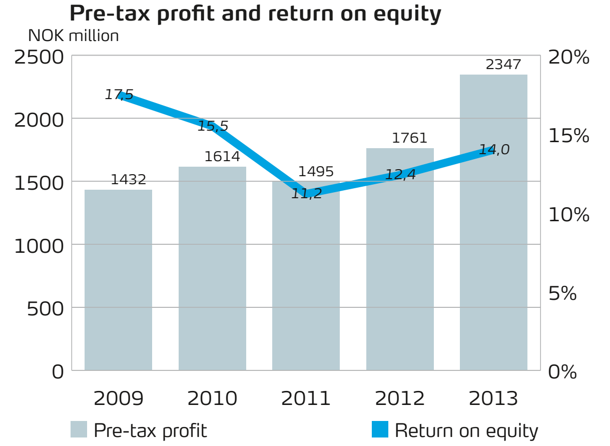
Households have become somewhat less optimistic as far as the development of the Norwegian economy is concerned, which is partly reflected in the level of activity in the housing market and partly by the lower consumer growth. Mainland Norway's gross domestic product (GDP) is expected to grow by around 2 per cent in 2014, a reduction from more than 3 per cent in 2013. Weaker international economic trends have probably also dampened activity in the Norwegian economy to some extent.

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

According to the Norwegian Labour and Welfare Administration (NAV) the unemployment rate in Norway was 3.0 per cent at the end of January 2014. In Rogaland the unemployment rate was 2.2 per cent, in Hordaland it was 2.5 per cent, and in Vest- Agder and Aust-Agder it was 3.1 per cent and 4.0 per cent respectively.

Individual business surveys of economic activity are published for each of the Group's market areas. According to these reports, overall, companies in Rogaland, Hordaland and the Agder counties expect to see growth in 2014. The survey for Rogaland in particular shows that growth is expected to remain relatively high. Parts of the business sector report some concern that stricter regulatory requirements for banks will presents challenges in the form of reduced access to bank financing for new investments.

Housing prices fell slightly in the latter part of 2013 and in the Group's market area were approximately 3 per cent lower at year-end 2013 than they were a year earlier. The poor price trend in the housing market may result in the building of fewer new homes in 2014.

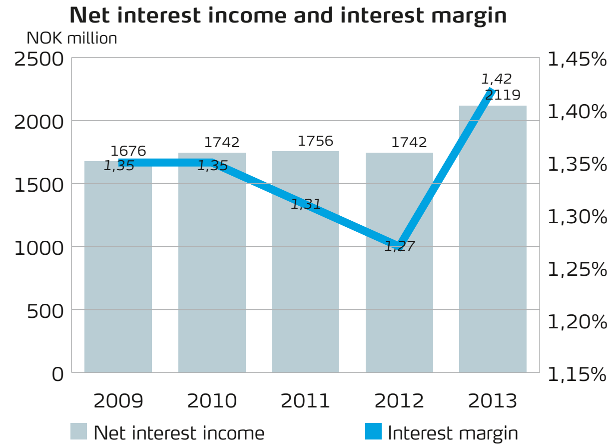


FINANCIAL PERFORMANCE

NET INTEREST INCOME

The Group's net interest income increased by NOK 377 million from NOK 1 742 million to NOK 2 119 million in 2013. The interest margin amounted to 1.42 per cent of average total assets, up from 1.27 per cent in 2012.

Net interest income performance must be viewed in the context of the sale of loan portfolios to the mortgage companies. Income from these loans is recognised as commissions after their sale. By year-end 2013, the bank had sold NOK 46.4 billion of loans to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, compared to NOK 48.7 billion at year-end 2012. Commissions increased significantly throughout the year and amounted to NOK 610 million at the end of the year, compared with NOK 340 million in 2012.



OTHER OPERATING INCOME

Net commissions and other operating income totalled NOK 1 824 million in 2013, compared with NOK 1 466 million in 2012.

Net commissions were NOK 1 380 million in 2013, up from NOK 1 029 million the year before. Excluding commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, the increase was NOK 80 million compared with 2012. This is primarily attributable to higher income from sales of insurance products and good teamwork between the Capital Market Division and the Corporate Market Division.

Other operating income amounted to NOK 444 million in 2013, up from NOK 437 million in 2012. This was primarily income from the Group's estate agency business.

Net income from financial investments was NOK 555 million in 2012, a reduction from NOK 578 million in 2012. NOK 81 million of this amount was capital losses on securities (capital gains of NOK 130 million) and NOK 248 million (NOK 158 million) was capital gains on interest rate and currency trading. Furthermore, income from ownership interests aggregated NOK 355 million (NOK 265 million), and dividends NOK 33 million (NOK 25 million).

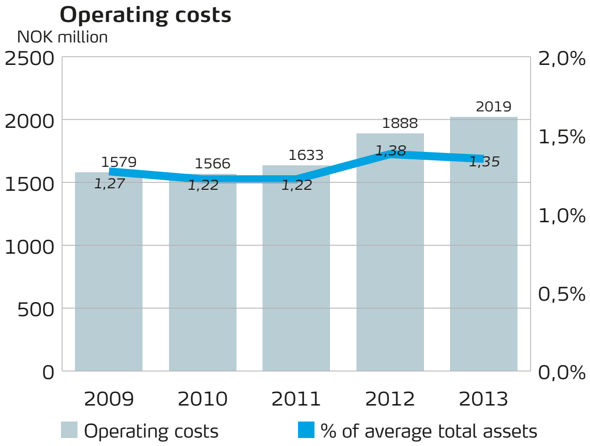
The capital losses on securities of NOK 81 million in 2013 were derived from capital gains of NOK 46 million from the portfolio of shares and equity certificates, and capital losses of NOK 127 million from the interest portfolio. NOK 116 million of these capital losses were financially hedged and included as income under capital gains from interest rate and currency trading. The capital losses include a loss of NOK 22 million linked to a single bond. As of 31 December 2013, the Group was not directly exposed to foreign government debt outside the Nordic region.

Income from ownership interests in 2013 amounted to NOK 355 million (NOK 265 million). The share of the net profit for the year from SpareBank 1 Gruppen amounted to NOK 216 million (NOK 97 million), from SpareBank 1 Boligkreditt it amounted to NOK 66 million (NOK 84 million), and from SpareBank 1 Næringskreditt it amounted to NOK 7 million (NOK 7 million). The share of the net profit for the year from BN Bank was NOK 59 million (NOK 44 million), while NOK 7 million (NOK 8 million) was recognised as income due to the amortisation of identified badwill in connection with an acquisition in 2008.

OPERATING COSTS

The Group's operating costs totalled NOK 2 019 million in 2013. This represents an increase of NOK 131 million (6.9 per cent) compared with 2012. Last year's costs were affected by

non-recurring items relating to the changed pension scheme totalling NOK 45 million, primarily in EiendomsMegler 1 SR-Eiendom. Corrected for this cost reduction and non-recurring costs of NOK 37 million from personnel related restructuring, operating costs have increased by 2.5 per cent on an annual basis.
The Group's cost/income ratio, costs measured as a percentage of income, was 44.9 per cent in 2013 (49.9 per cent).



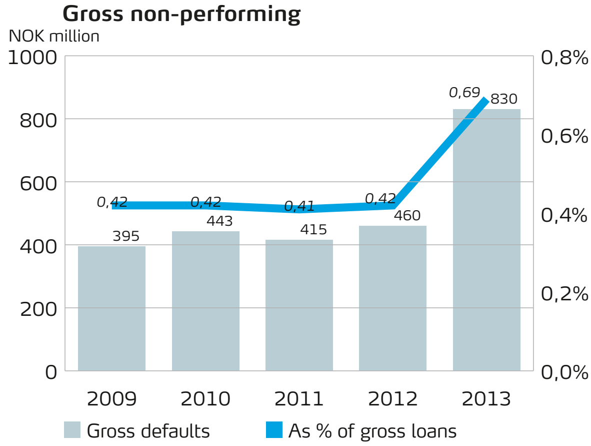
At year-end 2013, the Group had 1 214 full time equivalents, of which 1 165 were full-time employees. The full time equivalents figure decreased by 49 in 2013, compared with an increase of 17.5 in 2012.

LOSSES AND DEFAULTS

The Group recognised NOK 132 million in net impairment losses on loans in 2013 (NOK 137 million). This corresponds to impairments as a percentage of gross loans of 0.11 per cent (0.13 per cent). Impairments on groups of loans were reduced by NOK 30 million in 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.

Gross non-performing commitments amounted to NOK 830 million in 2013 (NOK 460 million). This corresponds to 0.69 per cent of gross loans (0.42 per cent). The portfolio of performing problem loans totalled NOK 689 million (NOK 787 million). This corresponds to 0.57 per cent of gross loans (0.72 per cent). Total non-performing and impaired loans in 2013 came to NOK 1 519 million (NOK 1 247 million). In terms of gross lending this represents an increase from 1.14 per cent to 1.26 per cent in 2013. The increase in non-performing commitments was primarily due to one larger commitment which defaulted in the fourth quarter and was written down.

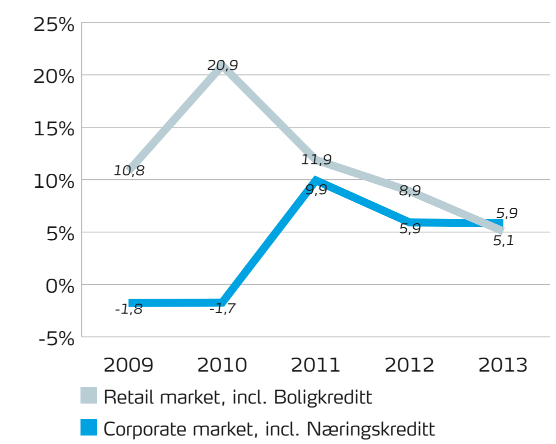
The loan loss provisions ratio, measured as individual impairments as a percentage of non-performing and impaired loans, was 26 per cent (33 per cent) and 34 per cent (35 per cent), respectively, at year-end 2013.



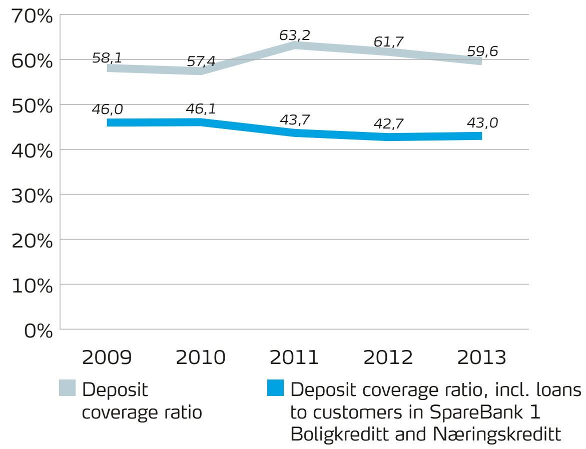
BALANCE SHEET

The Group's total assets recognised on the balance sheet increased from NOK 141.5 billion to NOK 157.0 billion in 2013. The increase was due to lending growth and fewer sales of loan portfolios to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, and a larger liquidity portfolio compared with 2012. At year-end 2013, SpareBank 1 SR-Bank had sold loans worth NOK 46.4 billion to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, compared with NOK 48.7 billion at year-end 2012. If the loan portfolios of these part-owned mortgage companies are taken into account, lending growth amounted to 5.3 per cent and total loans NOK 166.7 billion at year-end 2013. Retail market lending rose by 5.1 per cent while lending to the corporate market and public sector increased by 4.9 per cent. The division between loans to the retail market (including SpareBank 1 Boligkreditt AS) and the corporate market/public sector (including SpareBank 1 Næringskreditt AS) was 63.3 per cent to 36.7 per cent, respectively, at year-end 2013, compared with 64.3 per cent to 35.7 per cent in 2012.

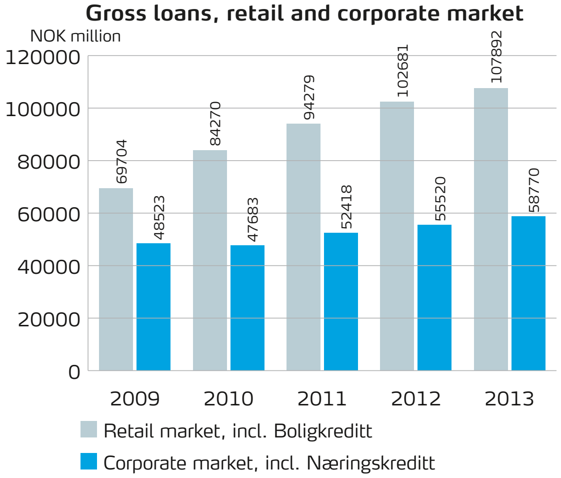
Gross loans, % growth, retail and corporate market



Deposit coverage ratio



Gross loans, retail and corporate market



Deposits from customers rose by 6.0 per cent (5.5 per cent) over the last 12 months to NOK 71.7 billion (NOK 67.6 billion). Deposits from the corporate market and public sector accounted for 49.5 per cent (49.2 per cent) of the Group's customer deposits at year-end 2013.

At year-end 2013, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 59.6 per cent (61.7 per cent). In a highly competitive market, the Group has maintained both a good deposit coverage ratio and at the same time strengthened its long-term funding. The Financial Supervisory Authority of Norway's Liquidity Indicator 1 (the proportion of liquid assets funded by debt with a maturity of more than 1 year) increased from 105.1 per cent to 111.5 per cent for the parent bank and from 103.9 per cent to 107.7 per cent on a consolidated basis. In addition to ordinary customer deposits, the Group had NOK 13.9 billion (NOK 12.0 billion) under management, primarily through SR-Forvaltning AS and ODIN Forvaltning AS.

RETAIL MARKET DIVISION

The retail market division's contribution before impairment losses on loans was NOK 1 326 million at year-end 2013. The improvement of NOK 279 million from last year was due to higher net interest, an increase in commissions, and good cost management. Commissions from money transfers, insurance and investment services increased. The overall growth for commissions was 9.8 per cent in 2013.

In 2013, the division grew lending by 5.1 per cent and deposits by 5.6 per cent. In the second half of 2013, activity in the housing market slowed and lending growth fell slightly. Throughout the year, the division enjoyed strong progress in sales of savings and pension products, which is a result of a long-term focus on investment advice.

The division gained a net 5 000 new customers over the age of 13 in 2013, while the number of customers who use us as their main bank increased by a net 9 500 customers. The systematic development of existing customer portfolios, targeted growth and the launch of new payment products contributed to this growth.

The proportion of bank customers who use digital channels is very high. The number of mobile banking customers grew strongly throughout the year and the number of monthly logins to the mobile bank has now surpassed the online bank. This change in customer behaviour is expected to continue as new digital banking services are developed and launched.

Net impairment losses on loans remained low and the percentage of non-performing loans was 0.28 per cent of total loans.

CORPORATE MARKET DIVISION

The Corporate Market Division's contribution before impairment losses on loans was NOK 959 million in 2013. This is NOK 65 million higher than in 2012. The improvement in earnings from last year is largely explained by expanded lending margins.

In the last 12 months, the division increased its lending by 4.9 per cent and deposits by 6.3 per cent. We are actively working on across-the-board sales of the Group's products, and product coverage is increasing. Commissions and other operating income were up by 15.3 per cent in 2013.

Net individual write-downs of NOK 130 million were recognised in 2013, compared with NOK 152 million in 2012. The total level of write-downs 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.

CAPITAL MARKET DIVISION

The division's areas of expertise complement traditional banking operations and the Group's resources within securities activities and management. 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 achieved a pre-tax profit of NOK 95 million in 2013 (NOK 194 million). A loss from one bond investment and a reduction in income from interest rate trading affected the result negatively in relation to the same period last year. The bulk of our income still comes from customer trading in fixed income and currency instruments.

Increased activity in relation to facilitating bond issues and other transactions contributed to the good growth in income from corporate finance in the last quarter of the year. Income from sales of equities and bonds also increased.

SUBSIDIARIES

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

EiendomsMegler 1 SR-Eiendom AS is well represented throughout the Group's entire market area and has 33 offices from Grimstad to Bergen. It is the leading estate agent in Rogaland and Vest-Agder, and is also increasing its market share in both Hordaland and Aust-Agder. The company achieved a pre-tax profit of NOK 41.9 million (NOK 86.4 million). The lower result is largely attributable to the recognition as income in 2012 of NOK 40 million in earlier provisions linked to changes to its pension scheme. Otherwise the result reflects a slightly slower property market in 2013.

7 246 properties were sold in 2013 compared with 7 449 in 2012. In total the company sold properties worth NOK 22 billion. The supply of new assignments is good and the order book rose by 9.7 per cent compared with the same period the year before. Even though the brokering figures are slightly lower than there were for 2012, the company strengthened its market position during the year. Developments in Rogaland, where it enjoys a market share of more than 40 per cent, were particularly good.

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 somewhat higher vacancy vis-à-vis office premises. The trend within the management and operation of commercial buildings was satisfactory.

SpareBank 1 SR-Finans AS main activities are lease financing for the business sector and secured car and boat loans. The company achieved a pre-tax profit of NOK 149.0 million in 2013 (NOK 115.2 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 149.9 million (NOK 124.2 million). Net lending has increased by 4.3 per cent in 2013 and at year-end 2013 it amounted to NOK 6.2 billion (NOK 5.9 billion).

7 083 new contracts were established in 2013 (5 914). The company's total new sales in 2013 amounted to NOK 2.4 billion (NOK 2.5 billion).

SR-Forvaltning AS is a securities firm licensed to provide active management and fund management services. Pre-tax profit was NOK 22.4 million in 2013 (NOK 18.5 million). The company had assets of NOK 7.7 billion under management at year-end 2013. This represents an increase of NOK 1.6 billion since the start of 2013.

SR-Investering AS's object is to contribute to the long-term creation of value through investments in the business sector in the Group's market area. The company primarily invests in private equity funds and companies in the SMB segment that need capital to develop and grow further. Its pre-tax profit amounted to NOK 11.8 million in 2013, which is a reduction from NOK 21.5 million in 2012. At year-end 2013, the company had investments of NOK 164.7 million (NOK 172.1

million) and residual commitments linked to these of NOK 82.7 million (NOK 96.4 million).

SPAREBANK 1 BOLIGKREDITT AS AND SPAREBANK 1 NÆRINGSKREDITT AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are licensed mortgage companies that issue covered bonds secured by home mortgage or commercial real estate portfolios sold by the owner banks. The companies are owned by the savings banks that make up the SpareBank 1 Alliance and help ensure the owner banks have access to stable, long-term funding at competitive rates.

At year-end 2013, SpareBank 1 Boligkreditt's total lending volume amounted to NOK 174.8 billion, NOK 45.7 billion of which were home mortgages bought from SpareBank 1 SR-Bank. The bank currently owns a 26.2 per cent stake in the company. This is updated at the end of each year in line with the volume sold.

At year-end 2013, SpareBank 1 Næringskreditt had made loans totalling NOK 15.2 billion, NOK 0.6 billion of which were loans that had been bought from SpareBank 1 SR-Bank. The bank owns a 27.3 per cent stake in the company.

THE SPAREBANK 1 ALLIANCE

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

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

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

SpareBank 1 Gruppen AS owns 100 per cent of SpareBank 1 Forsikring AS, ODIN Forvaltning AS, Conecto AS, SpareBank 1 Medlemskort AS and SpareBank 1 Gruppen Finans AS. The ownership structure in SpareBank 1 Markets AS changed with effect from the third quarter of 2013 when SpareBank 1 Gruppen AS sold it shares in the company to the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank chose not to take a stake in SpareBank 1 Markets.

SpareBank 1 Gruppen AS delivered a pre-tax profit of NOK 1 659 million in 2013 (NOK 955 million). The life and P&C insurance companies made significant contributions to the improved result, although the fund management business also achieved significant progress in its result in 2013. SpareBank 1 SR-Bank's share of the profit in 2013 was NOK 218.1 million, compared with NOK 88.0 million in 2012.

SpareBank 1 Gruppen AS bears administrative responsibility for the collaboration processes in the SpareBank 1 Alliance, where technology, brands, expertise, common processes/application of best practice, and procurement are key elements. The alliance is also engaged in development work through three resource centres: learning (Tromsø), payments (Trondheim) and credit (Stavanger). Among other things, the alliance is focusing more heavily on refining self-service mobile solutions in 2013.

BN BANK ASA AND BANK 1 OSLO AKERSHUS AS

SpareBank 1 SR-Bank and the other savings banks in the SpareBank 1 Alliance acquired Glitnir Bank ASA towards the end of 2008. It has since been renamed BN Bank ASA. SpareBank 1 SR-Bank's owned a 23.5 per cent stake in it at year-end 2013. The share of the profit from BN Bank increased from NOK 43.7 million in 2012 to NOK 59.2 million in 2013. The remaining difference between the calculated and book equity in BN Bank from the date of acquisition was also recognised as income in the amount of NOK 7.2 million, meaning that the total contribution to the Group's result was NOK 66.4 million. In 2012, the total income recognised as a result of amortisation plus the share of the profit was NOK 52.0 million.

The stake in Bank 1 Oslo Akershus AS was reduced from 19.5 per cent to 4.8 per cent on 17 January 2013 through the sale of shares to Sparebanken Hedmark. The share of the profit in Bank 1 Oslo Akershus amounted to NOK 21 million in 2012.

EVENTS AFTER THE BALANCE SHEET DATE

No material events have been registered after 31 December 2013 that affect the consolidated financial statements as prepared.

ACCOUNTING POLICIES

SpareBank 1 SR-Bank prepares its parent bank and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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

CORPORATE GOVERNANCE

Corporate governance in SpareBank 1 SR-Bank ASA comprises the objectives and overriding principles according to which the Group is governed and controlled, to secure the interests of shareholders, customers and other groups. Governance of the Group's activities shall ensure prudent asset management and greater assurance that publicly declared goals and strategies are reached and realised.

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

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

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

The Group's corporate governance policy is based on the Norwegian Code of Practice for Corporate Governance. Further information on corporate governance, pursuant to section 3-3b of the Accounting Act, is provided in a separate section of the annual report. There is also a special section on corporate social responsibility. The information has also been published on: www.sr-bank.no/InvestorRelations.

RISK MANAGEMENT

SpareBank 1 SR-Bank's core activity is to create value by assuming recognised and acceptable risks. The Group, therefore, invests significant resources in maintaining and developing risk management systems and processes that are in line with leading international practice. The Board of SpareBank 1 SR-Bank has established its own risk committee.

The risk and capital management should underpin the Group's strategic development and goal attainment, while ensuring financial stability and prudent asset management. This shall be achieved through:

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

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

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

CREDIT RISK

Credit risk is managed via the framework procedures for granting credit, monitoring commitments and portfolio management. The general credit strategy stipulates that the Group shall have a moderate risk profile. Defaults and losses developed positively in 2013 and the market area was characterised by persistent high activity and low unemployment. Together with a constant focus on risk management, this has helped to maintain the good credit quality of the portfolio.

The quality of the corporate market portfolio is good and has improved slightly when compared with 2012. The quality of the retail market portfolio remains very good and its development in 2013 was characterised by slightly lower loan-to-collateral value ratios that further improve the portfolio's already low risk profile. Most of the portfolio is secured by mortgages on real estate, and the LTV is, for the most part, moderate. This indicates limited potential losses as long as these assets are not significantly impaired.

MARKET RISK

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

Part of the Group's market risk is linked to investments in bonds and commercial papers. At the end of 2013, the Group had liquid assets in the form of bonds and certificates totalling NOK 21.1 billion of which NOK 6.8 billion was covered bonds used in the authorities' swap scheme in 2008/2009. When quantifying risks linked to impairment in the value of the liquidity portfolio, SpareBank 1 SR-Bank distinguishes between systematic risk (market risk) and unsystematic risk (default risk). Default risk associated with the aforementioned portfolio is quantified as credit risk.

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

The Group's market risk exposure is deemed moderate.

LIQUIDITY RISK

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

The Group had good access to funding in 2013. Deposits from customers represent the Group's main source of funding. Deposits increased by NOK 4.1 billion for the Group as a whole in 2013. The deposit coverage ratio fell from 61.7 per cent at year-end 2012 to 59.6 per cent at year-end 2013, primarily due to fewer sales of loan portfolios to SpareBank 1 Boligkreditt AS in 2013.

Funding costs fell slightly during 2013 and access to market funding was good. The risk premium in the money market interest rate (3 months NIBOR) has fallen towards the levels it was at prior to the financial crisis. The risk premium the bank pays in excess of the money market interest rate on covered bonds and unsecured bonds also fell during the year. 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. The liquidity buffer amounted to NOK 15.0 billion at the end of the year. This level ensures that the bank can maintain normal operations for 19 months without access to extra funding. In addition to the liquidity buffer, the bank has NOK 12.1 billion in home mortgages ready for sale to SpareBank 1 Boligkreditt.

