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SECOND QUARTER 2014
SPAREBANK 1 SR-BANK

SpareBank 1
SR-BANK

Interim financial statements

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Greater efficiency, low losses and moderate growth produce a good result

Q2 2014

- Pre-tax profit: NOK 684 million (NOK 511 million)
 - Net profit for the period: NOK 534 million (NOK 383 million)
 - Return on equity after tax: 14.5% (11.8%)
 - Earnings per share: NOK 2.09 (NOK 1.50)
 - Net interest income: NOK 581 million (NOK 526 million)
 - Net commissions and other operating income: NOK 444 million (NOK 465 million)
 - Net income from financial investments: NOK 201 million (NOK 62 million)
 - Operating costs: NOK 501 million (NOK 517 million)
 - Impairment losses on loans: NOK 41 million (NOK 25 million)
- (Figures for Q2 2013 are shown in parentheses)*

H1 2014

- Pre-tax profit: NOK 1,471 million (NOK 1,012 million)
 - Net profit for the period: NOK 1,193 million (NOK 777 million)
 - Return on equity after tax: 16.5% (12.1%)
 - Earnings per share: NOK 4.67 (NOK 3.04)
 - Net interest income: NOK 1,128 million (NOK 977 million)
 - Net commissions and other operating income: NOK 924 million (NOK 869 million)
 - Net income from financial investments: NOK 520 million (NOK 223 million)
 - Operating costs: NOK 1,006 million (NOK 1,007 million)
 - Impairment losses on loans: NOK 95 million (NOK 50 million)
 - Total lending growth over the last 12 months: 3.6% (6.1%)
 - Growth in deposits over last 12 months: 11.5% (2.8%)
 - Common equity tier 1 capital ratio: 11.4% (10.3%)
 - Tier 1 capital ratio: 13.2% (12.0%)
- (Figures for H1 2013 are shown in parentheses)*

Financial performance Q2 2014

The group's pre-tax profit was NOK 684 million (NOK 511 million), NOK 103 million lower than in the first quarter of 2014. The return on equity after tax for the quarter was 14.5% (11.8%) compared with 18.4% in the first quarter of 2014. Corrected for the NOK 202 million write-up of shares in Nets Holding AS recognised in the first quarter of 2014, the underlying improvement in the result in the quarter is NOK 99 million. The better result is primarily attributable to an increase in other operating income from financial investments and reduced impairment losses on loans.

Net interest income totalled NOK 581 million (NOK 526 million) compared with NOK 547 million in the first quarter of 2014. The net interest margin (net interest income as a percentage of average total assets) was 1.41 % in the second quarter of 2014 (1.43%) compared with 1.40% in the first quarter of 2014. The higher interest income is mainly attributable to a buy-back of loans totalling NOK 12

billion from SpareBank 1 Boligkreditt in the second quarter. The extra interest day in the second quarter also had a positive effect.

Net commissions and other operating income was NOK 444 million (NOK 465 million) compared with NOK 480 million in the first quarter of 2014. Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt amounted to NOK 120 million (NOK 151 million), NOK 45 million lower than in the first quarter of 2014. The reduction is mainly attributable to a buy-back of loans from SpareBank 1 Boligkreditt by the bank, as mentioned above.

Net income from financial investments was NOK 201 million (NOK 62 million) compared with NOK 319 million in the first quarter of 2014. The reduction since the previous quarter was due to the NOK 202 million write-up of the shares in Nets Holding AS in the first quarter of 2014, while higher income from ownership interests pulled in a positive direction. The agreement to sell the shares in Nets Holding AS was

approved and the transaction was completed in July 2014.

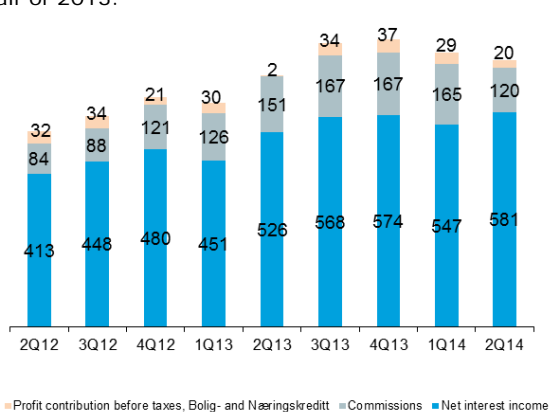
Operating costs totalled NOK 501 million (NOK 517 million) compared with NOK 505 million in the first quarter of 2014. Costs have been reduced by NOK 4 million since the first quarter of 2014 due to good costs management.