OPERATIONAL RISK

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

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

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

OWNERSHIP RISK

Ownership risk is the risk that SpareBank 1 SR-Bank bears if it suffers negative results from stakes in strategically owned companies and/or the need to inject fresh capital into these

[1] 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.

companies. Ownership is defined as companies in which SpareBank SR-Bank has a significant stake and influence. SpareBank 1 SR-Bank is mainly exposed to ownership risk through its stakes in SpareBank 1 Gruppen AS (19.5 per cent), SpareBank 1 Boligkreditt AS (26.2 per cent), SpareBank 1 Næringskreditt AS (27.3 per cent) and BN Bank ASA (23.5 per cent).

COMPLIANCE

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

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

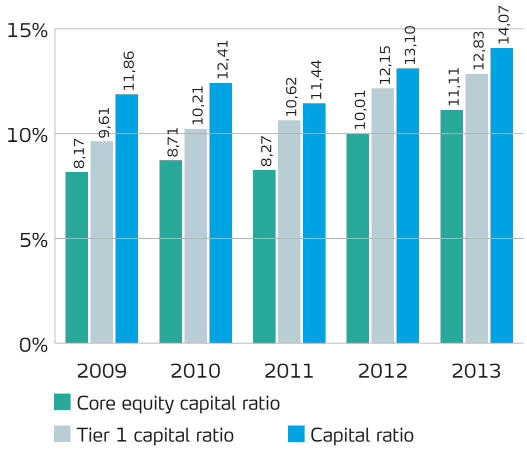
SpareBank 1 SR-Bank's compliance function is the responsibility of the risk management and compliance department and is organised independently of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the area.

CAPITAL MANAGEMENT

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

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

Core equity tier 1 capital, tier 1 capital and capital ratio



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

SpareBank 1 SR-Bank is in a solid financial position and is a market leader in the region in Norway enjoying the strongest growth. At year-end 2013, the core equity capital ratio was 11.1 per cent (10.0 per cent) while the tier 1 capital ratio was 12.8 per cent (12.1 per cent) and the capital ratio was 14.1 per cent (13.1 per cent). 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 per cent of the capital requirement according to the Basel I regulations.

In June 2013, 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 came 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 per cent and a total capital ratio of 12.5 per cent. The core equity capital ratio will subsequently be gradually increased to 12 per cent by 1 July 2016 .

In addition to the above-mentioned capital requirements, there will be a requirement in Norway for a so-called countercyclical capital buffer in the range of 0 - 2.5 per cent in the form of core equity tier 1 capital. On 12 December 2013, on the advice of Norges Bank, the Ministry of Finance set the countercyclical buffer at 1 percentage point from 30 June 2015. 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.

From 1 July 2014, the core equity capital ratio requirement will be 10.0 per cent and the capital ratio requirement will be 13.5 per cent. If SpareBank 1 SR-Bank is defined as a systemically important bank, the total core equity capital ratio requirement may increase to 13 per cent from 30 June 2016. The Group will gradually adapt its operations to the new capital requirements until the final regulatory clarifications are in place.

AUDIT

EXTERNAL AUDIT

The Group's external auditor is PricewaterhouseCoopers AS.

INTERNAL AUDIT

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

EMPLOYEES AND WORKING ENVIRONMENT

SpareBank 1 SR-Bank's employees are its most important resources for creating value for the benefit of its customers, the region and the bank. At year-end 2013, the Group had 1 214 full time equivalents, of which 1 165 were full-time employees. The number of full time equivalents decreased by 42 in 2013. The Group is an important knowledge-based workplace in the region and is perceived as an attractive employer providing good development opportunities.

The Group's organisational and working environment surveys for 2013 show that employees are satisfied and have a good relationship with the Group as an employer. The surveys are reviewed and followed up in all units in order to prevent negative trends and strengthen a healthy working environment characterised by a long-term approach, openness, honesty and security in line with the Group's basic values.

SKILLS DEVELOPMENT

The Group has purposely invested in developing in-house expertise over many years in order to satisfy the growing demands of customers.
The goal is for customers to recognise that the company offers better advice and service than its competition. On average, between 5 and 10 per cent of working hours are spent on updating and developing skills. Around NOK 8 000 per employee was invested in skills development in 2013.

HEALTH, SAFETY AND THE ENVIRONMENT

Health, safety and environment (HSE) work is a high priority in the Group. A good working structure has been established and we deem the cooperation with employees' representatives to be very good. Compulsory HSE training was introduced for all managers and safety representatives in 2012, and the Group constantly strives to improve safety routines through various training measures. The bank suffered one robbery in 2013. A total of 25 HSE related adverse incidents were reported, half of which were incidents involving aggressive customers.

The Group has established a good training standard and good procedures for crisis management. Its crisis management abilities were tested in 2013 due to a number of interruptions to ICT operations, a robbery at a branch in Stavanger, and bomb threat calls. The Group is constantly striving to improve systems for reporting adverse events, injuries and accidents.
The Group strives to ensure sustainable environmental management and seeks to contribute both through its own operations and by influencing customers and suppliers to make environmental and climate-friendly choices. The Group's direct environmental impact primarily comes from greenhouse gas emissions and waste produced through office operations, while its indirect impact comes from the purchase of goods and services, as well as demands made of customers and suppliers.

SICK LEAVE AND THE INCLUSIVE WORKPLACE SCHEME

The Group has a set a long-time target for sick leave of less than 3 per cent, i.e. 97 per cent presence. At the year-end 2013, the healthy rate was 96.1 per cent. Over time, the Group has worked comprehensively and systemically to promote and improve the employees' health, maintain this over time and help those who become sick to return to work. The Group constantly strives to lower sick leave through participation in the Inclusive Workplace scheme (IA) and good follow-up by managers.

SpareBank 1 SR-Bank has prepared a life-phase document in order to offer employees a range of measures that are suited to the individual's life-phase and that will generally improve the

[2)] For banks defined as systemically important and with a 2 per cent extra capital requirement.

employee's everyday life and contribute to a rise in the retirement age. The target retirement age has been increased from 63 to 64.5. The average retirement age in 2013 was 64.7.

EQUAL OPPORTUNITIES

SpareBank 1 SR-Bank shall provide men and women with equal opportunities for personal development, pay and other career related issues. In 2013, women accounted for 56 per cent of the full time equivalents in the Group and men 44 per cent. There was no significant change in the gender ratio from 2012. The average age was 43.9 years old and the average length of service 12.5 years. The Group's executive management team comprises eight men and one woman. The proportion of women managers in the Group increased from 40.5 per cent to 41.5 per cent in 2013.

THE BANK'S SHARES

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

The bank's share price (SRBANK) was NOK 60.25 at year-end 2013. This represents an increase of 62.0 per cent since year-end 2012. The main Oslo Stock Exchange index rose by 23.6 per cent in the same period. Trading in the SRBANK share also increased significantly in 2013.

There were 11 151 (11 959) shareholders of SRBANK at year-end 2013. The proportion owned by foreign companies and individuals was 14.1 per cent, while 53.0 per cent were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned a combined total of 63.6 per cent of the shares. The bank held 207 645 treasury shares at year-end 2013, while the Group's employees owned 2.0 per cent of the shares.

The group profit per share was NOK 7.28 in 2013. The Board proposes the payment of a dividend of NOK 1.60 per share for 2013, which corresponds to around 22 per cent of the group profit per share. The dividend for the 2012 financial year was NOK 1.50, which corresponds to a distribution rate of around 28 per cent.

GOING CONCERN

Financial strength was significantly strengthened in 2013. The profit outlooks and macroeconomic framework conditions also appear to be relatively good. Together with implemented and planned measures, this contributes to a good prospect of further progress for the Group in 2014. The annual financial statements have been prepared on the assumption that the Group is a going concern.

ALLOCATION OF PROFIT FOR THE YEAR/DIVIDEND

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

The dividend distributed is based on the parent bank's profit. The parent company's profit for 2013 was NOK 1 838 million or NOK 7.19 per share. In line with the dividend policy, various factors are taken into consideration when proposing dividends, with particular weight being attached to capital requirements and the tier 1 capital ratio. The Board, therefore, proposes a dividend of NOK 1.60 per share for 2013, which corresponds to around 22 per cent of the group profit per share.

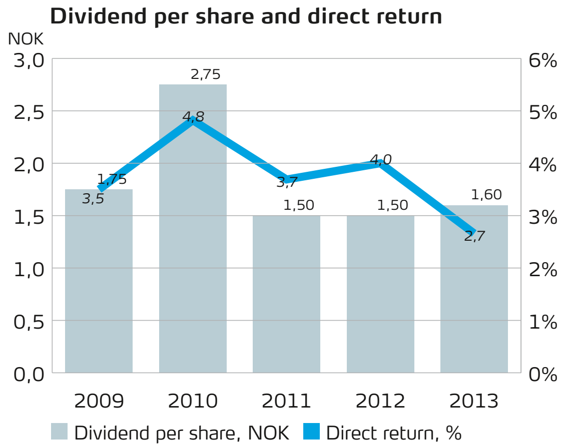
The Board proposes the following allocations for the 2013 financial year:

	NOK million
Parent bank's net profit for the period	1 838
Transferred to the fund for valuation differences	91
Distributable	1 747
Dividend (NOK 1.60 per share)	409
Retained earnings	1 338
Total	**1 747**

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

OUTLOOK FOR 2014

Macroeconomic developments in the year-to-date 2014 indicate continued moderate and subdued international growth. In Norway, the poor trend for some economic indicators and lower key rate expectations contributed to a weakening of the Norwegian krone. At the start of 2014, the key interest rate is almost 0 per cent in many countries and market actors have lower expectations concerning key rates than in autumn 2013. The uncertainty about macroeconomic developments remains great and thus represents a risk for the big picture in Norway as well.



Petroleum activities and the household sector are expected to stand for the most important contributions to economic growth in our region. With continued good growth in income levels and high population growth, especially in central regions, the demand for housing will probably remain relatively high going forward. Enduring low interest rates will reinforce this trend. Even if interest rates must be expected to gradually normalise to some extent in the years ahead, the interest burden for general retail customers will probably not grow to a level that would result in a marked setback for the housing market.

SpareBank 1 SR-Bank's primary areas are heavily influenced, directly and indirectly, by the activity in the petroleum sector. Although somewhat lower investment growth than previously estimated must be expected, the outlook for the sector appears good. The region is also about to get major investments in infrastructure which will also contribute to continued good economic activity. The companies draw a positive picture for 2014 in a recently published survey of expectations for Rogaland. Therefore, good conditions for the region's business and population growth with lasting low unemployment are assumed. However, a somewhat higher level of uncertainty about economic developments could contribute to more subdued demand for loans and a continued slowdown in the housing market, although this must be viewed in the context of house prices having risen rapidly and being at high levels. Non-performance and write-downs of loans are expected to remain relatively low in the future as well. The Board would like to stress that there is some uncertainty surrounding the assessment of future conditions.

At the start of 2014, SpareBank 1 SR-Bank is a solid, profitable group, but must, like other banks, further reinforce its financial strength and funding in line with the new requirements. Because of its good earnings from a business model with good breadth, more efficient operations and a continued moderate level of dividends, the Group is well-positioned to implement the necessary build-up of capital, while ensuring continued good lending capacity.

The Board would like to thank the Group's customers, owners and other partners for their loyal support of SpareBank 1 SR-Bank in 2013 and assure them that it will make every effort to ensure that this teamwork continues in the future as well. A good mutual relationship between the region's inhabitants, the business sector and the bank is important for growth in the Group's market area. The Board would also like to thank the Group's employees and officers for their good contributions and good teamwork in 2013.

Stavanger 6 March 2014

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland | Erling Øverland | Tor Dahle

Birthe Cecilie Lepsøe | Catharina Hellerud | Odd Torland

Sally Lund-Andersen, Employee representative | Oddvar Rettedal, Employee representative | Arne Austreid, Chief Executive Officer

ANNUAL FINANCIAL STATEMENTS
CONTENTS

INCOME STATEMENT

Bank				Group	
2012	**2013**	(Figures in NOK million)	Note	**2013**	2012
5 126	**5 442**	Interest income	19	**5 644**	5 300
3 568	**3 535**	Interest costs	19	**3 525**	3 558
1 558	**1 907**	**Net interest income**		**2 119**	1 742
1 068	**1 409**	Commissions	20	**1 452**	1 105
80	**73**	Commission costs	20	**72**	76
14	**12**	Other operating income	20	**444**	437
1 002	**1 348**	**Net commissions and other operating income**		**1 824**	1 466
25	**33**	Dividends		**33**	25
339	**412**	Income from ownership interests	38	**355**	265
270	**249**	Net income from financial investments	21	**167**	288
634	**694**	**Net yield from financial investments**		**555**	578
3 194	**3 949**	**Total net income**		**4 498**	3 786
849	**906**	Personnel costs	22	**1 196**	1 082
613	**632**	Other operating costs	23	**823**	806
1 462	**1 538**	**Total operating costs before losses on loans**		**2 019**	1 888
1 732	**2 411**	**Operating profit before losses on loans**		**2 479**	1 898
128	**116**	Losses on loans and guarantees	11	**132**	137
1 604	**2 295**	**Operating profit before tax**		**2 347**	1 761
363	**457**	Taxes	25	**487**	400
1 241	**1 838**	**Net profit for the year**		**1 860**	1 361
		Statement of Comprehensive Income			
413	**-67**	Actuarial gains/losses on pensions		**-72**	452
-116	**19**	Tax effect of actuarial gains/losses on pensions		**20**	-127
-1	**-1**	Change in value of financial assets available for sale		**-1**	-1
296	**-49**	**Total items not reclassified through profit or loss**		**-53**	324
-	**-6**	Tax change actuarial gains/losses		**-6**	-
-	**-**	Share of comprehensive income in associated companies and joint ventures		**4**	13
-	**-6**	**Total items that can be reclassified through profit or loss**		**-2**	13
296	**-55**	**Year's comprehensive income**		**-55**	337
1 537	**1 783**	**Total profit**		**1 805**	1 698
		Earnings per share			
4,86	**7,19**	Earnings per share		**7,28**	5,33
4,85	**7,19**	Diluted earnings per share		**7,27**	5,33

BALANCE

Bank 2012	Bank 2013	(Figures in NOK million)	Note	Group 2013	Group 2012
		Assets			
1 314	**1 265**	Cash and receivables from the central bank	36	**1 265**	1 314
6 354	**6 669**	Loans to and receivables from financial institutions	7	**1 253**	1 087
102 859	**113 312**	Lending to customers	8,12,14	**119 525**	108 758
18 672	**21 052**	Certificates and bonds	27	**21 065**	18 677
4 588	**4 929**	Financial derivatives	28	**4 923**	4 578
498	**780**	Equities, units and other equity interests	29	**938**	671
84	**84**	Operations that will be sold	41	**85**	85
3 812	**3 552**	Investments in ownership interests	38	**4 710**	4 964
809	**950**	Investments in group companies	38	**-**	-
-	**-**	Intangible assets	30	**39**	43
347	**336**	Tangible fixed assets	31	**362**	363
833	**2 662**	Other assets	32	**2 820**	1 003
140 170	**155 591**	**Total assets**		**156 985**	141 543
		Liabilities			
4 560	**3 746**	Debt to financial institutions	7	**3 742**	4 522
7 299	**6 429**	Public deposits related to covered bond swap scheme		**6 429**	7 299
67 756	**71 840**	Deposits from customers	33	**71 667**	67 594
40 691	**52 328**	Securities issued	34	**52 328**	40 691
2 282	**2 013**	Financial derivatives	28	**2 013**	2 282
132	**280**	Payable tax	25	**377**	209
597	**707**	Deferred tax liabilities	25	**671**	631
1 334	**1 540**	Other liabilities	35,24	**1 698**	1 455
4 223	**4 004**	Subordinated loan capital	37	**4 004**	4 223
128 874	**142 887**	**Total liabilities**		**142 929**	128 906
		Equity			
6 385	**6 389**	Share capital	40	**6 389**	6 385
1 587	**1 592**	Share premium reserve		**1 592**	1 587
384	**409**	Allocated dividend		**409**	384
72	**162**	Fund for unrealised gains		**162**	72
2 868	**4 152**	Other equity		**5 504**	4 209
11 296	**12 704**	**Total equity**		**14 056**	12 637
140 170	**155 591**	**Total liabilities and equity**		**156 985**	141 543

Stavanger 6 March 2014

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland

Erling Øverland

Tor Dahle

Birthe Cecilie Lepsøe

Catharina Hellerud

Odd Torland

Sally Lund-Andersen
Employee representative

Oddvar Rettedal
Employee representative

Arne Austreid
Chief Executive Officer

CHANGES IN EQUITY

(Figures in NOK million)

Bank	Share capital	Share premium reserve	Other equity	Fund for unrealised gains	Total equity
Equity as of 1 Jan 2012	4 984	1 507	2 040	43	8 574
Net profit for the year			1 211	30	1 241
Actuarial gains/losses after tax on pension schemes			297		297
Revaluation equities available for sale				-1	-1
Year's comprehensive income			1 508	29	1 537
Dividend for 2011, finally resolved in 2012			-299		-299
Trade in treasury shares	-5	-3	1		-7
Private placement	1 406	113	2		1 521
Share issue costs		-30			-30
Transactions with shareholders	1 401	80	-296		1 185
	6 385	1 587	3 252	72	11 296
Equity as of 31 Dec 2012					
Net profit for the year			1 747	91	1 838
Actuarial gains/losses after tax on pension schemes			-54		-54
Revaluation equities available for sale				-1	-1
Year's comprehensive income			1 693	90	1 783
Dividend for 2012, finally resolved in 2013			-384		-384
Trade in treasury shares	4	5			9
Transactions with shareholders	4	5	-384	-	-375
Equity as of 31 Dec 2013	**6 389**	**1 592**	**4 561**	**162**	**12 704**

Group	Share capital	Share premium reserve	Other equity	Fund for unrealised gains	Total equity
Equity as of 1 Jan 2012	4 984	1 507	3 223	43	9 757
Net profit for the year			1 331	30	1 361
Actuarial gains/losses after tax on pension schemes			325		325
Revaluation equities available for sale				-1	-1
Share of comprehensive income from associated companies			13		13
Year's comprehensive income			1 669	29	1 698
Corrected equity in associated companies			-3		-3
Dividend for 2011, finally resolved in 2012			-299		-299
Trade in treasury shares	-5	-3	1		-7
Private placement	1 406	113	2		1 521
Share issue costs		-30			-30
Transactions with shareholders	1 401	80	-296		1 185
Equity as of 31 Dec 2012	6 385	1 587	4 593	72	12 637
Net profit for the year			1 769	91	1 860
Actuarial gains/losses after tax on pension schemes			-58		-58
Revaluation equities available for sale				-1	-1
Share of comprehensive income from associated companies			4		4
Year's comprehensive income			1 715	90	1 805
Corrected equity in associated companies			-11		-11
Dividend from 2012, finally resolved in 2013			-384		-384
Trade in treasury shares	4	5			9
Transactions with shareholders	4	5	-384		-375
Equity as of 31 Dec 2013	**6 389**	**1 592**	**5 913**	**162**	**14 056**

STATEMENT OF CASH FLOW

(Figures in NOK million)

Bank 2012	Bank 2013		Note	Group 2013	Group 2012
-7 632	**-10 382**	Change in lending to customers	8	**-10 760**	-8 145
4 339	**4 724**	Interest receipts from lending to customers		**5 116**	4 698
3 542	**4 084**	Change in deposits from customers	33	**4 073**	3 552
-1 893	**-1 777**	Interest payments on deposits from customers		**-1 764**	-1 872
-920	**-2 220**	Change in receivables and deposits with financial institutions	7	**-2 048**	-336
-110	**-327**	Interest on receivables and debt to financial institutions		**-501**	-291
1 174	**-2 380**	Change in certificates and bonds	27	**-2 388**	1 173
628	**530**	Interest receipts from certificates and bonds		**530**	628
795	**893**	Commission receipts		**1 405**	1 257
150	**125**	Capital gains from sale of trading		**125**	150
-1 340	**-1 376**	Payments for operations		**-1 837**	-1 746
-58	**-132**	Paid tax	25	**-209**	-130
-221	**1 530**	Other accruals		**1 552**	-455
-1 546	**-6 708**	**A Net change in liquidity from operations**		**-6 706**	-1 517
-47	**-61**	Investments in tangible fixed assets	31	**-73**	-67
24	**15**	Receipts from sale of tangible fixed assets	31	**15**	33
-563	**-177**	Long-term investments in equities		**-203**	-563
-	**338**	Receipts from sales of long-term investments in equities		**363**	-
364	**442**	Dividends from long-term investments in equities		**442**	364
-222	**557**	**B Net change in liquidity from investments**		**544**	-233
14 999	**15 830**	Increase in securities issued	34	**15 830**	14 999
-11 083	**-8 330**	Repayment - securities issued		**-8 330**	-11 083
-1 011	**-820**	Interest payments on securities issued		**-820**	-1 009
825	**499**	Increase in subordinated loans	37	**499**	825
-1 528	**-694**	Repayments - subordinated loans	37	**-694**	-1 528
-241	**-220**	Interest payments on subordinated loans		**-220**	-241
1 521	**-**	Share issues	40	**-**	1 521
-299	**-384**	Dividend to shareholders		**-384**	-299
3 183	**5 881**	**C Net change in liquidity from financing**		**5 881**	3 185
1 415	**-270**	**A+B+C Net change in cash and cash equivalents in the year**		**-281**	1 435
381	**1 796**	Cash and cash equivalents 1 Jan		**1 823**	388
1 796	**1 526**	**Cash and cash equivalents 31 Dec**		**1 542**	1 823
		Specification of cash and cash equivalents			
1 314	**1 265**	Cash and receivables from the central bank		**1 265**	1 314
482	**261**	Receivables from financial institutions at call		**277**	509
1 796	**1 526**	**Cash and cash equivalents 31 Dec**		**1 542**	1 823

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

In total, the Group's cash and cash equivalents decreased by NOK 281 million in 2013.

NOTE 1 GENERAL INFORMATION

The SpareBank 1 SR-Bank Group consists of the parent bank SpareBank 1 SR-Bank ASA ('the Bank') and its subsidiaries, SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering AS, SR-Forretningsservice AS, SR-Forvaltning AS, Kvinnherad Sparebank Eigedom AS, and Finansparken Bjergsted AS, as well as its second tier subsidiary EiendomsMegler 1 Drift AS. Rygir Industrier AS and its subsidiaries (repossessed assets) is also a subsidiary of the Bank at 31 December 2013.

As of 31 December 2013, the Bank owned 26.2 per cent of SpareBank 1 Boligkreditt AS and 27.3 per cent of SpareBank 1 Næringskreditt AS. The Group treats these as associated companies.

The Bank also owns 19.5 per cent of SpareBank 1 Gruppen AS, 23.5 per cent of BN Bank ASA and 17.7 per cent of Alliansesamarbeidet SpareBank 1 DA.
These stakes are treated as joint ventures. In addition to this, SpareBank 1 SR-Bank owns 17.6 per cent of SpareBank 1 Kredittkort AS and 26.0 per cent of SpareBank 1 Kundesenter AS.

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

The Bank's head office is in Stavanger and it has 52 branches in Rogaland, Vest-Agder, Aust-Agder and Hordaland. Some of the branches share premises with EiendomsMegler 1 SR-Eiendom AS. All of the subsidiaries have their head offices in Stavanger.

The Group's primary activities are selling and procuring a wide range of financial products and services, investments services, and leasing and estate agency.

The consolidated financial statements were approved by the Board on 6 March 2014. The Annual General Meeting is the Bank's supreme authority.

NOTE 2 ACCOUNTING POLICIES

BASIS FOR PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Bank's financial statements and the consolidated financial statements for 2013 for SpareBank 1 SR-Bank ('the Group') have been prepared in accordance with International Finance Reporting Standards (IFRS) as adopted by the EU. This includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor the Standing Interpretations Committee (SIC).

SpareBank 1 SR-Bank's consolidated financial statements have been prepared in accordance with IFRS since 1 January 2005. Use of the same rules for the financial statements of savings banks was first permitted with effect from 1 January 2007. The annual financial statements of the Bank and the Group for 2013 have been prepared in accordance with IFRS.

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

The annual financial statements are presented in accordance with IFRS and interpretations that are obligatory for annual financial statements presented as of 31 December 2013. The annual financial statements have been prepared on the assumption that the Bank and the Group are going concerns.

New and revised standards that were applied in 2013:

From 1 January 201, the following standards have been assessed and adopted if relevant to the Group:

Amendment to IAS 1 Presentation of Financial Statements concerning the comprehensive income statement. The amendment means that items in the comprehensive income statement must be grouped according to the extent to which they can later be reclassified to the traditional income statement.

Amendment of IFRS 7 Financial Instruments - disclosures concerning net presentation of assets and liabilities. The amendment requires new disclosures to enable comparisons between IFRS-reporting enterprises and enterprises that report in accordance with US GAAP.

IFRS 13 Fair Value Measurement is intended to improve the consistency, and reduce the complexity, of providing a clear definition of fair value, and is a common source for fair value measurement requirements and disclosures that can be used for all standards where fair value is applied. The standard does not increase the use of fair value, but provides guidance on how to determine when fair value must be required or permitted by other standards.

No new or amended IFRS rules or IFRIC interpretations came into effect in 2013 that had a material effect on the Group's annual financial statements.

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

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

IFRS 10 Consolidated Financial Statements is based on the current principle of using the control concept as the key criterion for determining whether a company should be included in the consolidated financial statements. The standard provides expanded guidance on determining whether control exists in cases where this is difficult. The amendment is deemed to have little material effect on the financial statements.

IFRS 11 Joint Arrangements focuses on the rights and obligations of the parties to the arrangement more than its legal structure. The joint arrangements are divided into two kinds: jointly controlled operational arrangements and joint ventures. Joint operations occur when participants have rights in relation to the assets and are liable for the obligations in the arrangement. A participant in a joint operation recognises its share of assets, liabilities, income and costs. Joint ventures occur when participants have rights in relation to net assets in the arrangement. Such arrangements are recognised using the equity method. The so-called gross method or proportional consolidation is no longer permitted. The amendment is deemed to have little material effect on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities contains all disclosures about interests in other entities, including joint arrangements, associated companies, structured entities and other companies that cannot be consolidated. The amendment is deemed to have little material effect on the financial statements.

Amendment to IAS 36 Impairment of Assets concerning information about recoverable amounts for non-financial assets. The amendment eliminates some disclosure requirements relating to recoverable amounts for cash generating units that were introduced (by accident) with the issuing of IFRS 13. The amendment does not become compulsory before 1 January 2014 and is deemed to have little material effect on the financial statements.

IFRS 9 Financial Instruments deals with the classification, measurement and recognition of financial assets and obligations, as well as hedge accounting. IFRS 9 was published in November 2009, October 2010 and November 2013. It replaces parts of IAS 39 that deals with equivalent issues. According to IFRS 9, financial assets must be classified into two categories: those that must be measured at fair value and those that must be measured at amortised cost. The measurement category is determined upon the initial recognition of the asset. Classification depends on the unit's business model for managing financial instruments and the attributes of the individual instrument's cash flows. The standard largely continues the requirements of IAS 39 as far as financial liabilities are concerned.
The biggest change is that in cases where the fair value option has been adopted for a financial asset, changes in fair value that are due to changes in the unit's own credit risk are recognised in the comprehensive income statement and not in the traditional income statement, unless this results in a situation where the comparison is not achieved ('accounting mismatch'). IFRS 9 results in a number of changes and simplifications that will expand the opportunities for using hedge accounting. The Group has still not assessed the full effect of IFRS 9. The Group will also assess the effect of the remaining parts of IFRS 9 once these are completed.

IFRIC 21 Levies regulates the recognition of obligations to pay levies. The interpretation does not apply to tax on income. The interpretation clarifies when to recognise a levy liability. The Group is not liable to pay significant levies, so the effect on the financial statements will be insignificant.

There are no other standards or interpretations which are not currently in effect and would be expected to have a material effect on the consolidated financial statements.

PRESENTATION CURRENCY

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

SUBSIDIARIES

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

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

CONSOLIDATION

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

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

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

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

ASSOCIATED COMPANIES

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

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

JOINT VENTURES

Interests in joint ventures may consist of joint operations, joint venture assets and joint venture activities. Joint control implies that the Group, by agreement, exercises control together with other participants. Jointly controlled enterprises are dealt with in accordance with the cost method of accounting in the Bank's financial statements and the equity method in the consolidated financial statements.

LENDING AND LOSSES ON LOANS

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

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

SALES OF LOANS

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

ASSESSMENT OF IMPAIRMENT OF FINANCIAL ASSETS

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

- The issuer or borrower is experiencing significant financial difficulties
- Breach of contract, such as a default or delinquency in payment of instalments and interest
- The Bank granting the borrower special terms for financial or legal reasons relating to borrower's financial situation
- Likelihood of the debtor entering into debt negotiations or other financial reorganisation
- Disappearance of an active market for the financial asset because of financial difficulties

- Observable data indicating that there is a measurable decline in future cash flows from a group of financial assets since the initial recognition of those assets, even though the decline cannot yet be fully identified with the individual financial assets in the group including:
  - adverse changes in the payment status of the borrowers in the group
  - national or local economic conditions that correlate with defaults of the assets in the group

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

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

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

NON-PERFORMING AND LOSS EXPOSED COMMITMENTS

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

REALISED LOSSES

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

REPOSSESSED ASSETS

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

LEASES

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

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

SECURITIES

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

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

In conjunction with the extraordinary and negative developments in the world's financial markets in the third quarter of 2008, the IASB adopted on 13 October 2008 amendments to IAS 39 Financial instruments
 - Recognition and measurement and IFRS 7 Financial Instruments: Disclosure. The amendments were approved by the EU on 15 October 2008 and adopted by the Norwegian Ministry of Finance in a regulation dated 16 October 2008. The amendments resulted in permission, under certain conditions, to reclassify financial assets in the categories held for sale at fair value with change in value through

profit or loss and available for sale to the categories held to maturity, and loans and receivables with effect from 1 July 2008. The Bank chose to make use of this option.
Instruments that are traded in an active market where observable market prices usually exist were reclassified to the category held to maturity, whilst instruments where market prices do not exist and the value is normally determined based on alternative valuation methods, were reclassified to the category loans and receivables. The reclassification called for a reversal of unrealised losses at the time of reclassification. The reversed amount is amortised over the individual instrument's remaining term and is included in the line interest income/interest costs.
The reclassification is carried out based on major and abnormal fluctuations that have arisen owing to the turbulent financial markets. The Bank has traditionally deposited a large part of the portfolio in Norges Bank and held these bonds to maturity. These bonds have generally had extremely high creditworthiness and therefore, in the Bank's opinion, abnormal price fluctuations have adversely affected the result in the period. The Bank is both willing and able to hold the reclassified portfolio to maturity.

DERIVATIVES AND HEDGING

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

The Group uses derivatives for operational and accounting (funding) hedging purposes to minimise the interest rate risk in fixed rate instruments (fixed rate funding and fixed rate loans), bonds (assets and liabilities), and certificates (assets and liabilities). The efficiency of the hedging is assessed and documented both when the initial classification is made and on an ongoing basis. When fair value hedging is used the hedging instrument is recognised at fair value, but as far as the hedging object is concerned changes in fair value linked to the hedged risk are recognised. See note 28 for further information.

GOODWILL/BADWILL

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

TANGIBLE FIXED ASSETS

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

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

OPERATIONS/ASSETS THAT WILL BE SOLD

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

FUNDING

Funding is initially recorded at the cost at which it is raised, which is fair value of the proceeds received after deducting transaction costs. Loans raised with variable rates are thereafter measured at amortised cost, and any discount/premium is accrued over the term of the loan. Fixed rate funding is assessed at fair value with discounting according to the applicable interest curve, though not taking into account changes in own credit spreads and transaction costs, since the Group use fair value hedging for such funding. Deposits from customers and financial institutions are assessed at amortised cost.

PENSIONS

SpareBank 1 SR-Bank has various pension schemes, both defined contribution schemes and defined benefit schemes.

Defined benefit schemes

A defined benefit scheme is defined as a scheme that is not a defined contribution scheme.

A defined benefit scheme will typically define an amount an employee will receive from and including the date of retirement, usually dependent of age, number of years worked and pay.

The liability that must be recognised for the defined benefit scheme is the present value of the liability on the balance sheet date, with deductions for the fair value of the pension assets. The gross liability is calculated by an independent actuary using the unit credit method. The gross liability is discounted to the present value using the interest rate on high quality corporate bonds with almost the same term to maturity as the payment horizon of the liability.

Gains and losses that occur with the recalculation of the liability due to experience gains and losses, and changes in actuarial assumptions, are recognised against equity via the comprehensive income statement in the period they arise.

The effects of changes in the schemes' plans are recognised immediately.

The defined benefit scheme was closed for new members from and including 1 April 2011.

DEFINED CONTRIBUTION SCHEME

In the case of defined contribution plans, the company pays a fixed contribution to an insurance company. The company has no legal or self-imposed obligation to inject further assets if there proves to be insufficient assets to pay all employees the benefits linked to their earnings in this or earlier periods. The subscriptions are recorded as a payroll cost. Any pre-paid subscription is recorded as an asset (pension asset) to the extent that the subscription can be refunded or reduces future subscription payments.

DEFINED CONTRIBUTION SCHEME

In the case of defined contribution plans, the company pays a fixed contribution to an insurance company. The company has no legal or self-imposed obligation to inject further assets if there proves to be insufficient assets to pay all employees the benefits linked to their earnings in this or earlier periods. The subscriptions are recorded as a payroll cost. Any pre-paid subscription is recorded as an asset (pension asset) to the extent that the subscription can be refunded or reduces future subscription payments.

CONTINGENT LIABILITIES

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

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

SUBORDINATED LOANS AND HYBRID TIER 1 CAPITAL

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

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

DIVIDENDS

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

INTEREST INCOME AND INTEREST COSTS

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

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

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

COMMISSIONS AND COMMISSION COSTS

Commissions and commission costs are generally accrued in line with the delivery/receipt of a service. Fees in conjunction with interest-bearing instruments are not recorded as commissions, but are included in calculating the effective interest rate and recognised through profit or loss accordingly. Fees from counselling are earned in accordance with counselling agreements, generally as the services are rendered.
The same applies to day-to-day management services. Fees and charges related to the sale or brokerage of financial instruments, properties or other investment objects that do not generate balance sheet items in the consolidated financial statements, are recognised when the transaction is completed.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Transactions involving foreign currencies are converted into Norwegian kroner using the exchange rates at the time of the transactions. Gains and losses linked to executed transactions, or to the conversion of holdings of balance sheet items, in foreign

currency are recognised on the balance sheet date. Gains and losses on non-monetary items are included in the income statement in the same way as the corresponding balance sheet item.
The exchange rate on the balance sheet date is used when converting balance sheet items.

TAXES

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

Deferred taxes are accounted for using the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book values of assets and liabilities for accounting purposes and for taxation purposes. Nonetheless, no deferred tax liability or benefit is calculated on goodwill that does not provide tax-related deductions, or on initially recognised items that affect either the accounting or taxable result.
Deferred tax assets are calculated for tax loss carry forwards. Assets with deferred tax are included only to the extent that future taxable profits are expected to make it possible to exploit the related tax benefit.

STATEMENT OF CASH FLOW

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

SEGMENT REPORTING

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

EVENTS AFTER THE BALANCE SHEET DATE

The financial statements are published after the Board of Directors has approved them. The Supervisory Board, the Annual General Meeting and the regulatory authorities may refuse to approve the published financial statements subsequent to this but they cannot change them.
Events that take place before the date on which the financial statements are approved for publication, and which affect conditions that were already known on the balance sheet date, will be incorporated into the pool of information that is used when making accounting estimates and are thereby fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant.

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

The Board's proposed dividend is specified in the Board of Directors' Report and note 42. The proposed divided is classified as equity until it has finally been approved.

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

LOSSES ON LOANS AND GUARANTEES

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

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

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

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

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

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

FAIR VALUE OF EQUITY INTERESTS

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

FAIR VALUE OF DERIVATIVES

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

PENSIONS

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

INCOME TAX

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

NOTE 4 SEGMENT INFORMATION

The executive management team has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, capital market and subsidiaries of significant importance. Group entries cover administration, management, investment services, strategy and ownership, treasury and financial functions in the Bank. The figures for business areas and geography are based on internal management reporting. Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are reported under 'Net commissions and other income'.

Reporting per business area:
(Figures in NOK million)

2013	Retail market	Corporate market	Capital market	Group entries	Eiendoms-Megler 1	SR-Finance	Other operations	Elimin-ations	SR-Bank Group
Interest income	1 920	1 506	923	1 094	15	387	1	-202	5 644
Interest costs	1 016	597	870	1 052	10	170	-	-191	3 525
Net interest income*	904	909	53	41	5	217	1	-11	2 119
Commissions	1 059	309	39	2	-	4	82	-43	1 452
Commission costs	36	28	4	5	-	19	22	-42	72
Other operating income	-	-	-	12	433	-	-	-1	444
Net commissions and other operating income	1 023	281	35	9	433	-15	60	-2	1 824
Dividends	-	-	3	30	-	-	-	-	33
Income from ownership interests	-	-	-	412	-	-	-	-57	355
Net yield from financial investments	13	10	83	142	-	-	12	-94	167
Net yield from financial investments	13	10	86	584	-	-	12	-151	555
Personnel costs	414	189	53	249	242	32	26	-9	1 196
Administration costs	115	27	12	227	39	8	3	-	432
Other operating costs	85	25	5	136	116	11	9	4	391
Total operating costs before losses on loans	614	241	70	612	397	51	38	-5	2 019
Operating profit before losses on loans	1 326	959	104	22	41	151	35	-159	2 479
Change in individual write-downs on loans and guarantees	17	130	10	-	-	-9	-	15	162
Change in group write-downs on loans and guarantees	13	-53	-	-	-	10	-	-	-30
Operating profit before tax	**1 296**	**882**	**95**	**22**	**41**	**150**	**35**	**-174**	**2 347**
***Net interest income**									
Net external interest income	904	909	53	41	-10	-170	1	391	2 119
Net internal interest income	-	-	-	-	15	387	-	-402	-
Net interest income	904	909	53	41	5	217	1	-11	2 119
Balance Sheet									
Gross lending to customers	62 182	49 335	-	2 448	-	6 319	-	-11	120 273
Individual write-downs	-64	-342	-	-	-	-40	-	-	-446
Write-downs on groups of loans	-34	-213	-	-	-	-55	-	-	-302
Other assets	-	-	545	41 734	186	160	387	-5 552	37 460
Total assets per segment	**62 084**	**48 780**	**545**	**44 182**	**186**	**6 384**	**387**	**-5 563**	**156 985**
Deposits from customers	41 045	27 002	-	3 793	-	-	-	-173	71 667
Other liabilities [1)]	21 039	21 778	545	27 685	96	5 741	57	-5 679	71 262
Total liabilities per segment	**62 084**	**48 780**	**545**	**31 478**	**96**	**5 741**	**57**	**-5 852**	**142 929**
Equity	-	-	-	12 704	90	643	330	289	14 056
Total assets and liabilities per segment	**62 084**	**48 780**	**545**	**44 182**	**186**	**6 384**	**387**	**-5 563**	**156 985**
Total loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**45 710**	**679**	**-**	**-**	**-**	**-**	**-**	**-**	**46 389**

Continue note 4

2012	Retail market	Corporate market	Capital market	Group entries	Eiendoms-Megler 1	SR-Finance	Other operations	Elimin-ations	SR-Bank Group
Interest income	1 852	1 476	690	1 109	19	352	2	-199	5 300
Interest costs	954	610	632	1 372	13	169	1	-192	3 558
Net interest income*	898	866	58	-264	6	183	1	-7	1 742
Commissions	775	257	58	-22	-	3	77	-42	1 105
Commission costs	48	25	3	4	-	14	21	-39	76
Other operating income	-	-	-	13	426	-	-	-3	437
Net commissions and other operating income	726	232	54	-12	426	-11	56	-5	1 466
Dividends	-	-	6	19	-	-	-	-	25
Income from ownership interests	-	-	-	339	-	-	-	-74	265
Net yield from financial investments	10	18	150	91	-	-	19	-	288
Net yield from financial investments	10	18	156	449	-	-	19	-74	578
Personnel costs	394	173	55	226	190	29	21	-7	1 082
Administration costs	114	23	11	213	43	9	3	-	417
Other operating costs	80	24	7	141	113	10	8	6	389
Total operating costs on losses on loans	588	220	73	580	346	48	32	-1	1 888
Operating profit before losses on loans	1 046	894	194	-408	87	124	44	-85	1 898
Change in individual write-downs on loans and guarantees	6	152	-	-	-	9	-	-	167
Change in group write-downs on loans and guarantees	3	-33	-	-	-	-	-	-	-30
Operating profit before tax	1 037	775	194	-408	87	115	44	-85	1 761
***Net interest income**									
Net external interest income	898	866	59	-264	-13	-169	2	363	1 742
Net internal interest income	-	-	-	-	19	352	-1	-370	-
Net interest income	898	866	59	-264	6	183	1	-7	1 742
Balance Sheet									
Gross lending to customers	54 526	47 148	-	1 833	-	6 073	-	-67	109 513
Individual write-downs	-97	-264	-	-	-	-62	-	-	-423
Write-downs on groups of loans	-22	-261	-	-4	-	-45	-	-	-332
Other assets	-	-	646	36 665	208	104	348	-5 186	32 785
Total assets per segment	**54 407**	**46 623**	**646**	**38 494**	**208**	**6 070**	**348**	**-5 253**	**141 543**
Deposits from customers	38 865	25 391	-	3 500	-	-	-	-162	67 594
Other liabilities [2)]	15 542	21 232	646	23 698	148	5 534	197	-5 685	61 312
Total liabilities per segment	**54 407**	**46 623**	**646**	**27 198**	**148**	**5 534**	**197**	**-5 847**	**128 906**
Equity	-	-	-	11 296	60	536	151	594	12 637
Total assets and liabilities per segment	**54 407**	**46 623**	**646**	**38 494**	**208**	**6 070**	**348**	**-5 253**	**141 543**
Total loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**48 155**	**533**	**-**	**-**	**-**	**-**	**-**	**-**	**48 688**

[1)] Other liabilities contains allocated arrangements between the segments.

Interest on intercompany receivables for the retail market division and the corporate market division is determined based on expected observable market interest rates (NIBOR) plus expected additional costs in connection with the Group's long-term funding (credit premium). Deviations between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated in group entries. The Group's real funding cost was higher than the interest on intercompany receivables in 2013, principally due to the falling NIBOR.

Continue note 4

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

	Rogaland		Agder		Hordaland		SR-Bank Group	
Geographic distribution	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Net interest income	**1 704**	1 367	**173**	162	**242**	213	**2 119**	1 742
Net commissions and other operating income	**1 560**	1 214	**162**	132	**102**	120	**1 824**	1 466
Net yield from financial investments	**553**	573	**1**	4	**1**	1	**555**	578
Operating costs before losses on loans	**1 776**	1 607	**142**	136	**101**	145	**2 019**	1 888
Operating profit before losses on loans	**2 041**	1 547	**194**	162	**244**	189	**2 479**	1 898
Losses on loans and guarantees	**-9**	80	**25**	33	**116**	24	**132**	137
Operating profit before tax	**2 050**	1 467	**169**	129	**128**	165	**2 347**	1 761
Gross lending to customers	**95 157**	86 223	**11 746**	10 785	**13 370**	12 505	**120 273**	109 513
Individual write-downs	**-182**	-250	**-88**	-90	**-176**	-83	**-446**	-423
Write-downs on groups of loans	**-290**	-323	**-5**	-4	**-7**	-5	**-302**	-332
Other assets	**37 427**	32 760	**14**	11	**19**	14	**37 460**	32 785
Total assets	**132 112**	118 410	**11 667**	10 702	**13 206**	12 431	**156 985**	141 543
Deposits from customers	**63 312**	60 489	**3 134**	2 835	**5 221**	4 270	**71 667**	67 594
Other liabilities [1)]	**54 889**	45 403	**8 470**	7 815	**7 903**	8 094	**71 262**	61 312
Total liabilities per segment	**118 201**	105 892	**11 604**	10 650	**13 124**	12 364	**142 929**	128 906
Equity	**13 911**	12 518	**63**	52	**82**	67	**14 056**	12 637
Total liabilities and equity	**132 112**	118 410	**11 667**	10 702	**13 206**	12 431	**156 985**	141 543
Total loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**39 967**	42 210	**4 294**	4 290	**2 128**	2 188	**46 389**	48 688

NOTE 5 CAPITAL ADEQUACY

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
6 394	**6 394**	Share capital	**6 394**	6 394
-9	**-5**	– Own shares	**-5**	-9
1 587	**1 592**	Share premium reserve	**1 592**	1 587
384	**409**	Allocated dividend	**409**	384
72	**162**	Fund for unrealised gains	**162**	72
2 868	**4 152**	Other equity	**5 504**	4 209
11 296	**12 704**	**Total recorded equity**	**14 056**	12 637
		Tier 1 capital		
-	**-**	Deferred tax, goodwill and other intangible assets	**-43**	-56
-1	**-**	Fund for unrealised gains, available for sale	**-**	-1
-384	**-409**	Deduction for allocated dividend	**-409**	-384
-462	**-401**	50% deduction for regulatory capital in other financial institutions	**-104**	-17
-278	**-353**	50% deduction in expected losses IRB less loss provisions	**-356**	-319
-	**-**	50% capital adequacy reserve	**-587**	-727
2 242	**1 823**	Hybrid Tier 1 capital	**1 954**	2 374
12 413	**13 364**	**Total tier 1 capital**	**14 511**	13 507
		Tier 2 capital in excess of tier 1 capital		
-	**-**	Hybrid tier 1 capital in excess of 15% and 35%	**-**	-
1 876	**2 100**	Non-perpetual subordinated capital	**2 451**	2 124
-462	**-401**	50% deduction for regulatory capital in other financial institutions	**-104**	-17
-278	**-353**	50% deduction in expected losses IRB less loss provisions	**-356**	-319
-	**-**	50% capital adequacy reserve	**-587**	-727
1 136	**1 346**	**Total tier 2 capital**	**1 404**	1 061
13 549	**14 710**	**Net regulatory capital**	**15 915**	14 568
		Minimum requirement regulatory capital Basel II		
2 328	**2 254**	Participation in specialised enterprises	**2 254**	2 328
2 346	**2 179**	Participation in other enterprises	**2 179**	2 346
32	**44**	Participation in mass market SMB	**52**	39
400	**461**	Participation in mass market private individuals	**857**	796
55	**53**	Participation in other mass market	**61**	58
619	**662**	Equity positions	**-**	-
5 780	**5 653**	**Total credit risk IRB**	**5 403**	5 567
168	**183**	Debt risk	**167**	149
44	**54**	Equity risk	**54**	44
-	**-**	Currency risk	**-**	-
207	**202**	Participations calculated after other market risk	**294**	277
366	**379**	Operational risk	**457**	447
-	**-**	Transitional scheme	**1 159**	908
423	**432**	Participations calculated using standard method credit risk	**1 629**	1 624
-74	**-64**	Deductions	**-117**	-119
6 914	**6 839**	**Minimum regulatory capital requirements**	**9 046**	8 897
15,68 %	**17,21 %**	Capital ratio	**14,07 %**	13,10 %
14,36 %	**15,63 %**	- of which tier 1 capital	**12,83 %**	12,15 %
1,31 %	**1,57 %**	- of which tier 2 capital	**1,24 %**	0,95 %
11,77 %	**13,50 %**	Core equity tier 1 capital, transitional rules	**11,11 %**	10,01 %
14,36 %	**15,63 %**	Tier 1 capital ratio, IRB	**14,72 %**	13,53 %
11,77 %	**13,50 %**	Core equity capital ratio, IRB	**12,74 %**	11,15 %

Continue note 5

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

NOTE 6 FINANCIAL RISK MANAGEMENT

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

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

Credit risk: the risk of loss resulting from the customer's inability or unwillingness to fulfil his obligations

Liquidity risk: the risk that the Group is unable to refinance its debt or does not have the ability to fund increases in assets without significant additional costs

Market risk: the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets

Operational risk: the risk of losses due to weak or inadequate internal processes or systems, human error or external incidents.

Ownership risk: the risk that SpareBank 1 SR-Bank bears if it suffers negative results from stakes in strategically owned companies and/or the need to inject fresh capital into these companies. Owned companies are defined as companies where SpareBank 1 SR-Bank has a significant stake and influence.

Compliance risk: the risk that the Group incurs public sanctions/penalties or financial loss as a result of failure to comply with legislation and regulations.

Business risk: the risk of unexpected income and cost variations due to changes in external factors such as market conditions or government regulations

Reputation risk: the risk of a failure in earnings and access to capital because of lack of trust and reputation in the market, i.e. customers, counterparties, stock market and authorities

Strategic risk: the risk of losses resulting from the wrong strategic decisions.