Impairment losses on loans were NOK 41 million (NOK 25 million) compared with NOK 54 million in the first quarter of 2014.

Financial performance H1 2014

Net interest income

The group's net interest income in the first half of 2014 amounted to NOK 1,128 million (NOK 977 million). Net interest income must be viewed in relation to commissions and profit contributions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Commissions from these companies in the first half of 2014 amounted to NOK 285 million (NOK 277 million), whilst profit contributions before tax amounted to NOK 49 million (NOK 32 million). In the year-to-date, net interest income, commissions and profit contributions before tax have increased by a total of NOK 176 million compared with the first half of 2013.



The net interest margin was 1.40% in the first half of 2014 (1.27%) compared with 1.35% in the first half of 2013.

Net commissions and other operating income

Net commissions and other operating income in the first half of 2014 totalled NOK 924 million (NOK 869 million).

Net commissions in the first half of 2014 totalled NOK 692 million (NOK 637 million). NOK 8 million of the NOK 55 million year-on-year increase is attributable to higher commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, see the comments under 'Net interest income'. Other commissions rose by around 13% from the first half of 2013 to the first half of 2014, primarily due to higher income from arrangement fees.

Other operating income in the first half of 2014 amounted to NOK 232 million (NOK 232 million). Other operating income is mainly income from estate agency operations.

Net income from financial investments

Net income from financial investments in the first half of 2014 totalled NOK 520 million (NOK 223 million). Capital gains on securities amounted to NOK 229 million (capital losses of NOK 56 million) and capital gains on interest rate and currency trading amounted to NOK 48 million (capital gains of NOK 117 million). Furthermore, income from ownership interests totalled NOK 218 million (NOK 130 million) and dividends totalled NOK 25 million (NOK 32 million).

Capital gains on securities of NOK 229 million in the first half of 2014 were derived from capital gains of NOK 230 million from the portfolio of shares and equity certificates, NOK 202 million of which is derived from the write-up of the shares in Nets Holding AS, and capital losses of NOK 1 million from the interest portfolio. The sale of SpareBank 1 SR-Bank's 2.9% stake in Nets Holding AS was completed in July 2014.

Income from ownership interests for the first half of 2014 amounted to NOK 218 million (NOK 130 million). The share of the net profit from SpareBank 1 Gruppen was NOK 149 million (NOK 77 million). The higher result in SpareBank 1 Gruppen was primarily attributable to an improvement in the insurance result of SpareBank 1 Skadeforsikring, and a positive development in SpareBank 1 Forsikring (the life insurance company). The share of the net profit from SpareBank 1 Boligkreditt amounted to NOK 20 million (NOK 21 million), from SpareBank 1 Næringskreditt it amounted to NOK 16 million (NOK 2 million), and from BN Bank it amounted to NOK 39 million (NOK 26 million).

Operating costs

The group's operating costs totalled NOK 1,006 million in the first half of 2014. This represents a reduction of NOK 1 million (0.1%) compared with the first half of 2013. Personnel costs were reduced by NOK 2 million (0.3%) to NOK 587 million, whilst other costs increased by NOK 1 million (0.2%) to NOK 419 million. Personnel costs in the first half of 2014 were charged with non-recurring costs of NOK 7.5 million linked to pensions. Last year's personnel costs were similarly affected by non-recurring costs of NOK 10.5 million linked to personnel-related restructuring in the first half of 2013. Corrected for these non-recurring effects, the group's operating costs rose by NOK 2 million, or 0.2%. The group has adjusted the resources allocated to its network of branches so that it can focus more heavily on digital distribution channels going forward. The annual normalised growth in costs is estimated to be in the range of 2-3%.