Concentration risk: the risk of an accumulation of exposure to an individual customer, sector or geographical area arising. Sectoral concentration risk is exposure that can arise across different types of risk or business areas in the Group, e.g. due to common underlying risk drivers such as the price of oil.

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

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

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

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

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

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

Capital allocation: Return on economic capital is one of the most important strategic result measurements for the internal control of SpareBank 1 SR-Bank. This implies that capital is allocated to business areas in accordance with the calculated risk of the operation and the return on capital is monitored continuously.

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

The Group has decided that the risk-adjusted capital shall, in principle, cover 99.99 per cent of possible unexpected losses. In the case of the ownership risk associated with SpareBank 1 Gruppen AS, the Group has chosen a confidence level of 99.5 per cent as a result of the risk being, to a great extent, insurance risk with a different loss distribution. A confidence level of 99.5 per cent for insurance risk is in line with the international Solvency II regulations. This has been applied to statistic methods for calculating risk-adjusted capital, and qualitative assessments are also carried out.

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

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

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

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

Organisation and organisational culture: SpareBank 1 and SR-Bank aim to maintain a strong organisational culture characterised by a high level of awareness of risk management. The corporate culture comprises management philosophy and the people in the organisation with their personal attributes, such as integrity, core values and ethics. It is difficult to compensate for an inadequate organisational culture by using other control and management measures. SpareBank 1 SR-Bank has therefore established a clearly defined value base and ethical guidelines which have been clearly communicated and presented throughout the organisation.

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

RISK EXPOSURE IN SPAREBANK 1 SR-BANK

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

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

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

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

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

1. Probability of default: Customers are classified into default classes based on the probability of them defaulting on their obligations during a period of 12 months, based on a long-term outcome. The probability of default is calculated on the basis of historical series of data for financial key figures related to earnings and deterioration, as well as the basis of non-financial criteria such as conduct and age. Nine default classes (A – I) are used to classify the customers according to the probability of default. The Group has two additional default classes (J and K) for customers with defaulted and/or written-down commitments.
2. Exposure at default: This is an estimate of what the Group's exposure will be were a customer to default. This exposure consists of lending volume, guarantees and approved, but not drawn limits respectively. Guarantees and approved, but not drawn limits on the corporate market are multiplied by a conversion factor of 75 per cent. For the retail market, approved, but not drawn limits are multiplied by a conversion factor of 100 per cent.
3. Loss given default: This is an estimate of how much the Group can potentially lose if the customer defaults on his obligations. The valuation takes in account the value of underlying securities and the costs the Group incurs from recovering defaulted commitments. The Group sets realisation values on collateral security lodged based on experience over time, and such that these, based on a conservative assessment reflect the expected realisation value in a period of recession. Seven different classes are used (1 - 7) for classifying commitments in relation to loss given default.

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

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

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

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

For further information see notes 17 and 18.

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

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

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

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

Price risk is the risk of losses that arise following changes in the value of the Group's commercial paper, bonds and equity instruments. When quantifying risk related to impairment of the liquidity portfolio, SpareBank 1 SR-Bank distinguishes between systematic risk (market risk) and non-systematic risk (default risk). Default risk is quantified as credit risk. Of the liquidity portfolio's total holdings amounting to NOK 20.6 billion, bonds classified as held to maturity account for NOK 6.8 billion. These investments are recognised at amortised cost and are therefore not exposed to market risk. The Group's risk exposure to this type of risk is regulated through limits for maximum investments in the different portfolios.

For more information see notes 15, 16 and 28.

Operational risk is managed via the risk strategy, which is set annually. According to the strategy, the Group must have a moderate risk profile and be one of the leading managers of operational risk in the Nordic region. This will be achieved through a very good corporate risk culture, continuously learning from adverse events, and developing leading methods for identifying, quantifying and balancing risk based on a cost/benefit assessment.
This requires the Group to strive for a good balance between trust and control that ensures efficiency is safeguarded, at the same time as ensuring it is not exposed to unnecessary risk.

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

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

SpareBank 1 SR-Bank regards corporate culture as the most important single factor in operational risk management. Therefore, every second year every employee in the organisation is surveyed on operational risk culture. The survey has been developed as part of a research project in collaboration with the University of Stavanger, and provides valuable insight into the Group's risk culture and how it varies between units and regions.

Ownership risk is managed through limits for risk-adjusted capital that are reviewed and adopted by the Board at least once a year. Ownership is defined as companies in which SpareBank 1 SR-Bank has a significant stake and influence. SpareBank 1 SR-Bank is mainly exposed to ownership risk through its stakes in SpareBank 1 Gruppen AS (19.5 per cent), BN Bank ASA (23.5 per cent), SpareBank 1 Boligkreditt AS (26.5 per cent) and SpareBank 1 Næringskreditt AS (27.3 per cent).

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

SpareBank 1 SR-Bank is cognisant of the need to have good processes to ensure compliance with legislation and regulations. One of the main areas of focus in 2013 was streamlining the Group's compliance process. Other focus areas include monitoring compliance with money laundering regulations, technical adjustments in accordance with the specification of a licence for processing personal information and continuously ensuring that the Group is as well adapted to future regulatory changes as possible.

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

NOTE 7 FINANCIAL INSTITUTIONS - RECEIVABLES AND LIABILITIES

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
		Loans to and receivables from financial institutions		
482	**828**	At call	**843**	509
5 872	**5 841**	With agreed maturities or notice	**410**	578
6 354	**6 669**	**Total**	**1 253**	1 087
		Specified by the most important currencies		
4 837	**5 532**	NOK	**582**	27
982	**554**	EUR	**554**	969
403	**419**	USD	**9**	20
132	**164**	Other currencies	**108**	71
6 354	**6 669**	**Total**	**1 253**	1 087
2,5 %	**2,2 %**	**Average interest rate**	**2,2 %**	2,5 %
		Debt to financial institutions		
2 474	**2 325**	At call	**2 322**	2 437
2 031	**1 378**	With agreed maturities or notice	**1 377**	2 030
55	**43**	Accrued interest	**43**	55
4 560	**3 746**	**Total**	**3 742**	4 522
		Specified by the most important currencies		
3 121	**1 550**	NOK	**1 546**	3 091
939	**1 791**	EUR	**1 791**	936
442	**343**	USD	**343**	437
3	**19**	Other currencies	**19**	3
55	**43**	Accrued interest	**43**	55
4 560	**3 746**	**Total**	**3 742**	4 522
1,5 %	**1,0 %**	**Average interest rate**	**1,0 %**	1,5 %
		The average interest rate is calculated on the basis of the actual interest cost during the year as a percentage of the average outstanding debt to financial institutions.		
		Received securities that can be sold or mortgaged		
		Resale agreements		
-	**566**	Certificates and bonds	**566**	-
-	**566**	**Total received securities**	**566**	-
		Of which received securities that are sold or mortgaged		
-	-	**Certificates and bonds**	-	-

Securities that are bought due to a buy back agreement are not recognised since the risks and rewards of ownership of the assets has not been transferred. Such transactions generally involve interest-bearing securities.
Received securities, including collateral, are recognised off the balance sheet independent of whether the Group is allowed to sell or mortgage the security. When received securities are sold, the Group will recognise a liability on the balance sheet.
The balance sheet item 'Loans to and receivables from financial institutions' includes receivables with resale agreements.

NOTE 8 LOANS TO AND RECEIVABLES FROM CUSTOMERS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
		Distribution by type of receivable		
-	**-**	Financial leasing	**4 819**	4 628
15 325	**19 879**	Overdraft facilities and operating credits	**19 879**	15 325
3 592	**3 946**	Building loans	**3 946**	3 755
84 085	**89 630**	Instalment loans	**91 139**	85 220
283	**205**	Excess value of fixed rate lending/amortisation of front-end fees	**209**	292
297	**304**	Accrued interest	**281**	293
103 582	**113 964**	**Gross loans**	**120 273**	109 513
-436	**-405**	Individual write-downs	**-446**	-423
-287	**-247**	Write-downs for groups of loans	**-302**	-332
102 859	**113 312**	**Lending to customers**	**119 525**	108 758
		Distribution by market		
51 431	**58 481**	Retail customers	**59 848**	52 569
51 066	**54 360**	Corporate customers	**59 128**	55 723
505	**614**	Public sector	**807**	636
283	**205**	Unallocated	**209**	292
297	**304**	Accrued interest	**281**	293
103 582	**113 964**	**Gross loans**	**120 273**	109 513
-436	**-405**	Individual write-downs	**-446**	-423
-287	**-247**	Write-downs for groups of loans	**-302**	-332
102 859	**113 312**	**Loans to customers**	**119 525**	108 758
		Of which subordinated loan capital		
60	**130**	Regulatory capital in financial institutions	**-**	-
43	**43**	Regulatory capital in other financial institutions	**43**	43
103	**173**	**Regulatory capital recording as lending**	**43**	43
1 822	**2 038**	**Loans to employees**	**2 662**	2 369
1 474	**962**	Of which loans sold to SpareBank 1 Boligkreditt AS	**1 293**	1 895
		The terms are one percentage point lower than the standardised rate set by the Ministry of Finance.		
48 217	**45 747**	Loans sold to SpareBank 1 Boligkreditt	**45 747**	48 217
337	**605**	Received commissions from SpareBank 1 Boligkreditt	**605**	337
471	**642**	Loans sold to SpareBank 1 Næringskreditt	**642**	471
3	**5**	Received commissions from SpareBank 1 Næringskreditt	**5**	3
		Total commitments by risk groups		
67 551	**83 321**	Lowest risk	**84 662**	68 569
45 820	**45 499**	Low risk	**48 865**	48 800
11 813	**7 130**	Medium risk	**8 404**	13 346
633	**681**	High risk	**719**	684
2 165	**850**	Highest risk	**1 049**	2 365
1 149	**1 665**	Commitments in default	**1 756**	1 297
129 131	**139 146**	**Total**	**145 455**	135 061
-12 300	**-13 673**	Grants	**-13 673**	-12 300
-13 248	**-11 509**	Guarantees	**-11 509**	-13 248
103 582	**113 964**	**Gross loans**	**120 273**	109 513

Continue note 8

Bank 2012	Bank 2013		Group 2013	Group 2012
		Gross loans by risk class		
58 149	**72 547**	Lowest risk	**73 893**	59 318
33 105	**33 120**	Low risk	**36 495**	36 006
8 456	**4 868**	Medium risk	**6 146**	9 880
386	**643**	High risk	**681**	434
1 805	**752**	Highest risk	**951**	2 046
1 101	**1 525**	Commitments in default	**1 617**	1 244
580	**509**	Unallocated	**490**	585
103 582	**113 964**	**Total**	**120 273**	109 513
		Individual write-downs by risk class [1]		
437	**405**	Commitments in default	**446**	424
437	**405**	**Total**	**446**	424

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

Bank 2012	Bank 2013		Group 2013	Group 2012
		Expected annual average net loss by risk class [2]		
1	**1**	Lowest risk	**1**	1
60	**59**	Low risk	**64**	65
102	**85**	Medium risk	**96**	115
14	**11**	High risk	**12**	15
90	**69**	Highest risk	**78**	104
18	**24**	Commitments in default	**27**	22
285	**249**	**Total**	**278**	322

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

Bank 2012	Bank 2013		Group 2013	Group 2012
		Total commitments by sector and industry		
5 553	**5 970**	Agriculture/forestry	**6 214**	5 800
686	**611**	Fisheries/fish farming	**731**	801
3 270	**3 569**	Mining operations/extraction	**3 657**	3 328
1 997	**4 320**	Industry	**5 049**	2 732
4 217	**3 232**	Power and water supply/building and construction	**4 072**	5 064
3 525	**3 536**	Wholesale and retail trade, hotels and restaurants	**3 984**	4 027
8 457	**8 214**	Overseas shipping, pipeline transport and other transport	**8 778**	8 978
34 480	**33 961**	Property management	**34 107**	34 608
8 681	**7 949**	Service sector	**9 712**	10 321
2 977	**5 057**	Public sector and financial services	**5 057**	2 976
73 843	**76 419**	**Total industry**	**81 361**	78 635
55 288	**62 727**	Retail customers	**64 094**	56 426
129 131	**139 146**	**Total**	**145 455**	135 061

Bank 2012	Bank 2013		Group 2013	Group 2012
		Gross loans by sector and industry		
3 894	**4 082**	Agriculture/forestry	**4 326**	4 141
481	**421**	Fisheries/fish farming	**541**	597
2 293	**2 741**	Mining operations/extraction	**2 829**	2 351
1 400	**2 674**	Industry	**3 403**	2 135
2 957	**2 260**	Power and water supply/building and construction	**3 100**	3 804
2 472	**2 429**	Wholesale and retail trade, hotels and restaurants	**2 877**	2 975
5 930	**6 733**	Overseas shipping, pipeline transport and other transport	**7 297**	6 451
24 178	**25 575**	Property management	**25 740**	24 306
5 879	**5 782**	Service sector	**7 545**	7 650
2 087	**2 277**	Public sector and financial services	**2 277**	1 949
51 571	**54 974**	**Total industry**	**59 935**	56 359
51 431	**58 481**	Retail customers	**59 848**	52 569
580	**509**	Unallocated	**490**	585
103 582	**113 964**	**Total**	**120 273**	109 513

Continue note 8

Bank 2012	Bank 2013	Individual write-downs by sector and industry	Group 2013	Group 2012
2	**6**	Agriculture/forestry	**8**	6
-	**-**	Fisheries/fish farming	**-**	-
-	**-**	Mining operations/extraction	**5**	7
6	**20**	Industry	**31**	21
16	**9**	Power and water supply/building and construction	**10**	20
15	**21**	Wholesale and retail trade, hotels and restaurants	**26**	22
48	**55**	Overseas shipping, pipeline transport and other transport	**64**	58
115	**206**	Property management	**210**	122
146	**34**	Service sector	**37**	78
-	**-**	Public sector and financial services	**-**	-
348	**351**	**Total industry**	**392**	334
89	**54**	Retail customers	**54**	90
436	**405**	**Total**	**446**	423
		Expected annual average net loss by sector and industry		
1	**2**	Agriculture/forestry	**4**	3
-	**-**	Fisheries/fish farming	**-**	1
33	**30**	Mining operations/extraction	**31**	34
14	**21**	Industry	**26**	21
34	**41**	Power and water supply/building and construction	**47**	41
12	**14**	Wholesale and retail trade, hotels and restaurants	**17**	19
22	**16**	Overseas shipping, pipeline transport and other transport	**19**	24
74	**55**	Property management	**56**	75
42	**35**	Service sector	**39**	49
18	**9**	Public sector and financial services	**9**	18
250	**223**	**Total industry**	**250**	285
35	**26**	Retail customers	**28**	37
285	**249**	**Total**	**278**	322
		Gross loans by geographic area		
73 082	**82 172**	Rogaland	**82 983**	76 872
9 053	**10 141**	Agder counties	**10 757**	9 650
13 259	**15 655**	Hordaland	**16 302**	14 029
706	**1 321**	International	**5 541**	733
7 482	**4 675**	Other	**4 690**	8 229
103 582	**113 964**	**Total**	**120 273**	109 513

Loans and receivables related to financial leasing	2013	2012
Gross investments related to financial leasing		
Up to 1 year	**1 437**	1 406
Between 1 to 5 years	**3 268**	3 166
Later than 5 years	**476**	457
Total	**5 181**	5 029
Net investments related to financial leasing		
Up to 1 year	**1 250**	1 229
Between 1 to 5 years	**2 977**	2 884
Later than 5 years	**437**	412
Total	**4 664**	4 525

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

Loans sold to SpareBank 1 Næringskreditt AS
SpareBank 1 Næringskreditt AS was established in 2009 and has a licence from the Financial Supervisory Authority of Norway to operate as a mortgage company that issues covered bonds. Covered bonds issued by SpareBank 1 Næringskreditt AS have an Aa3 rating from Moody's. The company is owned by the savings banks that make up the SpareBank 1 Alliance and shares premises with SpareBank 1 Boligkreditt AS in Stavanger. SpareBank 1 SR-Bank ('the Bank') owned a 27.3 per cent stake as of 31 December 2013 (27.8 per cent as of 31 December 2012). The purpose of the mortgage company is to ensure the alliance banks access to stable, long-term funding for commercial property at competitive prices. SpareBank 1 Næringskreditt AS acquires loans with collateral in commercial property and issues covered bonds in accordance with the regulations established for this in 2007. As part of the SpareBank 1 Alliance, the Bank can offer the company the opportunity to buy loans and the Bank sells loans as part of its funding strategy. Loans sold to SpareBank 1 Næringskreditt AS are secured by collateral in commercial property up to a ceiling of 60 per cent of their valuation. The sold loans are legally owned by SpareBank 1 Næringskreditt AS and the Bank has, apart from the right to administer them and receive commissions for this and the right to take over fully or partially written down loans, no right to use the loans. At year-end 2013, the book value of sold loans amounted to NOK 0.64 billion (NOK 0.47 billion in 2012). The Bank administers the sold loans and receives commissions based on the net return on the loans the Bank has sold less the company's costs.

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

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

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

The loans sold to SpareBank 1 Næringskreditt AS are very well collateralised and are very unlikely to result in losses. The Bank has a mutual involvement in the form of a possible settlement against commissions. Should accounting credit losses or margin failure occur in relation to one or more sold loans, SpareBank 1 Næringskreditt AS can reduce the commissions the Bank receives by the loss. The reduction in commissions for the Bank is limited to the calendar year's total commissions and if SpareBank 1 Næringskreditt AS's loss is subsequently covered the commissions are repaid to the Bank. The maximum amount the Bank's recognised commissions can be reduced by for the calendar year was calculated at NOK 5 million as of 31 December 2013 and NOK 3 million as of 31 December 2012. The fair value of the liability has been calculated and is considered insignificant. The liability has therefore not affected the balance sheet or income statement during the period. The amounts are thus not recognised gross as an asset and liability in the Bank's balance sheet.

The remuneration received for the loans sold by the Bank to SpareBank 1 Næringskreditt AS corresponds to the book value of sold loans and was deemed to almost match the loans' fair value as of 31 December 2013 and as of 31 December 2012.

Loans sold to SpareBank 1 Boligkreditt AS
SpareBank 1 Boligkreditt AS is owned by the savings banks that make up the SpareBank 1 Alliance and shares premises with SpareBank 1 Næringskreditt AS in Stavanger. The Bank owned a 26.2 per cent stake as of 31 December 2013 (29.9 per cent as of 31 December 2012). The purpose of the mortgage company is to ensure the alliance banks access to stable, long-term funding for home mortgages at competitive prices. Covered bonds issued by SpareBank 1 Boligkreditt AS have an Aaa and AAA rating from Moody's and Fitch, respectively. SpareBank 1 Boligkreditt AS also issues bonds with a lower rating that are not covered bonds. SpareBank 1 Boligkreditt AS acquires loans with collateral in housing and issues covered bonds in accordance with the regulations established for this in 2007. As part of the SpareBank 1 Alliance, the Bank can offer SpareBank 1 Boligkreditt AS the opportunity to buy loans and the Bank sells loans to SpareBank 1 Boligkreditt AS as part of its funding strategy. Loans sold to SpareBank 1 Boligkreditt AS are secured by collateral in housing up to a ceiling of 75 per cent of their valuation. The sold loans are legally owned by SpareBank 1 Boligkreditt AS and the Bank has, apart from the right to administer them and receive commissions, as well as the right to take over fully or partially written down loans, no right to use the loans. At year-end 2013, the book value of transferred loans amounted to NOK 45.7 billion (NOK 48.2 billion in 2012).
The Bank administers the sold loans and receives commissions based on the net return on the loans the Bank has sold less the company's costs.
The Bank has, together with the other owners of SpareBank 1 Boligkreditt AS, concluded agreements that establish liquidity facilities for SpareBank 1 Boligkreditt AS. This means that the banks have committed to purchasing covered bonds in those circumstances

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

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

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

The loans sold to SpareBank 1 Boligkreditt AS are very well collateralised and are very unlikely to result in losses. The Bank has a mutual involvement in the form of a possible settlement against commissions. Should accounting credit losses or margin failure occur in relation to one or more sold loans, SpareBank 1 Boligkreditt AS can reduce the commissions the Bank receives by the loss. The reduction in commissions for the Bank is limited to the calendar year's total commissions and if SpareBank 1 Boligkreditt AS's loss is subsequently covered the commissions are repaid to the Bank. The maximum amount the Bank's recognised commissions can be reduced by for the calendar year was calculated at NOK 605 million as of 31 December 2013 and NOK 337 million as of 31 December 2012. The fair value of the liability has been calculated and is considered insignificant. The liability has therefore not affected the balance sheet or income statement during the period. The amounts are thus not recognised gross as an asset and liability in the Bank's balance sheet.
The remuneration received for the loans sold by the Bank to SpareBank 1 Boligkreditt AS corresponds to the book value of sold loans and was deemed to almost match the loans' fair value as of 31 December 2013 and as of 31 December 2012.