The group's cost/income ratio at the end of the first half of 2014, costs measured as a percentage of income, was 39.1% (48.7%). Adjusted for income of NOK 202 million linked to the write-up of the shares in Nets Holding AS, the cost/income ratio for the group was 42.5%.

Credit risk and portfolio development

The group's total lending portfolio¹ of NOK 168.6 billion is dominated by commitments with a probability of default of less than 0.5%. These commitments account for 57% of the portfolio and this proportion has been increasing slowly over time. The total lending portfolio primarily consists of commitments of less than NOK 10 million. These account for around 69% of loan exposure and approximately 99% of customers. 17.6% of loan exposure is to customers who have loans in excess of NOK 100 million.

The quality of the corporate market portfolio is considered good. The probability of default has developed positively over time, largely due to the stronger risk profile of the existing customer base. The proportion of commitments with a probability of default of less than 2.5% was 73.6% of the portfolio at the end of the first half of 2014. The property management portfolio represents the group's largest concentration in a single sector and accounts for 15.8% of total loan exposure, including retail

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

customers¹. A large portion of this portfolio consists of financing commercial properties for leasing. The portfolio is characterised by long-term leases with financially solid tenants.

The quality of the retail market portfolio is considered very good. SpareBank 1 SR-Bank has tightened requirements in the last year in order to reduce the risk associated with new home mortgages. This includes introducing stricter requirements regarding equity and solvency assessments when purchasing property, and more thorough assessments of the prudence of granting mortgages. The loan-to-collateral value ratio is generally moderate. The proportion of loan exposure (including the portfolio in SpareBank 1 Boligkreditt) within a loan-to-collateral value ratio of 85% is stable and currently stands at around 98.1%.

Impairment losses on loans and non-performance

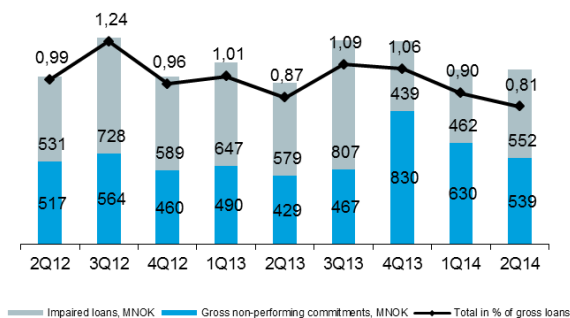
In the first half of 2014, the group recognised net impairment losses on loans totalling NOK 95 million (NOK 50 million). This corresponds to impairments as a percentage of gross loans of 0.15% (0.09%). Impairments on groups of loans fell by NOK 8 million in the first half of 2014.

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 at the end of the first half of 2014 amounted to NOK 539 million (NOK 429 million). This corresponds to 0.40% (0.37%) of gross loans. The portfolio of impaired² (not non-performing) loans totalled NOK 552 million (NOK 579 million). This corresponded to 0.41% (0.50%) of gross loans. Total non-performing and impaired loans at the end of the first half of 2014 came to NOK 1,091 million (NOK 1,008 million). In terms of gross loans, this is a reduction over the last 12 months from 0.87% to 0.81%.

The loan loss provision ratios, measured as individual write-downs as a percentage of non-performing and impaired loans, was 30% (23%) and 36% (51%) at the end of the first half of 2014.

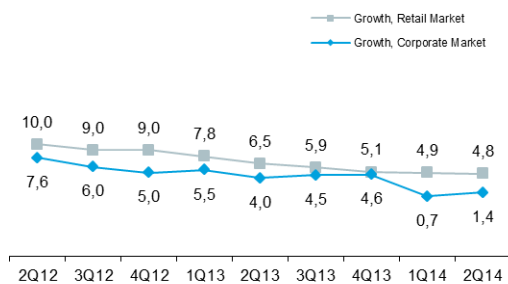
² From and including the second quarter of 2014, non-performing loans in the 30-90 days interval are not included as impaired loans. The historical figures have been revised.