NOTE 10 AGE DISTRIBUTION OF DUE BUT NOT WRITTEN DOWN LOANS

(Figures in NOK million)

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

Bank **2013**	**Less than 30**	**31 - 60 days**	**61 - 90 days**	**More than 91 days**	**Total**
Loans to and receivables from customers					
- Retail market	1 269	40	25	100	1 434
- Corporate market	582	1	90	37	710
Total	**1 851**	**41**	**115**	**137**	**2 144**
2012					
Loans to and receivables from customers					
- Retail market	1 405	45	47	114	1 611
- Corporate market	621	44	25	73	763
Total	**2 026**	**89**	**72**	**187**	**2 374**

Group **2013**					
Loans to and receivables from customers					
- Retail market	1 269	46	25	115	1 455
- Corporate market	582	57	92	46	777
Total	**1 851**	**103**	**117**	**161**	**2 232**
2012					
Loans to and receivables from customers					
- Retail market	1 405	53	48	127	1 633
- Corporate market	621	83	83	87	874
Total	**2 026**	**136**	**131**	**214**	**2 507**

NOTE 11 LOSSES ON LOANS AND GUARANTEES

(Figures in NOK million)

Bank

	2012			2013		
Losses on loans and guarantees	RM	CM	Total	**RM**	**CM**	**Total**
Change in individual write-downs in the period	-12	91	79	**-9**	**-22**	**-31**
Change in group write-downs in the period	6	-36	-30	**13**	**-53**	**-40**
Realised losses on commitments previously written down	11	91	102	**17**	**84**	**101**
Realised losses on commitments not previously written down	2	10	12	**12**	**83**	**95**
Change in losses on repossessed assets in the period	-	9	9	**1**	**30**	**31**
Amortised loans	1	4	5	**2**	**9**	**11**
Recoveries on loans and guarantees previously written down	-1	-48	-49	**-5**	**-46**	**-51**
Total losses on loans and guarantees	7	121	128	**31**	**85**	**116**

Individual write-downs						
Individual write-downs to cover losses on loans and guarantees as of 1 Jan	90	267	357	**78**	**358**	**436**
Realised losses in the period on loans and guarantees						
previously written down individually	-11	-91	-102	**-17**	**-84**	**-101**
Reversal of write-downs in previous years	-23	-39	-62	**-19**	**-220**	**-239**
Increase in write-downs on commitments previously						
written down individually	10	69	79	**3**	**127**	**130**
Amortisert kost	-1	-1	-2	**-**	**-**	**-**
Amortised cost						
Write-down of commitments not previously written down individually	13	153	166	**24**	**155**	**179**
Individual write-downs to cover losses on loans and guarantees as of 31 Dec	78	358	436	**69**	**336**	**405**

Write-downs on groups of loans						
Write-downs to cover losses on loans and guarantees as of 1 Jan	17	300	317	**23**	**264**	**287**
Write-downs to cover losses on loans and guarantees in the period	6	-36	-30	**13**	**-53**	**-40**
Group write-downs to cover losses on loans and guarantees as of 31 Dec	23	264	287	**36**	**211**	**247**

Losses by sector and industry				
Agriculture/forestry	-2 %	-2	**4 %**	**5**
Fisheries/fish farming	0 %	-	**0 %**	**-**
Mining operations/extraction	0 %	-	**0 %**	**-**
Industry	-2 %	-3	**6 %**	**7**
Power and water supply/building and construction	6 %	8	**3 %**	**4**
Wholesale and retail trade, hotels and restaurants	6 %	8	**15 %**	**17**
Overseas shipping, pipeline transport and other transport	2 %	3	**8 %**	**9**
Property management	29 %	37	**132 %**	**153**
Service sector	83 %	106	**-37 %**	**-43**
Transferred from write-downs on groups of loans	-23 %	-30	**-34 %**	**-40**
Retail customers	1 %	1	**3 %**	**4**
Losses on loans to customers	100 %	128	**100 %**	**116**

Non-performing and impaired commitments	2009	2010	**2011**	**2012**	**2013**
Non-performing commitments	355	408	**384**	**406**	**804**
Other impaired commitments	696	656	**587**	**839**	**628**
Total impaired loans	1 051	1 064	**971**	**1 245**	**1 432**
Individual write-downs	-303	-346	**-357**	**-437**	**-405**
Interest on reversal of discounted write-downs	1	13	**11**	**-**	**-**
Net impaired commitments	749	731	**625**	**808**	**1 027**

Continue note 11

Group

Losses on loans and guarantees	2013 Total	2013 CM	2013 RM	2012 Total	2012 CM	2012 RM
Change in individual write-downs in the period	**23**	**34**	**-11**	78	90	-12
Change in group write-downs in the period	**-30**	**-47**	**17**	-30	-36	6
Realised losses on commitments previously written down	**111**	**92**	**19**	105	94	11
Realised losses on commitments not previously written down	**108**	**89**	**19**	24	17	7
Change in losses on repossessed assets in the period	**-30**	**-31**	**1**	9	9	-
Amortised loans	**11**	**9**	**2**	5	4	1
Recoveries on loans and guarantees previously written down	**-61**	**-50**	**-11**	-54	-50	-4
Total losses on loans and guarantees	**132**	**96**	**36**	137	128	9
Individual write-downs						
Individual write-downs to cover losses on loans and guarantees as of 1 Jan	**423**	**334**	**89**	420	328	92
Realised losses in the period on loans and guarantees previously written down individually	**-111**	**-92**	**-19**	-105	-94	-11
Reversal of write-downs in previous years	**-183**	**-164**	**-19**	-89	-63	-26
Increase in write-downs on commitments previously written down individually	**131**	**128**	**3**	79	69	10
Amortisert kost	**-**	**-**	**-**	-2	-1	-1
Amortised cost						
Write-down of commitments not previously written down individually	**186**	**162**	**24**	120	95	25
Individual write-downs to cover losses on loans and guarantees as of 31 Dec	**446**	**368**	**78**	423	334	89
Write-downs on groups of loans						
Write-downs to cover losses on loans and guarantees as of 1 Jan	**332**	**299**	**33**	362	335	27
Write-downs to cover losses on loans and guarantees in the period	**-30**	**-47**	**17**	-30	-36	6
Group write-downs to cover losses on loans and guarantees as of 31 Dec	**302**	**252**	**50**	332	299	33

Losses by sector and industry	2013	2013 %	2012	2012 %
Agriculture/forestry	**5**	**4 %**	1	1 %
Fisheries/fish farming	**-**	**0 %**	-	0 %
Mining operations/extraction	**-2**	**-2 %**	-1	-1 %
Industry	**3**	**2 %**	-2	-1 %
Power and water supply/building and construction	**4**	**3 %**	9	7 %
Wholesale and retail trade, hotels and restaurants	**14**	**11 %**	11	8 %
Overseas shipping, pipeline transport and other transport	**8**	**6 %**	1	1 %
Property management	**153**	**116 %**	42	31 %
Service sector	**-27**	**-20 %**	103	75 %
Transferred from write-downs on groups of loans	**-30**	**-23 %**	-30	-22 %
Retail customers	**4**	**3 %**	3	2 %
Losses on loans to customers	**132**	**100 %**	137	100 %

Non-performing and impaired commitments	2013	2012	2011	2010	2009
Non-performing commitments	**830**	460	415	443	395
Other impaired commitments	**689**	787	696	762	753
Total impaired loans	**1 519**	1 247	1 111	1 205	1 148
Individual write-downs	**-446**	-424	-420	-402	-337
Interest on reversal of discounted write-downs	**-**	-	11	13	1
Net impaired commitments	**1 073**	823	702	816	812

The interest on commitments with an impairment as of 31 December 2013 that was recognised as income in 2013 amounted to NOK 82 million in the Bank and NOK 83 million in the Group. The fair value of the collateral related to loans and receivables that are the object of individual write-downs is equal to the book value plus the impairment. The collateral is in the form of cash, securities, guarantees and properties.

NOTE 12 CREDIT RISK EXPOSURE FOR EACH INTERNAL RISK CLASS

(Amounts in NOK million)

Bank	Average unsecured exposure in % 2013	Total commitments 2013	Average unsecured exposure in % 2012	Total commitments 2012
Lowest risk	**1,01**	**82 904**	2,59	67 551
Low risk	**18,18**	**45 976**	22,64	45 820
Medium risk	**37,49**	**7 083**	34,66	11 813
High risk	**29,94**	**683**	42,00	633
Highest risk	**39,10**	**839**	33,61	2 165
Non-performing and written down	**18,59**	**1 661**	46,79	1 149
Total	**9,06**	**139 146**	13,74	129 131
Group				
Lowest risk	**1,71**	**83 859**	2,04	68 720
Low risk	**18,33**	**49 988**	22,97	48 594
Medium risk	**38,50**	**8 111**	36,30	13 237
High risk	**30,83**	**720**	42,63	680
Highest risk	**41,76**	**1 027**	36,96	2 537
Non-performing and written down	**19,83**	**1 750**	45,48	1 292
Total	**10,11**	**145 455**	14,21	135 061

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

The source data for this year's report has been updated and data for 2012 changed such that the observations from 2012 and 2013 are comparable.

NOTE 13 MAXIMUM CREDIT RISK EXPOSURE

(Figures in NOK million)

Maximum exposure to credit risk for balance sheet components, including derivatives

Exposure is shown gross before assets pledged as security and permitted offsetting.

Bank			Group	
2012	2013		2013	2012
		Assets		
1 007	**998**	Receivables from the central bank	**998**	1 007
6 354	**6 669**	Loans to and receivables from financial institutions	**1 253**	1 087
102 859	**113 312**	Loans to and receivables from customers	**119 525**	108 758
18 672	**21 052**	Certificates and bonds	**21 065**	18 677
4 588	**4 929**	Derivatives	**4 923**	4 578
133 480	**146 960**	**Total credit risk exposure balance sheet items**	**147 764**	134 107
		Liabilities		
13 248	**11 509**	Guarantees issued	**11 509**	13 248
12 531	**13 987**	Unused credit lines	**13 987**	12 531
4 062	**2 085**	Loan commitments	**2 180**	4 427
29 841	**27 581**	**Total financial guarantees and loan commitments**	**27 676**	30 206
163 321	**174 541**	**Total credit risk exposure**	**175 440**	164 313

Credit risk exposure related to financial assets by geographic area

Bank			Group	
2012	2013	**Banking operations**	2013	2012
99 364	**108 718**	Rogaland	**107 508**	98 224
11 609	**12 456**	Agder counties	**13 073**	12 206
16 768	**19 360**	Hordaland	**20 163**	17 538
1 051	**1 638**	International	**1 672**	1 078
11 269	**6 388**	Other	**7 036**	12 012
140 061	**148 560**	**Total banking operations**	**149 452**	141 058
		Market activities		
12 795	**14 551**	Norway	**14 564**	12 800
5 626	**6 277**	Europe/Asia	**6 277**	5 626
251	**224**	North America/Oceania	**224**	251
18 672	**21 052**	**Total market activities**	**21 065**	18 677
4 588	**4 929**	Derivatives	**4 923**	4 578
163 321	**174 541**	**Total by geographic area**	**175 440**	164 313

NOTE 14 CREDIT QUALITY PER CLASS OF FINANCIAL ASSET

(Figures in NOK million)

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

Bank

	Neither due nor written down						
2013	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**	**Due and individually written down**	**Total**
Loans							
Loans to and receivables from financial institutions	6 669	-	-	-	-	-	6 669
Loans to and receivables from customers							
- Retail market	47 212	10 353	448	17	158	293	58 481
- Corporate market	25 164	22 867	4 464	630	599	1 250	54 974
- Unallocated	-	-	-	-	-	-	509
Total loans	**79 045**	**33 220**	**4 912**	**647**	**757**	**1 543**	**120 633**
Financial investments							
Norwegian government bonds	-	-	-	-	-	-	-
Listed certificates and bonds	19 237	157	80	90	151	-	19 715
Unlisted certificates and bonds	1 060	112	62	-	-	-	1 234
Accrued interest	-	-	-	-	-	-	103
Total financial investments	**20 297**	**269**	**142**	**90**	**151**	**-**	**21 052**
Total loan-related assets	**99 342**	**33 489**	**5 054**	**737**	**908**	**1 543**	**141 685**
2012							
Loans							
Loans to and receivables from financial institutions	6 354	-	-	-	-	-	6 354
Loans to and receivables from customers							
- Retail market	39 426	10 890	675	33	134	273	51 431
- Corporate market	18 813	22 158	7 753	350	1 671	826	51 571
- Unallocated	-	-	-	-	-	-	580
Total loans	64 593	33 048	8 428	383	1 805	1 099	109 936
Financial investments							
Norwegian government bonds	10	-	-	-	-	-	10
Listed certificates and bonds	17 199	346	108	123	133	-	17 909
Unlisted certificates and bonds	382	156	5	74	33	-	650
Accrued interest	-	-	-	-	-	-	103
Total financial investments	17 591	502	113	197	166	-	18 672
Total loan-related assets	82 184	33 550	8 541	580	1 971	1 099	128 608

Continue note 14

Group

2013	Neither due nor written down Lowest risk	Low risk	Medium risk	High risk	Highest risk	Due and individually written down	Total
Loans							
Loans to and receivables from financial institutions	1 253	-	-	-	-	-	1 253
Loans to and receivables from customers							
- Retail market	47 937	10 958	461	19	164	309	59 848
- Corporate market	25 783	25 643	5 725	666	792	1 326	59 935
- Unallocated		-	-	-	-	-	490
Total loans	**74 973**	**36 601**	**6 186**	**685**	**956**	**1 635**	**121 526**
Financial investments							
Norwegian government bonds	-	-	-	-	-	-	-
Listed certificates and bonds	19 237	157	80	90	151	-	19 715
Unlisted certificates and bonds	1 060	112	62	-	13	-	1 247
Accrued interest	-	-	-	-	-	-	103
Total financial investments	**20 297**	**269**	**142**	**90**	**164**	**-**	**21 065**
Total loan-related assets	**95 270**	**36 870**	**6 328**	**775**	**1 120**	**1 635**	**142 591**

2012	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Due and individually written down	Total
Loans							
Loans to and receivables from financial institutions	1 087	-	-	-	-	-	1 087
Loans to and receivables from customers							
- Retail market	40 132	11 290	682	35	137	293	52 569
- Corporate market	19 293	24 659	9 170	395	1 893	949	56 359
- Unallocated	-	-	-	-	-	-	585
Total loans	60 512	35 949	9 852	430	2 030	1 242	110 600
Financial investments							
Norwegian government bonds	10	-	-	-	-	-	10
Listed certificates and bonds	17 199	346	108	123	133	-	17 909
Unlisted certificates and bonds	382	156	5	74	38	-	655
Accrued interest	-	-	-	-	-	-	103
Total financial investments	17 591	502	113	197	171	-	18 677
Total loan-related assets	78 103	36 451	9 965	627	2 201	1 242	129 277

Classification of financial investments:

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

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

NOTE 15 MARKET RISK RELATED TO INTEREST RATE RISK

(Figures in NOK million)

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

Bank			Group	
2012	2013		2013	2012
-24	**-28**	Certificates and bonds	**-28**	-24
-25	**-15**	Fixed rate loans to customers	**-15**	-25
-36	**-57**	Other loans and deposits	**-57**	-36
92	**104**	Securities issued	**104**	92
-	**-1**	Other	**-1**	-
7	**2**	Total interest rate risk	**2**	7
		Maturity bands		
-5	**-7**	0 - 3 months	**-7**	-5
9	**4**	3 - 6 months	**4**	9
3	**3**	6 - 9 months	**3**	3
9	**9**	9 - 12 months	**9**	9
1	**2**	12 - 18 months	**2**	1
-	**-2**	18 - 24 months	**-2**	-
-9	**-6**	2 - 10 years	**-6**	-9
-1	**-**	10 years +	**-**	-1
7	**2**	Total interest rate risk	**2**	7
		Maturity bands		
6	**-4**	NOK	**-4**	6
5	**9**	EUR	**9**	5
-4	**-3**	USD	**-3**	-4
-	**1**	CHF	**1**	-
-	**-1**	Other	**-1**	-
7	**2**	Total interest rate risk	**2**	7

Interest rate risk arises because the Group's assets and liabilities may be subject to different fixed rate periods. Interest rate instrument trading must at all times comply with the adopted limits and authorities. The Group's limits define quantitative targets for the maximum potential loss. The commercial risk is quantified and monitored continuously.

The Group's general limits for interest rate risk define the maximum loss from a 1 percentage point change in interest rates. The maximum loss following a 1 per cent change in interest rates totals NOK 105 million with NOK 30 million of the total balance in Trading and NOK 75 million of the total balance in Treasury.

NOTE 16 MARKET RISK RELATED TO CURRENCY RISK

(Figures in NOK million)

The table shows the net foreign currency exposure including financial derivatives as of 31 December as defined by the Capital Requirements.

Bank			Group	
2012	**2013**		**2013**	2012
		Currency		
-24	**-38**	EUR	**-38**	-24
24	**-3**	USD	**-3**	24
2	**-**	CHF	**-**	2
-	**-37**	GBP	**-37**	-
5	**2**	Other	**2**	5
7	**-76**	**Total**	**-76**	7
0,2	**2,3**	Effect on result of 3 per cent change before tax	**2,3**	0,2

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

NOTE 17 LIQUIDITY RISK

(Figures in NOK million)

The table shows cash flows including contractual interest maturity.

Parent bank [1)]

2013	Upon request	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	3 246	-	506	-	-	3 752
Public deposits related to covered bond swap scheme	-	4 019	2 452	-	-	6 471
Deposits from customers	68 381	1 287	1 637	535	-	71 840
Securities issued	-	7 061	6 266	33 253	12 084	58 664
Subordinated loan capital	-	42	194	943	4 326	5 505
Total liabilities	**71 627**	**12 409**	**11 055**	**34 731**	**16 410**	**146 232**
Derivatives						
Contractual cash flows out	-	-10 586	-6 348	-11 270	-7 080	-35 284
Contractual cash flows in	-	10 182	5 841	10 213	6 775	33 011

2012						
Debt to financial institutions	2 830	869	361	517	-	4 577
Public deposits related to covered bond swap scheme	-	873	-	7 099	-	7 972
Deposits from customers	64 167	2 253	1 336	-	-	67 756
Securities issued	-	2 516	4 678	28 567	9 411	45 172
Subordinated loan capital	-	42	208	903	4 171	5 324
Total liabilities	66 997	6 553	6 583	37 086	13 582	130 801
Derivatives						
Contractual cash flows out	-	-7 884	-5 877	-13 486	-1 312	-28 559
Contractual cash flows in	-	7 651	5 387	11 901	636	25 575

Group [1)]

2013	Upon request	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	3 242	-	506	-	-	3 748
Public deposits related to covered bond swap scheme	-	4 019	2 452	-	-	6 471
Deposits from customers	68 208	1 287	1 637	535	-	71 667
Securities issued	-	7 061	6 266	33 253	12 084	58 664
Subordinated loan capital	-	42	194	943	4 326	5 505
Total liabilities	**71 450**	**12 409**	**11 055**	**34 731**	**16 410**	**146 055**
Derivatives						
Contractual cash flows out	-	-10 386	-6 348	-11 270	-7 080	-35 084
Contractual cash flows in	-	10 181	5 839	10 035	6 750	32 805

2012						
Debt to financial institutions	2 792	869	361	517	-	4 539
Public deposits related to covered bond swap scheme	-	873	-	7 099	-	7 972
Deposits from customers	64 005	2 253	1 336	-	-	67 594
Securities issued	-	2 516	4 678	28 567	9 411	45 172
Subordinated loan capital	-	42	208	903	4 171	5 324
Total liabilities	66 797	6 553	6 583	37 086	13 582	130 601
Derivatives						
Contractual cash flows out	-	-7 577	-5 876	-13 486	-1 312	-28 251
Contractual cash flows in	-	7 647	5 281	11 719	609	25 256

[1)] Also see note 6 financial risk management.

NOTE 18 MATURITY ANALYSIS OF ASSETS AND DEBT/LIABILITIES

(Figures in NOK million)

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

Bank

31.12.2013	Upon request [1)]	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and receivables from the central bank	1 265	-	-	-	-	1 265
Loans to and receivables from financial institutions	5 302	1 237	-	-	130	6 669
Gross lending to customers	37 624	1 199	3 595	14 587	56 959	113 964
- Individual write-downs	-405	-	-	-	-	-405
- Write-downs on groups of loans	-247	-	-	-	-	-247
Loans to customers	**36 972**	**1 199**	**3 595**	**14 587**	**56 959**	**113 312**
Certificates and bonds at fair value	92	2 650	2 878	8 389	206	14 215
Certificates and bonds at amortised cost	12	-	3 825	3 000	-	6 837
Financial derivatives	674	653	326	2 001	1 275	4 929
Equities, units and other equity interests	780	-	-	-	-	780
Operations that will be sold	84	-	-	-	-	84
Investments in ownership interests	3 552	-	-	-	-	3 552
Investments in group companies	950	-	-	-	-	950
Tangible fixed assets and intangible assets	336	-	-	-	-	336
Other assets	2 662	-	-	-	-	2 662
Total assets	**52 681**	**5 739**	**10 624**	**27 977**	**58 570**	**155 591**
Liabilities						
Debt to financial institutions	3 246	-	500	-	-	3 746
Public deposits related to covered bond swap scheme	-	3 998	2 431	-	-	6 429
Deposits from customers	68 381	1 287	1 637	535	-	71 840
Securities issued	680	2 899	2 925	32 057	13 767	52 328
Financial derivatives	307	224	228	845	409	2 013
Payable tax	280	-	-	-	-	280
Deferred tax liabilities	707	-	-	-	-	707
Other liabilities	1 540	-	-	-	-	1 540
Subordinated loan capital	20	-	-	-	3 984	4 004
Total liabilities	**75 161**	**8 408**	**7 721**	**33 437**	**18 160**	**142 887**

Continue note 18

Group

31.12.2013	På forespørsel [1)]	Under 3 måneder	3-12 måneder	1 - 5 år	over 5 år	Totalt
Assets						
Cash and receivables from the central bank	1 265	-	-	-	-	1 265
Loans to and receivables from financial institutions	16	1 237	-	-	-	1 253
Gross lending to customers	37 629	1 245	3 778	18 486	59 135	120 273
- Individual write-downs	-446	-	-	-	-	-446
- Write-downs on groups of loans	-302	-	-	-	-	-302
Loans to customers	**36 881**	**1 245**	**3 778**	**18 486**	**59 135**	**119 525**
Certificates and bonds at fair value	92	2 650	2 878	8 389	219	14 228
Certificates and bonds at amortised cost	12	-	3 825	3 000	-	6 837
Financial derivatives	674	653	326	1 995	1 275	4 923
Equities, units and other equity interests	938	-	-	-	-	938
Operations that will be sold	85	-	-	-	-	85
Investments in ownership interests	4 710	-	-	-	-	4 710
Investments in group companies	-	-	-	-	-	-
Tangible fixed assets	401	-	-	-	-	401
Other assets	2 820	-	-	-	-	2 820
Total assets	**47 894**	**5 785**	**10 807**	**31 870**	**60 629**	**156 985**
Liabilities						
Debt to financial institutions	3 242	-	500	-	-	3 742
Public deposits related to covered bond swap scheme		3 998	2 431	-	-	6 429
Deposits from customers	68 208	1 287	1 637	535	-	71 667
Securities issued	680	2 899	2 925	32 057	13 767	52 328
Financial derivatives	307	224	228	845	409	2 013
Payable tax	377	-	-	-	-	377
Deferred tax liabilities	671	-	-	-	-	671
Other liabilities	1 698	-	-	-	-	1 698
Subordinated loan capital	20	-	-	-	3 984	4 004
Total liabilities	**75 203**	**8 408**	**7 721**	**33 437**	**18 160**	**142 929**

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

NOTE 19 NET INTEREST INCOME

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
		Interest income		
185	**181**	Interest on receivables from financial institutions	**17**	17
4 263	**4 649**	Interest on lending to customers	**5 013**	4 602
608	**530**	Interest on certificates and bonds	**531**	608
70	**82**	Interest on written-down financial assets	**83**	73
5 126	**5 442**	**Total interest income**	**5 644**	5 300
		Interest costs		
335	**520**	Interest on debt to financial institutions	**530**	348
1 888	**1 745**	Interest on deposits from customers	**1 728**	1 867
1 117	**989**	Interest on securities issued	**986**	1 115
228	**217**	Interest on subordinated loan capital	**217**	228
-	**64**	Fee to the Norwegian Banks Guarantee Fund	**64**	-
3 568	**3 535**	**Total interest costs**	**3 525**	3 558
1 558	**1 907**	**Net interest income**	**2 119**	1 742

NOTE 20 NET COMMISSIONS AND OTHER OPERATING INCOME

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
94	**111**	Guarantee commissions	**104**	89
13	**12**	Interbank commissions	**12**	13
24	**19**	Securities trading	**18**	22
-	**-**	Management	**71**	63
90	**100**	Brokerage commissions	**66**	59
340	**610**	Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**610**	340
264	**287**	Payment systems	**287**	264
153	**161**	Insurance services	**164**	156
90	**109**	Other commissions	**120**	99
1 068	**1 409**	**Total commissions**	**1 452**	1 105
9	**9**	Interbank commissions	**9**	9
68	**61**	Payment systems	**61**	68
3	**3**	Other commission costs	**2**	-1
80	**73**	**Total commission costs**	**72**	76
5	**5**	Operating income from investment properties	**4**	3
-	**-**	Property sales	**433**	425
9	**7**	Other operating income	**7**	9
14	**12**	**Total other operating income**	**444**	437
1 002	**1 348**	**Net commissions and other operating income**	**1 824**	1 466

NOTE 21 NET INCOME FROM FINANCIAL INSTRUMENTS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
		Changes in value of interest rate instruments		
69	**-130**	Certificates and bonds - held for sale	**-128**	69
143	**-72**	Net change in value of fixed rate loans	**-76**	143
-947	**-73**	Net change in value of hedged bond debt	**-73**	-947
		Changes in value of hedging and derivatives		
1	**116**	Net change in value of derivatives against bonds (assets)	**116**	1
-115	**78**	Net change in value of derivatives against fixed rate lending	**82**	-115
941	**69**	Net change in value of derivatives hedged against bonds (liabilities)	**69**	941
		Change in value of equity instruments		
13	**12**	Equity instruments - held for sale	**12**	13
30	**120**	Equity instruments at fair value	**34**	48
135	**120**	**Total net from financial instruments at fair value**	**36**	153
-	**-**	Realised available for sale instruments	**-**	-
-	**-**	**Total net income from securities available for sale**	**-**	-
		Currency trading		
135	**129**	Net gain currency	**131**	135
270	**249**	**Net income from financial investments**	**167**	288

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

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

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

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

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

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

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

Guidelines for the coming financial year

CEO's remuneration
The CEO's salary and other financial benefits shall be fixed annually by the Board based on the recommendation of the Remuneration Committee. The assessment is based on results achieved, individual performance and the development of pay in comparable positions. Variable compensation can be earned annually, but must be based on goals achieved in the last two years. The CEO can receive group bonuses on a par with other employees. Any variable remuneration, including group bonuses, may amount to up to 25 per cent of fixed salary including holiday pay. No performance-based benefits are paid over and above the said schemes. Variable pay is not included in pensionable salary.

Half of the variable remuneration, with the exception of the group bonus, is paid in the form of shares in SpareBank 1 SR-Bank ASA, where 1/3 of the shares can be awarded in each of the next three years. That part of the variable remuneration that is paid in shares can be reduced if subsequent results and developments indicate it was based on incorrect assumptions.

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

A lifelong pension agreement has been concluded with the CEO in which the retirement age is at the end of the year in which the CEO turns 64. The annual pension up until when the CEO turns 67 amounts 67 per cent of pensionable pay. From the age of 67, the CEO will receive a supplementary retirement pension which, together with the SpareBank 1 SR-Bank's pension fund, pension from the National Insurance Scheme and statutory early retirement pension (AFP) will constitute 67 per cent of pensionable pay, assuming full earning period.

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

Remuneration of other executive personnel
The CEO fixes the remuneration of executive personnel based on the limits discussed by the Remuneration Committee and guidelines adopted by the Board. Executive personnel are employees who report to the CEO, i.e. the executive management team. Similarly, the Group's guidelines are used for other senior personnel and employees who can materially affect risk.

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

Variable remuneration is fixed on the basis of a comprehensive assessment based on the following factors: customer/market

Continue note 22

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

Half of the variable remuneration, with the exception of the group bonus, is paid in the form of shares in SpareBank 1 SR-Bank ASA, where 1/3 of the shares can be awarded in each of the next three years. That part of the variable remuneration that is paid in shares can be reduced if subsequent results and developments indicate it was based on incorrect assumptions. Benefits in kind can be offered to executive personnel to the extent that benefits are linked to each function in the Group and are in line with market practice in general.

The pension schemes should be seen in the context of other remuneration and should provide competitive terms. Members of the executive management team have a retirement age of 62 years, with the exception of the last member to be employed, who has a retirement age of 67. The executive management team are members of the closed defined benefit plan which, with full pension earnings, entitles them to a pension of 70 per cent of pensionable income, including pension from the National Insurance Scheme and AFP from the age of 67. The scheme was changed in 2011. In other words, the pension of members of the executive management team who were appointed after this date is limited to 12G. Members of the executive management team who have a retirement age of 62 years are entitled to a pension equivalent to 70 per cent of pensionable income in the form of service pension, from age 62 to age 67.

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

Remuneration for executive personnel with supervision duties
The remuneration paid to executive personnel with supervision duties must be independent of the results of the operations they supervise.

Employees with control functions do not receive variable remuneration beyond group bonuses.

Remuneration for employee representatives and other employees with remuneration equivalent to executive personnel
The remuneration will comply with the aforementioned guidelines for executive personnel.

Group bonus
The Group has a bonus scheme which covers all employees. Group bonuses are set at an equal percentage of salary, and can, as a maximum, amount to 1.5 month's salary. The group bonus is set by the Board based on the financial targets achieved. The group bonus is paid entirely in cash.

Binding guidelines for shares, subscription rights, options, etc. for the coming financial year
The CEO and executive management team are able to participate in private placements for employees on an equal footing with other employees.

Of the variable pay earned in 2013 by the CEO and other employees subject to the regulations governing remuneration in financial institutions, half of the variable remuneration, with the exception of the group bonus, will be paid in the form of a promise of shares in SpareBank 1 SR-Bank ASA. 1/3 of the shares will be awarded in each of the next 3 years.

Report on executive pay policy in the preceding financial year
The Board confirms that the guidelines provided in last year's statement on executive personnel pay for 2013 have been followed.

Continue note 22

PERSONNEL COSTS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
635	**687**	Salaries	**909**	848
70	**80**	Pension costs (note 24)	**101**	45
84	**86**	Social security costs	**120**	116
60	**53**	Other personnel costs	**66**	73
849	**906**	**Total personnel costs**	**1 196**	1 082
1 060	**1 011**	Average no. of employees	**1 299**	1 340
945	**907**	No. of full time equivalents as of 31 Dec	**1 165**	1 207
1 045	**988**	No. of employees as of 31 Dec	**1 267**	1 330
129 954	**187 874**	Outstanding no. of shares from bonus share programme	**190 999**	131 847

Remuneration to executive management team

(Amounts in NOK 1000)

2013		Salary and other short-term benefits	Of which bonus [1]	Other remune-ration	Accrued pension rights	Pension costs	Loans	No. of shares [2]	Outstanding no. of shares from bonus share programme
Arne Austreid	Chief Executive Officer	3 789	518	132	5 324	1 633	1 399	13 625	7 730
Stian Helgøy	Executive Vice President, Capital Market	2 502	582	243	6 552	450	8 636	26 144	11 406
Inge Reinertsen	Chief Financial Officer	2 217	320	267	6 825	488	7 920	33 847	4 718
Tore Medhus	Executive Vice President, Corporate Market	2 241	327	208	11 243	521	9 160	30 209	4 935
Jan Friestad	Executive Vice President, Retail Market	2 103	304	162	2 969	99	3 499	26 629	4 487
Glenn Sæther	Executive Vice President, Business Support	1 831	267	221	2 150	634	6 960	10 486	3 944
Thor-Christian Haugland	Executive Vice President, Communications	1 616	233	205	6 553	460	3 056	10 018	3 437
Frode Bø	Executive Vice President, Risk Management and Compliance	2 084	282	117	6 903	489	878	12 692	4 201
Wenche Drønen Christenssen	Executive Vice President, Organisation and HR	1 665	242	212	4 585	596	6 483	9 505	3 571

2012									
Arne Austreid	Chief Executive Officer	3 365	282	125	3 353	2 162	-	11 333	5 439
Stian Helgøy	Executive Vice President, Capital Market	2 133	329	261	5 121	612	8 217	23 379	7 425
Inge Reinertsen	Chief Financial Officer	1 932	147	239	5 287	656	7 230	32 662	2 694
Tore Medhus	Executive Vice President, Corporate Market	1 963	159	184	9 366	667	4 134	28 470	2 997
Jan Friestad	Executive Vice President, Retail Market	1 802	140	165	2 349	146	3 606	25 499	2 568
Glenn Sæther	Executive Vice President, Business Support	1 610	123	199	1 478	682	11 450	9 495	2 253
Thor-Christian Haugland	Executive Vice President, Communications	1 399	107	207	5 236	571	3 050	9 158	1 956
Frode Bø	Executive Vice President, Risk Management and Compliance	1 686	128	136	5 477	590	1 041	11 656	2 409
Wenche Drønen Christenssen	Executive Vice President, Organisation and HR	1 459	111	207	3 622	802	6 755	8 607	2 040

For further information on the remuneration of executive personnel, reference is made to the Board's statement on the fixing of salaries and other remuneration for executive personnel for executive personnel.

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

[2] No. of shares the person owns in SpareBank 1 SR-Bank as of 31 December. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act.

Continue note 22

Remuneration of the Board and Audit Committee

(Amounts in NOK 1000)

2013		**Fees**	**Other remuneration**	**Loans**	**No of shares** [3]
Kristian Eidesvik	Chairman of the Board	400	3	-	108 596
Gunn-Jane Håland	Board member	231	-	-	-
Erik Edvard Tønnesen (til 06.06.2013)	Board member	101	-		
Birthe Cecilie Lepsøe	Board member	149	-	-	-
Erling Øverland [4]	Board member	262	-	-	18 935
Catharina Hellerud	Board member	239	-	-	26 483 470
Odd Torland	Board member	216	-	-	-
Tor Dahle (fra 06.06.2013)	Board member	117	-	3 040	76 878 174
Sally Lund-Andersen	Board member (employee-elected)	200	770	2 376	2 225
Oddvar Rettedal	Board member (employee-elected)	200	830	1 228	7 977
Odd Jo Forsell	Chairman Audit Committee	125	-	2 286	10 000
Vigdis Wiik Jacobsen	Member Audit Committee	90	-	-	18 581
Egil Fjogstad	Member Audit Committee	97	-	-	0

2012					
Kristian Eidesvik	Chairman of the Board	483	2	-	108 596
Gunn-Jane Håland	Board member	273	-	2 680	-
Erik Edvard Tønnesen	Board member	263	-	4 012	3 877
Birthe Cecilie Lepsøe	Board member	224	-	-	-
Erling Øverland [4]	Board member	270	-	-	18 935
Catharina Hellerud	Board member	225	-	-	26 483 470
Odd Torland	Board member	224	-	-	-
Sally Lund-Andersen	Board member (employee-elected)	238	672	2 398	2 225
Oddvar Rettedal	Board member (employee-elected)	225	778	1 275	7 977
Odd Jo Forsell	Chairman Audit Committee	125	-	2 791	-
Vigdis Wiik Jacobsen	Member Audit Committee	113	-	-	18 581
Egil Fjogstad	Member Audit Committee	120	4	-	923 860

[3] No. of shares the person owns in SpareBank 1 SR-Bank as of 31 December. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act. In addition to this, the shares of the institution the individual representative was elected on behalf of are included.

[4] Erling Øverland sits on the board of Sparebankstiftelsen SR-Bank foundation.

NOTE 23 OTHER OPERATING COSTS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
215	**237**	IT costs	**251**	227
59	**66**	Marketing	**86**	81
88	**78**	Other administrative costs	**96**	109
66	**65**	Depreciation (notes 30 and 31)	**70**	75
-	**-**	Write-downs (notes 30 and 31)	**4**	12
47	**42**	Operating costs real estate	**40**	44
40	**35**	External fees	**49**	53
98	**109**	Other operating costs	**227**	205
613	**632**	**Total other operating costs**	**823**	806

Fees for external auditor - specification of audit fees.

(Figures in NOK 000s)

Bank 2012	Bank 2013		Group 2013	Group 2012
2 705	**2 612**	Statutory audit	**4 034**	3 339
333	**284**	Tax advice [1]	**384**	381
1 253	**592**	Other certification services	**615**	1 277
1 240	**444**	Other non-auditing services [1]	**796**	1 570
5 531	**3 933**	**Total**	**5 830**	6 566
		[1] Fees to the law firm PricewaterhouseCoopers		
320	**191**	included in tax advice and other non-auditing services	**254**	443

All figures include VAT.

NOTE 24 PENSIONS

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

Defined contribution pensions

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

Defined benefit pensions

The defined benefit pension schemes of SpareBank 1 SR-Bank ASA, SR-Forvaltning AS, and SR-Finans AS are covered by the Group's pension fund. Pension assets managed by the pension fund are regulated by Norwegian law and practice. The relationship between the Group and the pension fund is regulated by the applicable law. Responsibility for the management of the schemes, including investment decisions and premium levels, rests jointly with the Group and board of the pension fund. The board of the pension fund must consist of representatives of the Group and pension scheme participants in relation to the rules of the pension schemes.

SpareBank 1 SR-Bank ASA, SR-Forvaltning AS, and SR-Finans AS have uniform schemes in which the principal terms are a contribution period of 30 years, 70 per cent pension relative to the pension basis as of 1 January in the year the employee turns 67, as well as a disability and children's pension. All pension benefits are coordinated with expected National Insurance Scheme benefits. If changes are made to the National Insurance Scheme that entail a reduction in benefits, such reductions will not be compensated for through the pension schemes. As of 31 December 2013, the Group's pension schemes had 717 active members (682 active members in the Bank) and 453 pensioners (424 pensioners for the Bank).

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

The new AFP scheme, which applies with effect from 1 January 2011, should be regarded as a defined benefit multi-company scheme, but will be recognised as a defined contribution scheme until adequate reliable information is available to allow the Bank and the Group to recognise their proportional shares of the pension costs, the pension liabilities and the pension funds in the scheme. Thus, the Bank's and the Group's liabilities are not recognised in the balance sheet as liabilities as of 31 December 2013. The AFP liability under the old scheme was recorded as a liability and was recognised as income in 2010 with the exception of the liability linked to the former employees who are now pensioners under the scheme.

The following economic assumptions are made when calculating pension liabilities:

	2013	2012
Discount rate	**4,00 %**	3,90 %
Expected return on assets	**4,00 %**	5,00 %
Future salary growth rate	**3,75 %**	3,50 %
National Insurance Scheme's basic amount adjustment	**3,50 %**	3,25 %
Pension adjustment	**2,00 %**	2,00 %
Employer's NI contributions	**14,10 %**	14,10 %
Voluntary staff turnover	**5% before 45 years old, 2% after 45 years old**	5% before 45 years old, 2% after 45 years old

The pension liabilities are calculated annually by an independent actuary using a straight line accrual method. The present value of the defined benefits are determined by discounting estimated future payments by a discount rate based on the interest rate for a bond issued by the company with a high credit rating (corporate bond or covered bond rate) in the same currency and with a maturity that is almost the same as the maturity of the related pension liabilities. Use of the corporate bond rate as the basis for the discount rate requires the existence of corporate bonds with long maturities and high quality in the same currency, as well as a deep market for such bonds. Market players have asserted that the covered bond market is sufficiently deep and that pricing in the market is reliable. Analyses conducted by an actuary, Gabler-Wassum, and the Bank's own analyses, which take into account interest rate swap agreements, support the assertion that a deep and liquid market exists for corporate bonds with a high credit rating, concentrated on covered bonds. The Norwegian covered bond market has become better developed after the financial crisis and has a high credit rating. The Bank and the Group have therefore chosen the covered bond rate as their discount rate for calculating pension liabilities. In its updated guidelines for pension assumptions dated 3 December 2013, NRS also concludes that the covered bond rate cannot be rejected as a basis for fixing the discount rate. The remaining average accrual time for members of the defined benefit plans has been calculated as approximately 10 years in 2013 and approximately 9.73 years in 2012.

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 Group'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 December 2013. If the same policy had been applied in the fourth quarter of 2012, the pension costs would have been approximately NOK 11 million higher for the Group. The Group views this effect as immaterial and has therefore chosen not to restate the 2012 figures.

As of 31 December 2013, the Group has used the new K2013 mortality table, issued by the Financial Supervisory Authority of Norway on 8 March 2013, as its basis for calculations, adjusted for opening mortality and the decline in the mortality rate. The total gross effect for the 2013 financial year of the transition to a new mortality table amounts to NOK 125 million for the Group, and this was treated in the accounts as a remeasurement and recognised in the comprehensive income statement.

The average life expectancy (no. of years) for a person who turns 65 on the balance sheet date is as follows:

	2013	2012
Man	**21.0 years**	19.3 years
Woman	**24.2 years**	21.8 years

The average life expectancy (no. of years) for a person who 20 years after the balance sheet date turns 65 is as follows:

Man	**22.9 years**	19.3 years
Woman	**26.1 years**	21.8 years

Continue note 24

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
		Book value of liabilities		
34	**94**	Pension benefits - secured scheme	**110**	45
128	**129**	Pension benefits – unsecured scheme	**132**	131
162	**223**	**Total book value of liabilities**	**242**	176
		Costs charged to income statement		
45	**52**	Pension benefits - secured scheme	**56**	7
10	**10**	Pension benefits – unsecured scheme	**11**	11
55	**62**	**Total costs charged to income statement**	**67**	18
		Pension liabilities related to defined benefit pensions		
1 521	**1 144**	Present value pension liabilities 1 Jan	**1 203**	1 730
78	**49**	Pension benefits accrued in the period	**52**	82
36	**45**	Interest costs on pension liabilities	**47**	41
		Effect of recalculation:		
-	**130**	- Change in demographic assumptions	**137**	-
-415	**-18**	- Change in financial assumptions	**-19**	-445
-22	**-7**	- Experience gains and losses	**-8**	-24
-43	**-51**	Payments/redemption from fund	**-53**	-41
-11	**-**	Reductions and settlements	**-**	-140
-	**-**	Change in earlier periods' accrual	**-**	-
-	**-**	Other changes	**-**	-
1 144	**1 292**	**Present value of pension liabilities 31 Dec**	**1 360**	1 203
1 032	**1 179**	of which fund-based	**1 244**	1 088
112	**113**	of which not fund based	**116**	115
		Pension assets		
1 012	**1 001**	Pension assets 1 Jan	**1 049**	1 116
59	**40**	Interest income	**42**	62
-78	**46**	Actual return on assets in relation to booked interest income	**48**	-75
57	**60**	Employer's NI contributions	**62**	82
-44	**-51**	Payments/redemption from fund	**-53**	-45
-5	**-**	Reductions and settlements	**-**	-91
-	**-**	Other changes	**-**	-
1 001	**1 096**	**Pension assets 31 Dec**	**1 148**	1 049
		Net pension liabilities in the balance sheet		
1 144	**1 292**	Present value pension liabilities 31 Dec	**1 360**	1 203
1 001	**1 096**	Pension assets 31 Dec	**1 148**	1 049
143	**196**	Net pension liabilities 31 Dec	**212**	154
19	**27**	Employer's NI contributions	**30**	22
162	**223**	**Net pension liabilities in the balance sheet**	**242**	176
		Pension costs for the period		
77	**49**	Accrued defined benefit-based pensions	**52**	82
36	**45**	Interest costs on pension liabilities	**47**	41
-59	**-40**	Interest income	**-42**	-62
-6	**-**	Reductions and settlements	**-**	-50
-	**-**	Benefits earned in prior periods included in the period	**-**	-
48	**54**	Net defined benefit-based pension costs without employer's NI contributions	**57**	11
7	**8**	Accrued employer's NI contributions	**10**	7
55	**62**	Net defined benefit-based pension costs recognised through profit or loss	**67**	18
15	**18**	Contribution based pension costs and joint AFP scheme	**34**	27
70	**80**	**Pension costs in the period recognised in the income statement**	**101**	45

Continue note 24

Composition of the Group's pension assets	2013	2012
Real estate	18	19
- of which used by the bank	-	-
Equities	249	210
Other assets	881	820
Total pension assets	**1 148**	1 049

Development in last five years in defined benefit-based pension plan for the Group	2013	2012	2011	2010	2009
Present value pension liabilities 31 Dec	1 360	1 203	1 730	1 684	1 424
Pension assets 31 Dec	1 148	1 049	1 116	1 143	905
Net shortfall	**212**	154	614	541	519

Expected premium paid for 2014 is NOK 59 million for the Bank and NOK 62 million for the Group.

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

In December 2011, the board of EiendomsMegler 1 SR-Eiendom AS adopted additional changes to the company's pension scheme. The Board approved compulsory transfer to a defined contribution pension scheme during the first quarter of 2012. In the second quarter of 2012 paid-up policies were issued for pension rights accrued prior to 31 December 2011. The effect of the transition to a defined-contribution based pension plan in EiendomsMegler 1 SR-Eiendom AS that has been recognised in income for 2012 is:

	Bank 2012		Group 2012
Q2 2012	–	Effect of settlement	35
Q4 2012	–	Effect of settlement	5
	–	**Change in pension liabilities through profit or loss**	**40**

Sensitivity in calculation of pension liabilities when weighted assumptions change as follows:

		Effect on pension liabilities	
	Change in assumption	Increase in assumption	Reduction in assumption
Discount rate	0.50%	Reduction of 8.4%	Increase of 9.6%
Wage growth	0.50%	Increase of 4.2%	Reduction of 4%
Pension growth	0.25%	Increase of 3%	Reduction of 2.9%
Expected lifetime	1 year	Increase of 3.7%	Reduction of 3.9%

The sensitivity analysis above is based on a change in one of the assumptions, given that all other assumptions remain constant. This is improbable in practice and changes in some of the assumptions may correlate. Sensitivity calculations are executed using the same method as actuarial calculations for calculating the pension liabilities on the balance sheet.

NOTE 25 TAX

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
1 604	**2 295**	Pre-tax profit	**2 343**	1 761
-450	**-566**	Permanent differences [1)]	**-400**	-347
-189	**-283**	Group contribution	**-**	-
-902	**-383**	Change in temporary differences	**-537**	-1 079
413	**-64**	- of which recorded directly against equity	**-69**	419
-6	**-**	Excess/insufficient calculated temporary differences previous year	**10**	-6
470	**999**	**Tax base/taxable income for the year**	**1 347**	748
132	**280**	Of which payable tax 28%	**377**	209
82	**79**	Tax effect of group contribution	**-**	-
12	**-**	Tax effect of issue costs recorded against equity	**-**	12
254	**139**	Change in deferred tax	**147**	302
-116	**-13**	- of which change not recorded in income statement	**-14**	-117
-	**-**	Deferred tax from acquisitions	**-**	-5
-	**-29**	Change deferred tax from 28% to 27%	**-25**	-
-1	**1**	Excess/insufficient payable tax allocation in previous years	**2**	-1
363	**457**	**Total tax cost**	**487**	400
		Explanation of why the tax cost for the year is not 28% of pre-tax profit		
449	**643**	28% tax on pre-tax profit	**656**	493
-126	**-159**	28% tax on permanent differences [1)]	**-112**	-97
29	**-**	Tax effect of group contribution	**-**	-
12	**-**	Tax effect of issue costs recorded against equity	**-**	12
-	**-**	Deferred tax from previous years recognised as income	**-34**	-
-	**-**	Other changes	**-**	-5
-	**-29**	Change deferred tax from 28% to 27%	**-25**	-
-	**2**	Excess/insufficient tax allocation in previous years	**2**	-
-1	**-**	Excess/insufficient deferred tax/tax asset in previous years	**-**	-3
363	**457**	**Calculated tax cost**	**487**	400
		Deferred tax asset		
-53	**-75**	- deferred tax asset that reverses in more than 12 months	**-102**	-61
-	**-**	- deferred tax asset that reverses within 12 months	**-**	-
-53	**-75**	**Total deferred tax asset**	**-102**	-61
		Deferred tax		
586	**703**	- deferred tax that reverses in more than 12 months	**773**	606
64	**79**	- deferred tax that reverses within 12 months	**-**	86
650	**782**	**Total deferred tax**	**773**	692
597	**707**	**Net deferred tax/deferred tax asset**	**671**	631
		Specification of temporary differences		
23	**23**	Gains and loss account	**-45**	7
2 106	**2 555**	Differences related to financial items	**2 563**	2 129
-	**-**	Loans	**31**	30
-161	**-223**	Pension liabilities	**-238**	-175
-	**-**	Accounting provisions	**-1**	-2
-	**-**	Leasing operating equipment	**212**	189
-28	**-31**	Tangible fixed assets	**-47**	-41
189	**283**	Group contribution paid	**-**	-
-	**10**	Other differences related to paid/received group contribution	**10**	117
2 129	**2 617**	**Total temporary differences**	**2 485**	2 254
28 %	**27 %**	Tax rate applied	**27 %**	28 %

[1)] Includes tax-exempted dividends, non-tax-deductible expenses, net tax-exempt gains on the realisation of equities in the European Economic Area (EEA), and tax allowances for profit attributable to associated companies (the percentage of the profit is extracted as it has already been taxed in the individual company).

NOTE 26 CLASSIFICATION OF FINANCIAL INSTRUMENTS

(Figures in NOK million)

Group

2013	Financial instruments at fair value through profit or loss: Held for sale	Financial instruments at fair value through profit or loss: Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities assessed at amortised cost and accrued interest	Financial assets available for sale	Financial assets held to maturity	Non-financial assets and liabilities	Total
Assets								
Cash and receivables from the central bank				1 265				1 265
Loans to and receivables from financial institutions				1 253				1 253
Loans to customers		11 421		108 104				119 525
Certificates and bonds at fair value	14 228							14 228
Certificates and bonds at amortised cost [1]						6 837		6 837
Financial derivatives		1 766	3 157					4 923
Equities, units and other equity interests	458	473			7			938
Investments in ownership interests							4 710	4 710
Intangible assets							39	39
Tangible fixed assets							362	362
Operations that will be sold		85						85
Other assets							2 820	2 820
Total assets	**14 686**	**13 745**	**3 157**	**110 622**	**7**	**6 837**	**7 931**	**156 985**
Liabilities								
Debt to financial institutions				3 742				3 742
Borrowing from government under covered bond swap scheme				6 429				6 429
Deposits from customers				71 667				71 667
Securities issued [2]				52 328				52 328
Financial derivatives		1 360	653					2 013
Payable tax							377	377
Deferred tax liabilities							671	671
Other liabilities							1 698	1 698
Subordinated loan capital [2]				4 004				4 004
Total liabilities		**1 360**	**653**	**138 170**			**2 746**	**142 929**
Total equity							**14 056**	**14 056**
Total liabilities and equity		**1 360**	**653**	**138 170**			**16 802**	**156 985**

Continue note 26

[1] Of certificates and bonds, NOK 6 784 million has been utilised in the swap scheme introduced by the Norwegian Ministry of Finance. The bonds' term to maturity is virtually the same as the swap scheme's term.

2012	Financial instruments at fair value through profit or loss: Held for sale	Financial instruments at fair value through profit or loss: Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities assessed at amortised cost and accrued interest	Financial assets available for sale	Financial assets held to maturity	Non-financial assets and liabilities	Total
Assets								
Cash and receivables from the central bank				1 314				1 314
Loans to and receivables from financial institutions				1 087				1 087
Loans to customers		12 268		96 490				108 758
Certificates and bonds at fair value	10 743							10 743
Certificates and bonds at amortised cost [1]						7 934		7 934
Financial derivatives		1 614	2 964					4 578
Equities, units and other equity interests	363	305			3			671
Investments in ownership interests							4 964	4 964
Intangible assets							43	43
Tangible fixed assets							363	363
Operations that will be sold		85						85
Other assets							1 003	1 003
Total assets	11 106	14 272	2 964	98 891	3	7 934	6 373	141 543
Liabilities								
Debt to financial institutions				4 522				4 522
Borrowing from government under covered bond swap scheme				7 299				7 299
Deposits from customers				67 594				67 594
Securities issued [2]				40 691				40 691
Financial derivatives		1 662	620					2 282
Payable tax							209	209
Deferred tax liabilities							631	631
Other liabilities							1 455	1 455
Subordinated loan capital [2]				4 223				4 223
Total liabilities		1 662	620	124 329			2 295	128 906
Total equity							12 637	12 637
Total liabilities and equity		1 662	620	124 329			14 932	141 543

[1] Of certificates and bonds, NOK 7 699 million has been utilised in the swap scheme introduced by the Norwegian Ministry of Finance. The bonds' term to maturity is virtually the same as the swap scheme's term.
[2] Securities issued and subordinated loan capital contain secured debt.