Loans to and deposits from customers

Gross loans at the end of the first half of 2014 amounted to NOK 135.3 billion (NOK 115.2 billion). Including loans totalling NOK 33.3 billion (NOK 47.5 billion) sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, gross loans amounted to NOK 168.6 billion (NOK 162.7 billion) at the end of the first half of 2014. Gross lending growth over the last 12 months was 3.6% (6.1%). The group has fulfilled its goal of reducing lending growth as one of several measures implemented to satisfy new, stricter capital requirements. Loans to the retail market increased from 63.1% to 63.9% of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at the end of the first half of 2014.

12 month lending growth (%)



Deposits from customers rose by 11.5% (2.8%) over the last 12 months to NOK 81.7 billion (NOK 73.3 billion). Deposits from the corporate market and public sector accounted for 51% (48.3%) of the group's customer deposits at the end of the first half of 2014.

In addition to good growth in ordinary customer deposits, the group also increased the capital under management in alternative investment products from

NOK 13.0 billion to NOK 15.3 billion at the end of the first half of 2014. This management is primarily performed by SR-Forvaltning AS and ODIN Forvaltning AS.

The deposit coverage ratio at the end of the first half of 2014, measured as deposits as a percentage of gross loans, was 60.4% (63.6%). The group has further strengthened its long-term funding in the last year, and the Financial Supervisory Authority of Norway's Funding Indicator 1 (ratio of illiquid assets financed by debt with a duration of more than 1 year) increased from 107.2% to 109.4% for the parent bank and from 106.5% to 107.9% on a consolidated basis.

Business areas

SpareBank 1 SR-Bank's financial management is based on different business areas that are defined on the basis of their form of distribution, products and customers. The reporting format is based on the risk and return profile of the assets and is split into the retail market (including the self-employed), corporate market, capital market and subsidiaries of significant importance.

Retail market division³

The retail market division's contribution before impairment losses on loans was NOK 707 million at the end of the first half of 2014. The improvement of NOK 87 million from last year was due to higher net interest, an increase in commissions, and good costs management. Commissions from payment systems and insurance rose slightly, while the growth was high within investment services. Investment income was up due to good net new fund subscriptions and an increase in portfolio value. Commissions grew by a total of 6.5% in the first half of 2014. The division practises good costs management and costs had been reduced by 2.9% by the end of the first half of 2014.

The 12-month lending growth figure at the end of the first half of 2014 was 4.8%, while deposits grew by

³ The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit premium). Differences between the group's actual funding costs and the interest applied on intercompany receivables are eliminated at the group level.

6.2% over the previous 12 months. This growth is the result of a strong market position. Activity in the housing market was moderate and lending growth flattened out in the second quarter.

The division is continuing to adapt its distribution model and completed the closure of four branches and reduced the opening hours of a number of others in the second quarter. The approved adaptations will be completed during the third quarter. In the future, the retail market division will focus more heavily on digital channels and adjust resources and service provision in other distribution channels.

The division gained a net 4,100 new retail customers aged 13 or older in the first half of 2014. The proportion of bank customers who use digital channels is very high.

Impairment losses on loans are low. The percentage of non-performing loans is 0.32 % of total loans.

Corporate market division^{3 4}

The corporate market division's contribution before impairment losses on loans was NOK 548 million in the first half of 2014. The NOK 109 million improvement in the result compared with the first half of 2013 is attributable to an increase in net interest income and other operating income, at the same time as costs have been reduced.

Over the last 12 months, the division's lending has increased by 1.3% and deposits by 21.5%. The division is actively pushing across-the-board sales of the group's products, and commissions and other operating income are up compared with last year.

Net individual write-downs of NOK 102 million were recognised in the first half of 2014, compared with NOK 44 million at the same time last year. The portfolio's credit quality is good and impairment losses on loans remain at low levels. The division's ordinary pre-tax profit (after losses) was NOK 63 million higher than at the end of the second quarter of 2013.

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

Capital market division⁴

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. Capital management is performed via a separate subsidiary, SR-Forvaltning AS.