Continue note 26

Information about fair value

Group

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

2013	**Valuation according to prices in an active market**	**Valuation according to observable market data**	**Valuation according to factors other than observable market data**	**Total**
Assets				
Loans to customers [1]			11 421	**11 421**
Certificates and bonds at fair value	11 430	2 798		**14 228**
Financial derivatives		4 923		**4 923**
Equities, units and other equity interests	173	285	473	**931**
Operations that will be sold			85	**85**
Liabilities				
Financial derivatives		2 013		**2 013**

2012				
Assets				
Loans to customers [1]			12 268	12 268
Certificates and bonds at fair value	6 468	4 275		10 743
Financial derivatives		4 578		4 578
Equities, units and other equity interests	50	313	305	668
Operations that will be sold			85	85
Liabilities				
Financial derivatives		2 282		2 282

No transfers between level 1 and 2

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

Group	**Loans to customers [1] 2013**	**Equities, units and other equity interests 2013**	**Operations that will be sold 2013**
Balance 1 Jan	12 268	305	85
Additions	980	108	-
Disposals	-1 751	-	-
Transferred from or to measurement according to prices in an active market or observable market data	-	-	-
Change in value [2]	-76	60	-
Balance 31 Dec	11 421	473	85
Nominal value/cost price	11 140	312	85
Fair value adjustment	281	161	-
Balance 31 Dec	11 421	473	85

The assets of Nets Holding and Nordito Property are valued every quarter by SpareBank 1 Gruppen and distributed to all alliance banks. This valuation is based on an average of five different methods in which the last known transaction price, earnings per share, dividends per share and EBITDA are input for the valuations. From the second quarter of 2013 equivalent to the valuation of shares in Bank 1 Oslo Akershus.
Valuations of fixed rate loans are based on the interest rate agreed with the customer discounted by the market interest rate and an assessment of the change in credit risk at the end of the year.
[1] From and including the fourth quarter of 2013, loans to customers will be classified as other than observable market data.
[2] Value changes are recognised in net income from financial instruments.

NOTE 27 CERTIFICATES AND BONDS

(Figures in NOK million)

Bank 2012	Bank 2013	Certificates and bonds at fair value	Group 2013	Group 2012
		Government		
1 307	**1 082**	Nominal value	**1 082**	1 307
1 344	**1 099**	Fair value	**1 099**	1 344
		Other public issuers		
661	**1 604**	Nominal value	**1 604**	661
666	**1 606**	Fair value	**1 606**	666
		Covered bonds		
6 791	**9 812**	Nominal value	**9 812**	6 791
6 898	**9 897**	Fair value	**9 897**	6 898
		Other financial enterprises		
1 196	**1 070**	Nominal value	**1 070**	1 196
1 212	**1 081**	Fair value	**1 081**	1 212
		Non-financial enterprises		
532	**451**	Nominal value	**466**	542
531	**441**	Fair value	**454**	536
87	**91**	Accrued interest	**91**	87
10 487	**14 019**	**Total commercial paper and bonds at nominal value**	**14 034**	10 497
10 738	**14 215**	**Total commercial paper and bonds at fair value**	**14 228**	10 743
		Commercial paper and bonds at amortised cost		
		Covered bonds		
7 700	**6 784**	Nominal value	**6 784**	7 700
7 700	**6 784**	Fair value	**6 784**	7 700
		Other financial enterprises		
221	**42**	Nominal value	**42**	221
218	**41**	Fair value	**41**	218
16	**12**	Accrued interest	**12**	16
7 921	**6 826**	**Total certificates and bonds at nominal value**	**6 826**	7 921
7 934	**6 837**	**Total certificates and bonds at amortised cost**	**6 837**	7 934
18 672	**21 052**	**Total certificates and bonds**	**21 065**	18 677

Reclassification of financial assets

In conjunction with the extraordinary and negative developments in the world's financial markets in the third quarter of 2008, the IASB adopted amendments to IAS 39 and IFRS 7 on 13 October 2008.

The changes allowed for the reclassification of all or parts of the portfolio of financial assets with retrospective effect to 1 July 2008. SpareBank 1 SR-Bank has chosen to make use of this opportunity and has chosen to reclassify parts of the bond portfolio to categories that are assessed at amortised cost, i.e. 'Held to maturity' or 'Loans and receivables'. No corresponding reclassification has been carried out in subsidiaries.

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

Continue note 27

Group [3]

1 July 2008

Certificates and bonds classified as:	Book value	Amortisation as interest income	Effect of reclass. as capital gains	Observable market value
At fair value through profit or loss	3 041	-	-	3 041
Held to maturity [1]	2 350	-	-	2 350
Receivables [1]	578	-	-	578
Total certificates and bonds	5 969	-	-	5 969

31.12.2013 Certificates and bonds classified as:	Book value	Group [3] Amortisation as interest income	Effect of reclass. as capital gains	Observable market value
At fair value through profit or loss	14 228	-	-	14 228
Held to maturity	41	-	-	41
Covered bonds [2]	6 784	-	-	6 784
Earned interest amortised cost	12	-	-	12
Total certificates and bonds	**21 065**	-	-	21 065

31 Dec 2013

Bonds reclassified as receivables and held to maturity	1.7.2008	31.12.2012	31.12.2013
Book value	2 928	218	**41**
Nominal value	2 985	221	**42**
Observable market value	2 928	220	**41**

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

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

[2] Of covered bonds, NOK 6 784 million has been utilised in the swap scheme introduced by the Norwegian Ministry of Finance. The term of the bonds is virtually the same as the swap scheme's term.

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

NOTE 28 FINANCIAL DERIVATIVES

General description:
The fair value of financial derivatives is determined using valuation methods where the price of the underlying object, for example interest and currency rates, is obtained from the market. If the Group's risk position is relatively neutral, middle rates will be used in pricing. A neutral risk position means, for example, that the interest rate risk within a re-pricing interval is approximately zero. Otherwise, the relevant purchase or sales price is used to assess the net position. For derivatives where the other party has a weaker credit rating than the Group, the price will reflect the underlying risk.

The Group hedges fixed rate loans. Each hedge is documented with a reference to the Group's risk management strategy, a clear identification of the item being hedged, the hedging instrument used, a description of the hedged risk, a description of why hedging is regarded as highly probable and a description of how and when the Group shall determine the efficiency of the hedge during the accounting period and that it is expected to be very effective during the next accounting period. The Group has defined the hedged risk as value changes linked to the NIBOR component of the hedged fixed interest rates in NOK and value changes linked to the LIBOR components of the hedged fixed interest rates in foreign currencies.

As of 31 December 2013, the net fair value of the hedging instruments was NOK 2 137 million (NOK 2 482 million in assets and NOK 345 million in liabilities).
The corresponding figures for 2012 were NOK 2 083 million (NOK 2 347 million in assets and NOK 264 million in liabilities). The ineffective result of hedging instruments in 2013 was minus NOK 4 million.

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. Contract sums and effects of reinvestment costs covered by netting agreements amount to NOK 116.9 billion and NOK 1.6 billion, respectively, as of the fourth quarter of 2013.
The Bank has no financial instruments that are booked net.

Group [1)]
(Figures in NOK million)

	2013			2012		
		Fair value			Fair value	
At fair value through profit or loss	**Contract amount**	**Assets**	**Liabilities**	Contract amount	Assets	Liabilities
Currency instruments						
Currency futures (forwards)	**4 255**	**89**	**38**	3 848	32	67
Currency swaps	**34 425**	**545**	**146**	21 394	256	66
Currency options	**227**	**1**	**-**	71	-	-
Total currency instruments	**38 907**	**635**	**184**	25 313	288	133
Interest rate instruments						
Interest rate swaps, incl. cross-currency swaps	**69 234**	**1 131**	**1 176**	90 491	1 326	1 529
Other interest rate contracts	**-**	**-**	**-**	-	-	-
Total interest rate instruments	**69 234**	**1 131**	**1 176**	90 491	1 326	1 529
Interest rate instruments, hedging						
Interest rate swaps, incl. cross-currency swaps	**54 477**	**2 482**	**345**	40 481	2 347	264
Total interest rate instruments, hedging	**54 477**	**2 482**	**345**	40 481	2 347	264
Accrued interest						
Accrued interest	**-**	**675**	**308**	-	617	356
Total accrued interest	**-**	**675**	**308**	-	617	356
Total currency instruments	**38 907**	**635**	**184**	25 313	288	133
Total interest rate instruments	**123 711**	**3 613**	**1 521**	130 972	3 673	1 793
Total accrued interest	**-**	**675**	**308**	-	617	356
Total currency and interest rate instruments	**162 618**	**4 923**	**2 013**	156 285	4 578	2 282

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

NOTE 29 EQUITIES, UNITS AND OTHER EQUITY INTERESTS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
		At fair value through profit or loss		
50	**65**	- Listed	**65**	50
-	**108**	- Combination funds	**108**	-
445	**606**	- Unlisted	**758**	618
495	**779**	**Total at fair value through profit or loss**	**931**	668
		Available for sale		
3	**1**	- Unlisted	**7**	3
3	**1**	**Total available for sale**	**7**	3
498	**780**	**Total equities, units and other equity interests**	**938**	671

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

Investments in equities, units and other equity interests

Bank (Amounts in NOK 1000)	**The company's share capital**	**Ownership**	**No. of equities/units**	**Acquisition cost**	**Book value/ market value**
At fair value through profit or loss					
Sandnes Sparebank	710 581	10,8 %	765 009	73 297	65 026
Listed companies				**73 297**	**65 026**
SR-Kombinasjon A			30 000	30 000	32 814
SR-Rente			50 000	50 000	51 897
SR-Utbytte A			20 000	20 000	23 208
Combination funds				**100 000**	**107 919**
Unlisted companies					
Short-term investments in shares					
Sektor Portefølje I	10 000	12,3 %	1 228 000	99 959	99 959
Other unlisted companies				47 485	32 102
Long-term investments					
Bank 1 Oslo Akershus	457 334	4,8 %	218 841	78 005	119 246
Nets Holding DKK	184 325	2,9 %	5 378 058	232 036	352 386
Other unlisted companies				2 342	2 266
Total unlisted companies				**459 827**	**605 959**
Total at fair value through profit or loss equities, units and other equity interests				**559 827**	**778 904**
Available for sale					
Unlisted companies					1 470
Total equities, units and other equity interests parent bank					**780 374**

Continue note 29

Investments in equities, units and other equity interests

Group (Amounts in NOK 1000)	The company's share capital	Ownership	No. of equities/units	Acquisition cost	Book value/ market value
At fair value through profit or loss					
Total listed companies parent bank				73 297	65 026
Total listed in subsidiaries				-	-
Total listed companies Group				**73 297**	**65 026**
Total combination funds parent bank				100 000	107 919
Total combination funds in subsidiaries				-	-
Total combination funds Group				**100 000**	**107 919**
Total unlisted companies parent bank				**459 827**	**605 959**
HitecVision Asset Solution LP		1,2 %		15 782	25 902
HitecVision Private Equity IV LP		2,0 %		21 012	25 276
Borea Opportunity II AS	103	2,2 %	11 250	10 138	11 205
Progressus AS	2 966	6,6 %	125 609	9 647	12 310
Energy Ventures III LP		1,1 %		10 591	10 214
Other unlisted companies in subsidiaries				77 996	67 126
Total unlisted in subsidiaries				**145 166**	**152 033**
Total unlisted in Group				**604 993**	**757 992**
Total at fair value through profit or loss equities, units and other equity interests				**778 290**	**930 937**
Available for sale					
Unlisted companies parent bank					1 470
Unlisted companies in subsidiaries					6 055
Total equities, units and other equity interests Group					**938 462**

NOTE 30 INTANGIBLE ASSETS

(Figures in NOK million)

Bank			Group	
2012	2013		2013	2012
-	-	Acquisition cost 1 Jan	**70**	74
-	-	Additions	-	-
-	-	Disposals [1]	-	4
-	-	Acquisition cost 31 Dec	**70**	70
-	-	Accumulated depreciation and write-downs 1 Jan	**27**	20
-	-	Year's depreciation	-	2
-	-	Year's depreciation and write-downs	**4**	5
-	-	Accumulated depreciation and write-downs 31 Dec	**31**	27
-	-	**Carrying amount 31 Dec**	**39**	43

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

The carrying amount consists of:		
Vågen Forvaltning AS - acquisition of 100% of the shares in June 2001	19	19
SR-Forvaltning AS - acquisition of 33.3% of the shares in May 2009	20	20
Boligbyrået AS - acquisition of 100% of the shares in 2010 Goodwill [1]	-	3
Boligbyrået AS - acquisition of 100% of the shares in 2010 Customer portfolio	-	1
Carrying amount 31 Dec	**39**	**43**

[1] Repaid cost prices are shown as disposals.

Year's depreciation and write-downs:		
Boligbyrået AS - acquisition of 100% of the shares in 2010 Customer portfolio	4	2
Vågen Eiendomsmegling AS - acquisition of 51% of the shares in June 2001	-	5
Year's depreciation and write-downs	**4**	**7**

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

NOTE 31 TANGIBLE FIXED ASSETS

(Figures in NOK million)

Bank				Group		
Buildings and real estate	**Machinery, fixtures, and vehicles**	**Total**		**Buildings and real estate**	**Machinery, fixtures, and vehicles**	**Total**
281	666	947	Acquisition cost 1 Jan 13	296	739	1 035
6	55	61	Additions	15	58	73
19	45	64	Disposals	19	45	64
268	676	944	Acquisition cost 31 Dec 2013	292	752	1 044
117	483	600	Accumulated depreciation and write-downs 1 Jan 2013	129	542	671
3	62	65	Year's depreciation	3	67	70
-	-	-	Year's write-downs	-	-	-
12	45	57	Year's disposals	12	47	59
108	500	608	Accumulated depreciation and write-downs 31 Dec 2013	120	562	682
160	**176**	**336**	**Carrying amount 31 Dec 2013**	**172**	**190**	**362**
422			**Fair value**	**422**		
294	620	914	Acquisition cost 1 Jan 2012	303	690	993
2	46	48	Additions	17	50	67
15	-	15	Disposals	24	1	25
281	666	947	Acquisition cost 31 Dec 2012	296	739	1 035
113	421	534	Accumulated depreciation and write-downs 1 Jan 2012	117	475	592
5	62	67	Year's depreciation	5	68	73
-	-	-	Year's write-downs	7	-	7
1	-	1	Year's disposals	1	1	2
117	483	600	Accumulated depreciation and write-downs 31 Dec 2012	129	542	671
164	183	347	Carrying amount 31 Dec 2012	167	197	364
425			Fair value	425		

Pledged security

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

Revaluation/ depreciation

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

Buildings and real estate

Of the total book value of buildings and real estate NOK 144 million is for use in the banking business. The fair value of buildings is determined by appraisal.

Operational leases

The Group has no significant operational leases.

NOTE 32 OTHER ASSETS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
		Income earned but not received from SpareBank 1		
384	**847**	Boligkreditt and Næringskreditt	**847**	384
30	**22**	Prepaid costs	**24**	43
35	**35**	Paid in capital SR-Bank Pension Fund	**35**	35
384	**1 758**	Other assets incl. unsettled trades	**1 914**	541
833	**2 662**	**Total other assets**	**2 820**	1 003

NOTE 33 DEPOSITS FROM CUSTOMERS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
58 822	**64 840**	Deposits from and liabilities to customers, at call	**64 682**	58 675
8 899	**6 997**	Deposits from and liabilities to customers with agreed maturity	**6 982**	8 884
35	**3**	Accrued interest	**3**	35
67 756	**71 840**	**Total deposits from customer**	**71 667**	67 594
		Deposits by sector and industry		
1 116	**1 078**	Agriculture/forestry	**1 078**	1 116
131	**265**	Fisheries/fish farming	**265**	131
962	**1 513**	Mining operations/extraction	**1 513**	962
1 080	**1 527**	Industry	**1 527**	1 080
1 598	**1 915**	Power and water supply/building and construction	**1 915**	1 598
2 096	**1 963**	Wholesale and retail trade, hotels and restaurants	**1 963**	2 096
1 001	**1 452**	Overseas shipping, pipeline transport and other transport	**1 452**	1 001
5 900	**4 954**	Property management	**4 954**	5 900
7 406	**8 858**	Service sector	**8 685**	7 406
12 120	**12 122**	Public sector and financial services	**12 122**	11 958
33 410	**35 647**	**Total industry**	**35 474**	33 248
34 311	**36 190**	Retail customers	**36 190**	34 311
35	**3**	Accrued interest industry and retail customers	**3**	35
67 756	**71 840**	**Total deposits by sector and industry**	**71 667**	67 594
		Deposits by geographic area		
53 883	**54 871**	Rogaland	**54 698**	53 721
3 095	**3 550**	Agder counties	**3 550**	3 095
5 094	**6 391**	Hordaland	**6 391**	5 094
704	**2 160**	International	**2 160**	704
4 980	**4 868**	Other	**4 868**	4 980
67 756	**71 840**	**Total deposits by geographic area**	**71 667**	67 594

NOTE 34 SECURITIES ISSUED

(Figures in NOK million)

Bank 2012	Bank 2013			Group 2013	Group 2012
37 960	**49 387**	Bond debt [1]		**49 387**	37 960
2 220	**2 261**	Value adjustments		**2 261**	2 220
511	**680**	Accrued interest		**680**	511
40 691	**52 328**	**Total securities issued**		**52 328**	40 691
3,3 %	**3,0 %**	Average interest rate		**3,0 %**	3,3 %

Bank 2012	Bank 2013	Securities issued by due date [1]	Forfall	Group 2013	Group 2012
6 502	-		2013	-	6 502
6 504	**5 827**		2014	**5 827**	6 504
5 694	**6 531**		2015	**6 531**	5 694
7 636	**7 817**		2016	**7 817**	7 636
6 294	**6 560**		2017	**6 560**	6 294
5 700	**11 148**		2018	**11 148**	5 700
218	**4 408**		2019	**4 408**	218
1 178	**5 450**		2020	**5 450**	1 178
-	**1 434**		2023	**1 434**	-
15	**188**		2024	**188**	15
-	**373**		2033	**373**	-
-	**94**		2034	**94**	-
241	**194**		2037	**194**	241
-	**286**		2043	**286**	-
-	**516**		2044	**516**	-
-	**195**		2046	**195**	-
198	**406**		2047	**406**	198
-	**221**		2053	**221**	-
511	**680**	Accrued interest		**680**	511
40 691	**52 328**	**Total securities issued**		**52 328**	40 691

Bank 2012	Bank 2013	Securities issued by currency [1]	Group 2013	Group 2012
17 347	**15 452**	NOK	**15 452**	17 347
21 633	**32 859**	EUR	**32 859**	21 633
1 200	**1 683**	SEK	**1 683**	1 200
-	**1 380**	CHF	**1 380**	-
-	**274**	USD	**274**	-
511	**680**	Accrued interest	**680**	511
40 691	**52 328**	**Total securities issued**	**52 328**	40 691

[1] Own certificates and bonds have been deducted.

Change in securities issued [2]	Balance Sheet 31 Dec 2012	Issued 2013	Matured/ redeemed 2013	Exchange rate and other 2013	Balance Sheet 31 Dec 2013
Bonds, nominal value	37 960	15 830	8 330	3 927	**49 387**
Value adjustments	2 220			41	**2 261**
Accrued interest	511			169	**680**
Total securities issued	40 691	15 830	8 330	4 137	**52 328**

[2] This note is identical for the parent bank

NOTE 35 OTHER LIABILITIES

(Figures in NOK million)

Bank 2012	Bank 2013	Other liabilities	Group 2013	Group 2012
162	**223**	Pension liabilities (note 24)	**242**	176
1	**1**	Specified loss provisions guarantees	**1**	1
19	**64**	Accounts payable	**76**	32
34	**39**	Tax deducted	**55**	49
905	**904**	Other liabilities incl. unsettled trades	**933**	914
64	**69**	Accrued holiday pay	**93**	87
149	**240**	Other accrued costs	**298**	196
1 334	**1 540**	**Total other liabilities**	**1 698**	1 455
		Guarantees issued (amounts guaranteed)		
2 233	**2 117**	Payment guarantees	**2 117**	2 233
2 814	**2 688**	Performance bonds	**2 688**	2 814
1 516	**1 581**	Loan guarantees	**1 581**	1 516
44	**118**	Guarantees for tax	**118**	44
6 641	**5 005**	Other guarantee liabilities	**5 005**	6 641
-	**-**	Guarantee in favour of the Norwegian Banks Guarantee Fund	**-**	-
13 248	**11 509**	**Total guarantees issued**	**11 509**	13 248
		Other liabilities		
12 531	**13 987**	Unused credit lines	**13 987**	12 531
4 062	**2 085**	Approved loan commitments	**2 180**	4 427
334	**264**	Letters of credit	**264**	334
16 927	**16 336**	**Total other liabilities**	**16 431**	17 292
31 509	**29 385**	**Total liabilities**	**29 638**	31 995
		Security pledged		
15 418	**16 265**	Securities pledged as security	**16 265**	15 418

Ongoing legal disputes

The Group is party to a number of court cases. The combined financial scope of these is not considered to be significant given that the Group has made loss provisions for those cases where it is deemed more probable than not that the Group will suffer a loss due to the case.

Operational lease payments

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

NOTE 36 RESTRICTED FUNDS

(Figures in NOK million)

Bank 2012	Bank 2013		Group 2013	Group 2012
34	**39**	Tax deducted	**55**	49
34	**39**	**Total restricted funds**	**55**	49

NOTE 37 SUBORDINATED LOAN CAPITAL

(Figures in NOK million)

Bank 2012	Bank 2013	Principal		Terms	Maturity	First maturity date	Group 2013	Group 2012
		Non-perpetual						
744	**745**	750	NOK	3 month Libor + margin	2021	2016	**745**	744
232	-	500	NOK	3 month Nibor + margin	2018	2013	-	232
-	**455**	500	NOK	3 month Nibor + margin	2023	2018	**455**	-
82	**78**	75	NOK	3 month Nibor + margin	2019	2014	**78**	82
825	**825**	825	NOK	3 month Nibor + margin	2022	2016	**825**	825
1 883	**2 103**	**Total non-perpetual**					**2 103**	1 883
		Hybrid Tier 1 capital						
992	**992**	1 000	NOK	3 month Nibor + margin			**992**	992
428	-	75	USD	3 month Libor + margin			-	428
741	**734**	684	NOK	3 month Nibor + margin			**734**	741
115	**115**	116	NOK	3 month Nibor + margin			**115**	115
40	**39**	40	NOK	3 month Nibor + margin			**39**	40
2 316	**1 880**	**Total hybrids**					**1 880**	2 316
24	**21**	Accrued interest					**21**	24
4 223	**4 004**	**Total subordinated loan capital**					**4 004**	4 223

Subordinated loan capital and hybrid tier 1 capital (hybrids) in foreign currencies are included in the Group's total currency position so that there is no currency risk associated with the loans. Of a total of NOK 4 004 million in subordinated loan capital, NOK 1 823 million counts as tier 1 capital and NOK 2 100 million as dated subordinated loan capital. Capitalised costs associated with borrowing are reflected in the calculation of amortised cost.

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

Subordinated loan capital and hybrid tier 1 capital loans [1]	**2013**	2012
Ordinary subordinated loan capital, nominal value	**2 100**	1 876
Hybrid instruments, nominal value	**1 823**	2 242
Value adjustments	**60**	81
Accrued interest	**21**	24
Total subordinated loan capital and hybrid tier 1 capital loans	**4 004**	4 223

Change in debt raised by issuing of subordinated loans/hybrid tier 1 capital loans [1]	**Balance Sheet 31 Dec 2012**	**Issued 2013**	**Matured/ redeemed 2013**	**Exchange rate and other changes 2013**	**Balance 31 Dec 2013**
Dated subordinated loan capital, nominal value	1 876	499	-275	-	**2 100**
Hybrid instruments, nominal value	2 242	-	-419	-	**1 823**
Value adjustments	81	-	-	-21	**60**
Accrued interest	24	-	-	-3	**21**
Total subordinated loan capital and hybrid tier 1 capital loans	4 223	499	-694	-24	**4 004**

[1] This note is identical for the parent bank

NOTE 38 INVESTMENTS IN OWNERSHIP INTERESTS

Subsidiaries, associated companies and joint ventures

Company	Acquisition date	Registered head office	Ownership in % [1]
Investments in subsidiaries			
Shares held by the parent bank			
SpareBank 1 SR-Finans	1987	Stavanger	100,00
EiendomsMegler 1 SR-Eiendom	1990	Stavanger	100,00
Westbroker Finans	1990	Stavanger	100,00
SR-Forvaltning	2001	Stavanger	100,00
SR-Investering	2005	Stavanger	100,00
SR-Forretningsservice	2007	Stavanger	100,00
Kvinnherad Sparebank Eigedom	2010	Stavanger	100,00
Rygir Industrier	2012	Stavanger	100,00
Rygir Portefølje	2012	Stavanger	100,00
Rygir Forvaltning	2012	Stavanger	100,00
HiLoad Holding	2012	Stavanger	100,00
Torp LNG	2012	Stavanger	100,00
Torp LNG Load	2012	Stavanger	100,00
Torp Italy	2012	Stavanger	100,00
Torp Technology	2012	Stavanger	100,00
Vitico	2012	Stavanger	100,00
Viti Invest	2012	Stavanger	66,70
Greg Invest	2012	Stavanger	66,70
Rygir Eiendom	2013	Stavanger	100,00
Røldal Utvikling	2013	Stavanger	100,00
Røldal Hytteutvikling	2013	Stavanger	100,00
Etis Eiendom	2012	Stavanger	100,00
Finansparken Bjergsted	2013	Stavanger	100,00
Shares owned by subsidiaries			
Jærmegleren	2007	Stavanger	100,00
EiendomsMegler 1 Drift	2006	Stavanger	100,00
Investments in associated companies			
Admisenteret	1984	Jørpeland	50,00
SpareBank 1 Boligkreditt	2005	Stavanger	26,21
SpareBank 1 Næringskreditt	2009	Stavanger	27,27
Samarbeidende Sparebanker Bankinvest	2010	Oslo	3,27
Investments in joint ventures			
SpareBank 1 Gruppen	1996	Oslo	19,50
Alliansesamarbeidet SpareBank 1	2004	Oslo	17,74
BN Bank	2008	Trondheim	23,50
SpareBank 1 Kredittkort	2012	Trondheim	17,59
SpareBank 1 Kundesenter	2012	Stavanger	25,97

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

Continue note 38

Subsidiaries

Shares in subsidiaries parent bank

Investments are recognised at the parent bank's acquisition cost. These items are fully consolidated in the consolidated financial statements. (Amounts in NOK 1000)

2013	The share	Ownership interest in %	No. of equities	Nominal value	Assets	Liabilities	Total income	Total costs	The result for the year	Book value
SpareBank 1 SR-Finans	167 000	100,00	334 000	167 000	6 384 429	5 741 870	201 264	51 354	109 383	526 606
Total investments in from financial institutions				**167 000**	**6 384 429**	**5 741 870**	**201 264**	**51 354**	**109 383**	**526 606**
EiendomsMegler 1 SR-Eiendom	1 500	100,00	150	1 500	186 371	96 471	438 320	396 374	29 900	97 205
Westbroker Finans	100	100,00	100	100	-	-	-	-	-	-
SR-Investering	35 000	100,00	3 500	35 000	202 318	18 834	12 482	701	14 780	179 703
SR-Forvaltning	6 000	100,00	6 000	6 000	52 580	34 726	49 042	26 651	15 752	29 019
SR-Forretningsservice	100	100,00	1 000	100	1 114	66	566	315	195	125
Kvinnherad Sparebank Eigedom	15 000	100,00	3 000	15 000	23 508	-	-25	105	-151	23 701
Rygir Industrier Group	9 205	100,00	85 239 309	9 205	102 860	1 894	3 211	5 779	48 391	84 006
Etis Eiendom	1 000	100,00	10 000	1 000	12 207	7 704	581	1 054	1 530	1 123
Finansparken Bjergsted	8 000	100,00	8 000	8 000	10 636	2 608	27	-	22	8 016
Total other investments				**75 905**	**591 594**	**162 303**	**504 204**	**430 979**	**110 419**	**422 898**
Total investments in in subsidiaries parent bank				**242 905**	**6 976 023**	**5 904 173**	**705 468**	**482 333**	**219 802**	**949 504**

2012										
SpareBank 1 SR-Finans	167 000	100,00	334 000	167 000	6 070 174	5 534 402	171 781	47 569	82 722	485 566
Total investments in from financial institutions				167 000	6 070 174	5 534 402	171 781	47 569	82 722	485 566
EiendomsMegler 1 SR-Eiendom	1 500	100,00	150	1 500	208 414	148 225	432 535	346 180	61 712	97 205
Westbroker Finans	100	100,00	100	100	-	-	-	-	-	-
SR-Investering	35 000	100,00	3 500	35 000	206 593	24 411	19 776	-1 773	17 794	178 191
SR-Forvaltning	6 000	100,00	6 000	6 000	48 560	30 122	44 118	25 647	13 407	29 019
SR-Forretningsservice	100	100,00	1 000	100	981	128	697	619	-10	125
Kvinnherad Sparebank Eigedom	15 000	100,00	3 000	15 000	30 711	6 692	777	1 358	-418	15 061
Rygir Industrier Group	7 553	100,00	69 938 739	7 553	57 902	132 869	-	-	-	3 238
Etis Eiendom	1 000	100,00	10 000	1 000	10 360	7 918	23	8 075	-7 660	115
Total other investments				66 253	563 521	350 365	497 926	380 106	84 825	322 954
Total investments in in subsidiaries parent bank				233 253	6 633 695	5 884 767	669 707	427 675	167 547	808 520

Continue note 38

Investments in associated companies and joint ventures

Bank 2012	Bank 2013		Group 2013	Group 2012
3 352	**3 812**	Carrying amount as of 1 Jan	**4 964**	4 389
460	**-260**	Additions/disposals	**-356**	460
-	**-**	Change in equity	**-18**	2
-	**-**	PPA amortisation	**7**	8
-	**-**	Write-downs	**-**	-1
-	**-**	Share of profit/loss	**348**	258
-	**-**	Dividend paid	**-235**	-152
3 812	**3 552**	**Carrying amount 31 Dec**	**4 710**	4 964
-	**-**	Share of profit from SpareBank 1 Gruppen	**217**	97
-	**-**	Share of profit from SpareBank 1 Boligkreditt	**66**	84
-	**-**	Share of profit from SpareBank 1 Næringskreditt	**7**	7
-	**-**	Share of profit from BN Bank	**59**	44
-	**-**	Share of profit from Bank 1 Oslo Akershus	**-**	25
-	**-**	Share of profit from Alliansesamarbeidet SpareBank 1	**-**	-
-	**-**	Share of profit from Samarbeidende Sparebanker Bankinvest	**2**	1
-	**-**	Share of profit from SpareBank 1 Kredittkort	**-4**	-
-	**-**	Share of profit from Admisenteret	**1**	-
85	**134**	Dividend from SpareBank 1 Gruppen	**-**	-
24	**50**	Dividend from SpareBank 1 Boligkreditt	**-**	-
7	**6**	Dividend from SpareBank 1 Næringskreditt	**-**	-
13	**-**	Dividend from Bank 1 Oslo Akershus	**-**	-
22	**44**	Dividend from BN Bank	**-**	-
1	**1**	Dividend from Samspar Bank Invest	**-**	-
152	**235**	**Total income**	**348**	258

Investments in all the companies are assessed using the cost method in the parent bank and the equity method in the Group. Investments in associated companies in the Group as at 31 December 2013 includes goodwill amounting to NOK 23 million (2012: NOK 23 million).

The Group's ownership interests in associated companies and joint ventures

(Figures in NOK million)

2013		Assets	Liabilities	Income	Costs	Profit	Book value 31 Dec	Stake in %	No. of shares
SpareBank 1 Gruppen	Oslo	9 891	8 758	2 489	2 181	218	1 131	19,50	381 498
Alliansesamarbeidet SpareBank 1	Oslo	99	82	120	122	-	19	17,74	
SpareBank 1 Boligkreditt	Stavanger	54 036	51 865	87	8	65	2 186	26,21	13 917 194
Admisenteret	Jørpeland						3	50,00	80
BN Bank	Trondheim	8 814	7 968	163	51	59	844	23,50	3 317 338
SpareBank 1 Næringskreditt	Stavanger	4 300	3 826	15	3	7	473	27,27	3 719 813
Samarbeidene Sparebanker Bankinvest	Oslo	23	7	2	-	2	21	3,27	344
SpareBank 1 Kredittkort	Trondheim	37	3	-	6	-4	33	17,59	122 182
SpareBank 1 Kundesenter	Stavanger	1	1	6	6	-	-	25,97	2 597
Total		**77 178**	**72 503**	**2 880**	**2 377**	**347**	**4 710**		

2012									
SpareBank 1 Gruppen	Oslo	9 107	8 062	2 270	2 114	88	1 068	19,50	381 498
Alliansesamarbeidet SpareBank 1	Oslo	92	74	115	115	-	19	17,74	
SpareBank 1 Boligkreditt	Stavanger	55 790	53 463	130	10	84	2 338	29,89	15 037 616
Admisenteret	Jørpeland	11	8	3	2	-	2	50,00	80
BN Bank	Trondheim	9 807	9 022	149	62	44	776	23,50	3 141 558
SpareBank 1 Næringskreditt	Stavanger	3 341	2 972	15	4	7	369	27,77	2 898 622
Bank 1 Oslo Akershus	Oslo	5 694	5 350	192	129	21	343	19,50	694 435
Samarbeidene Sparebanker Bankinvest	Oslo	22	1	1	-	1	19	3,27	327
SpareBank 1 Kredittkort	Trondheim	31	2	-	1	-	30	18,97	95 061
SpareBank 1 Kundesenter	Stavanger	-	-	-	-	-	-	25,97	2 597
Total		83 864	78 952	2 875	2 436	245	4 964		

NOTE 39 MATERIAL TRANSACTIONS WITH CLOSE ASSOCIATES

(Figures in NOK million)

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

Subsidiaries 2013	**Loans 31 Dec**	**Deposits 31 Dec**	**Interest income**	**Interest costs**	**Commissions**	**Other operating**	**Operating costs**
SR-Finans	5 432	3	175	-	21	-	-
EiendomsMegler 1	-	35	7	15	-	1	1
SR-Forvaltning	-	36	-	1	24	-	-
SR-Investering	-	36	-	1	-	-	-
SR-Forretningsservice	-	1	-	-	-	-	-
EiendomsMegler 1 Drift	-	3	-	-	-	-	4
Kvinnherad Eigedom	-	24	-	-	-	-	-
Rygir Industrier Group	-	27	3	-	1	-	-
Etis Eiendom	7	3	-	-	-	-	-
Finansparken Bjergsted	-	8	-	-	-	-	-
Total subsidiaries	**5 439**	**176**	**185**	**17**	**46**	**1**	**5**

2012							
SR-Finans	5 294	40	170	-	17	-	-
EiendomsMegler 1	-	63	6	18	-	1	2
SR-Forvaltning	-	34	-	1	21	1	-
SR-Investering	-	32	-	1	-	-	-
SR-Forretningsservice	-	1	-	-	-	-	-
EiendomsMegler 1 Drift	-	2	-	-	-	-	4
Kvinnherad Eigedom	-	15	-	-	-	-	-
Rygir Industrier Group	132	15	-	-	-	-	-
Etis Eiendom	7	1	-	-	-	-	-
Total subsidiaries	5 433	203	176	20	38	2	6

Associated companies and joint ventures

2013							
SpareBank 1 Gruppen	303	6	5	-	222	-	-
Alliansesamarbeidet SB1	-	-	-	-	-	-	151
SpareBank 1 Boligkreditt	-	1 784	-	14	605	-	-
Admisenteret	17	2	1	-	-	-	-
SpareBank 1 Næringskreditt	-	221	-	8	5	-	-
SpareBank 1 Kundesenter	-	3	-	-	-	-	-
Total associated companies and joint ventures	**320**	**2 016**	**6**	**22**	**832**	**-**	**151**

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

Agreements with parties closely associated with the executive management team

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

Agreements with parties closely associated with the Board

There were no transactions with close associates of the Board except for close associated of board member Tor Dahle who have loans of NOK 3.47 million and interest on the loans of NOK 0.4 million on staff terms.

NOTE 40 SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share capital

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

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

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

Dividend policy

SpareBank 1 SR-Bank's financial goal for its operations is to achieve results that provide good, stable returns on the Bank's equity and thus create value for the owners through competitive returns in the form of dividends and increased value of the shares. Consideration must be given to financial needs, including capital adequacy requirements and the Group's targets and strategic plans, when determining the annual dividend. Unless capital requirements otherwise dictate, the goal of the board is that approximately half of the annual profit after tax is distributed.

Trading in own shares in 2013 (Figures in NOK 000s)	**No. of equities**	**Nominal value**
Holding as 31 Dec 2012	346 134	8 653
Traded in 2013	-138 489	-3 462
Holding as 31 Dec 2013	**207 645**	**5 191**

Continue note 40

20 largest shareholders as of 31 Dec 2013

Holder	Equities	Per cent ratio
Sparebankstiftelsen SR-Bank	76 835 551	30,0%
Gjensidige Forsikring ASA	26 483 470	10,4%
Folketrygdfondet	7 934 328	3,1%
SpareBank 1-stiftinga Kvinnherad	6 226 583	2,4%
Odin Norge	5 896 605	2,3%
Frank Mohn AS	5 680 920	2,2%
Morgan Stanley & Co, U.S.A.	4 359 373	1,7%
Odin Norden	4 085 363	1,6%
Skagen Global	3 943 743	1,5%
State Street Bank and Trust, USA	3 683 118	1,4%
State Street Bank and Trust, USA	2 542 777	1,0%
J.P. Morgan Chase Bank, UK	2 364 569	0,9%
Clipper AS	2 178 837	0,9%
J.P. Morgan Chase Bank, UK	2 083 137	0,8%
J.P. Morgan Chase Bank, Sweden	2 014 054	0,8%
Westco AS	1 321 817	0,5%
Skagen Global II	1 264 174	0,5%
FLPS, USA	1 250 000	0,5%
Goldman Sachs & Co, USA	1 249 123	0,5%
Vpf Nordea Kapital	1 161 371	0,5%
Total 20 largest	162 558 913	63,6%
Other holders	93 192 169	36,4%
Shares issued	**255 751 082**	**100,0 %**

The total number of shareholders as of 31 December 2013 was 11 151. This represents a decrease of 808 since year-end 2012. The proportion of shares held by shareholders resident in Rogaland, Hordaland and the Agder counties was 53.0 per cent and the proportion held by foreign shareholders was 14.1 per cent. Please also see the overview of shareholders on the Board and Supervisory Board. For more information about SpareBank 1 SR-Bank's share please refer to the special section in the annual report.

20 largest shareholders as of 31 December 2012

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

The total number of shareholders as of 31 December 2012 was 11 959. This is 72 more than at year-end 2011. The proportion of shares held by shareholders resident in Rogaland, Hordaland and the Agder counties was 61.2 per cent, and the proportion held by foreign shareholders was 6.0 per cent. Please also see the overview of shareholders on the Board and Supervisory Board.

NOTE 41 ACTIVITIES THAT WILL BE SOLD

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

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

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

NOTE 42 EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the balance sheet date on 31 December 2013 that affect the consolidated financial statements as prepared.

The proposed dividend is NOK 1.60 per share and will total NOK 409 million.

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of SpareBank 1 SR-Bank ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2013, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for the parent company and the group SpareBank 1 SR-Bank ASA as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Stavanger, 6 March 2014
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant (Norway)

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

STATEMENT BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

We hereby confirm that the financial statements for the period 1 January to 31 December 2013 have, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's and the Group's assets, liabilities, financial positions and profit as a whole.

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

Stavanger 6 March 2013

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland

Erling Øverland

Tor Dahle

Birthe Cecilie Lepsøe

Catharina Hellerud

Odd Torland

Sally Lund-Andersen
Employee representative

Oddvar Rettedal
Employee representative

Arne Austreid
Chief Executive Officer

AUDIT COMMITTEE'S STATEMENT

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

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

The Audit Committee has in connection with the year-end closing of the accounts for the 2013 financial year reviewed the Board of Directors' report, annual financial statements and auditor's report for SpareBank 1 SR-Bank ASA.
The committee finds that the Board's assessment of the financial positions of SpareBank 1 SR-Bank ASA and the Group are fair, and recommends that the Board of Directors' report and annual financial statements for the 2013 financial year be approved.

Stavanger, 7 March 2014

Odd Jo Forsell
(leder)

Vigdis Wiik Jacobsen

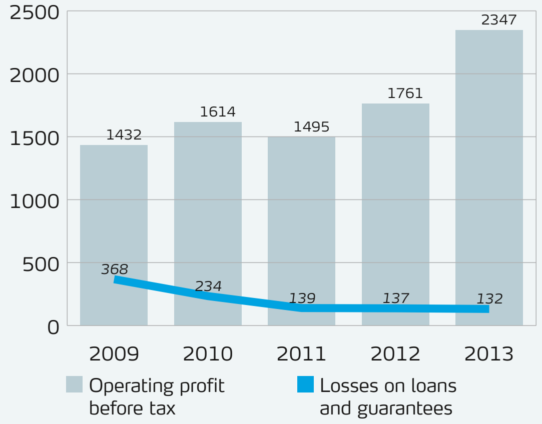
Egil Fjogstad

KEY FIGURES LAST 5 YEARS

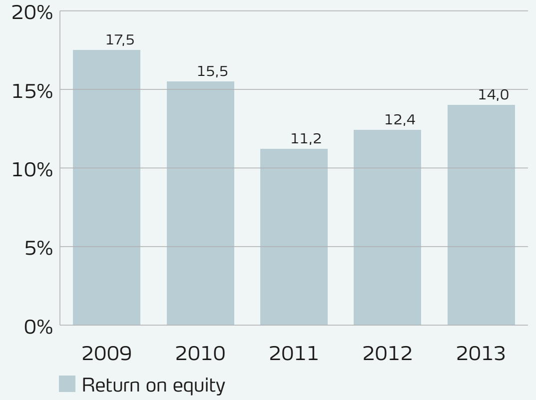
(Amounts in NOK million)

SpareBank 1 SR-Bank Group	2013	2012	2011	2010	2009
Profit/loss					
Net interest income	**2 119**	1 742	1 756	1 742	1 676
Net income from financial investments	**167**	288	89	257	384
Other operating income	**2 212**	1 756	1 422	1 415	1 319
Total net income	**4 498**	3 786	3 267	3 414	3 379
Total operating costs before losses on loans	**2 019**	1 888	1 633	1 566	1 579
Operating profit before losses on loans	**2 479**	1 898	1 634	1 848	1 800
Losses on loans and guarantees	**132**	137	139	234	368
Operating profit before tax	**2 347**	1 761	1 495	1 614	1 432
Taxes	**487**	400	414	297	321
Net profit for the period available for distribution:	**1 860**	1 361	1 081	1 317	1 111
Majority interests	**1 860**	1 361	1 081	1 317	1 109
Minority interests	**-**	-	-	-	2
Profit/loss (% of average total assets)					
Net interest income	**1,42 %**	1,27 %	1,31 %	1,35 %	1,35 %
Net income from financial investments	**0,11 %**	0,21 %	0,07 %	0,20 %	0,31 %
Other operating income	**1,48 %**	1,28 %	1,06 %	1,10 %	1,06 %
Total net income	**3,01 %**	2,76 %	2,44 %	2,65 %	2,72 %
Total operating costs before losses on loans	**1,35 %**	1,38 %	1,22 %	1,22 %	1,27 %
Operating profit before losses on loans	**1,66 %**	1,38 %	1,22 %	1,43 %	1,45 %
Losses on loans and guarantees	**0,09 %**	0,10 %	0,10 %	0,18 %	0,30 %
Operating profit before tax	**1,57 %**	1,28 %	1,12 %	1,25 %	1,15 %
Taxes	**0,33 %**	0,29 %	0,31 %	0,23 %	0,26 %
Net profit for the period available for distribution:	**1,24 %**	0,99 %	0,81 %	1,02 %	0,89 %
Volumes					
Total assets	**156 985**	141 543	131 142	134 778	124 909
Lending to retail market	**59 848**	52 569	47 593	56 492	45 847
Lending to retail market, incl. SB1 Boligkreditt	**105 595**	100 786	92 287	82 349	70 601
Lending to corporate market	**59 128**	55 723	52 563	48 736	47 063
Lending to corporate market, incl. SB1 Næringskreditt	**59 770**	56 194	53 198	49 040	47 063
Retail market deposits	**36 190**	34 311	31 445	28 683	25 180
Corporate market deposits	**35 474**	33 248	32 557	32 054	29 106
Lending growth in retail market, excl. SB1 Boligkreditt %	**13,8**	10,5	-15,8	23,2	-11,0
Lending growth in corporate market, excl. SB1 Næringskreditt %	**6,1**	6,0	7,9	3,6	-0,9
Percentage growth in retail market deposits	**5,5**	9,1	9,6	13,9	2,7
Percentage growth in corporate market deposits	**6,7**	2,1	1,6	10,1	2,6
Equity					
Share capital	**6 389**	6 385	3 180	3 180	3 014
Share premium reserve	**1 592**	1 587	625	625	458
Other equity	**6 075**	4 665	1 574	1 609	1 389
Primary capital			2 739	2 477	2 241
Dividend equalisation fund			1 639	1 511	971
Total equity	**14 056**	12 637	9 757	9 402	8 073
Key figures					
Return on equity %	**14,0**	12,4	11,2	15,5	17,5
Cost/income ratio	**44,9**	49,9	50,0	45,9	46,7
No. of full time equivalents	**1 165**	1 207	1 213	1 163	1 093
Loan loss ratio	**0,11**	0,13	0,13	0,23	0,38
Gross defaults as percentage of total lending	**0,69**	0,42	0,41	0,42	0,42
Other impaired commitments as percentage of gross loans	**0,57**	0,72	0,69	0,72	0,81
Capital ratio %	**14,07**	13,10	11,44	12,41	11,86
Tier 1 capital ratio %	**12,83**	12,15	10,62	10,21	9,61
Core equity capital ratio %	**11,11**	10,01	8,27	8,71	8,17
Average total assets	**149 554**	137 212	133 629	128 830	124 283

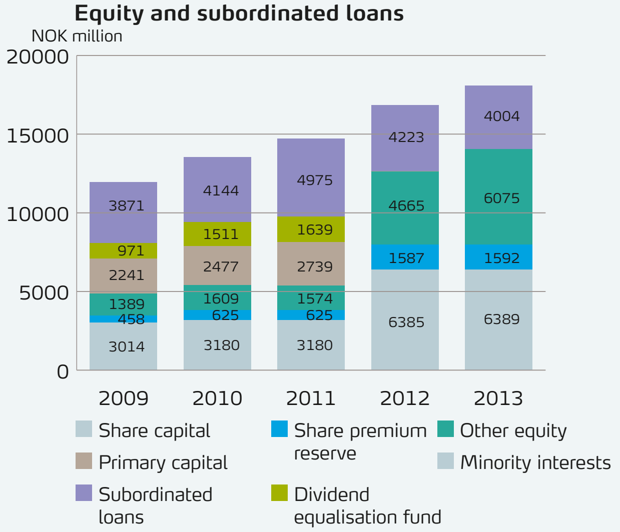
Profit and loss



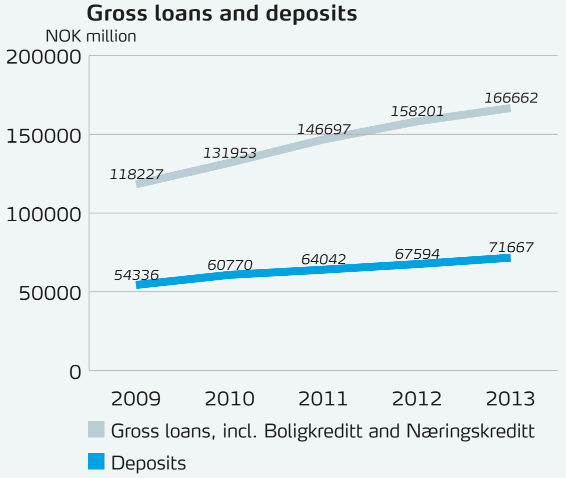
Return on equity



Equity and subordinated loans



Gross loans and deposits



Operating costs as % of average total assets

FTEs, Group