In the first half of 2014, SR-Bank Markets achieved an operating result before the allocation of customer income to other business areas of NOK 83 million. This is an improvement of NOK 7 million compared with the same period last year. The pre-tax profit was NOK 49 million.

The bulk of this income came from customer trading in fixed income and foreign exchange instruments. Increased activity in relation to facilitating bond issues and other transactions contributed to the good growth in income from corporate finance in the first half of 2014. Income from sales of equities and bonds also increased.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a pre-tax profit of NOK 36.1 million in the first half of 2014 (NOK 30.9 million). The improved result is an effect of the costs reducing measures that have been implemented.

In the first half of 2014, 3,976 (3,863) properties with a total value of around NOK 11.9 billion were sold. The supply of new assignments is good and on a par with last year.

There are significant differences in the regional markets, both with respect to price and turnover times. The housing market in Bergen is very good with record low turnover times and a slight rise in prices from the year before. Turnover times in the Stavanger region have almost doubled since the same period last year, while prices have fallen by 2.6%. The same price trend is being seen in Kristiansand. Of the major cities, Kristiansand has the longest turnover time for housing at around 60 days. However, the number of homes sold is

⁴ The capital market division serves customers throughout the group. Previously, most of the income this division generates was recognised in the division. The internal income recognition policy was changed on 1 January 2014 and income is now recognised, in its entirety, in the business area to which the customer belongs. Historical accounting figures have not been changed since the accounting effect is considered to be insignificant.

increasing in both the Stavanger region and in Kristiansand, and this indicates the property market will function well going forward.

Building activity is high and the supply of new housing is very good. Sales of new housing are however weaker than in last year, but activity did increase towards the end of the second quarter of 2014. A further improvement in sales of new housing is expected in the second half of 2014. The influx of orders within commercial property for both premises for lease and sale is very good. The number of transactions has also risen significantly compared with the same period last year. The rental market for housing is being affected by the consolidation within the oil and oil services industries. Prices for rented housing have flattened out and the turnover rate is significantly slower than in the last few years.

The company has strengthened its market position since the same time last year. It holds a strong position in Rogaland with a market share of more than 40%. Its market positions in the Agder counties and Hordaland have also been strengthened in the same period.

SpareBank 1 SR-Finans AS

The company's main products are lease financing for the business sector and car and boat loans for retail customers. SpareBank 1 SR-Finans is the leading leasing company in Rogaland with total assets of NOK 6.4 billion.

The company achieved a pre-tax profit of NOK 74.0 million in the first half of 2014 (NOK 81.7 million). The reduction in pre-tax profit in 2014 is primarily attributable to the fact that the result in 2013 was affected by lower losses due to a reversal of previous impairment losses on loans. Profit before impairments and losses was NOK 72.0 million (NOK 72.2 million).

Net lending has increased by 3.7% in the last 12 months and at the end of the first half of 2014 it amounted to NOK 6,400 million (NOK 6,171 million). 3,325 new contracts have been established in the year-to-date (3,434 contracts) with a total volume of NOK 1,086 million (NOK 1,272 million).

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

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt 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.

SpareBank 1 Boligkreditt's total lending volume at the end of the first half of 2014 amounted to NOK 159.4 billion, NOK 32.7 billion (NOK 46.8 billion) of which were home mortgages bought from SpareBank 1 SR-Bank. In the second quarter, the bank completed a buy-back of loans worth a total of NOK 12 billion from SpareBank 1 Boligkreditt, ref. the comments under Funding. The bank currently owns a 20.4% stake in the company. This is normally updated at the end of each year in line with the volume sold.

SpareBank 1 Næringskreditt's total lending volume at the end of the first half of 2014 amounted to NOK 15.8 billion, NOK 0.6 billion (NOK 0.7 billion) of which were loans bought from SpareBank 1 SR-Bank. The bank owns a 27.0% stake in the company.

Funding

Negative interest rates for deposits in the European Central Bank (ECB) and promises of abundant liquidity are intended to keep interest rates low and stimulate better access to credit for European companies. The goal is higher growth and more people in work. The measures have had an effect on pricing in the market and we are seeing stock exchanges at record levels. Spanish 10-year interest rates have never been lower and the difference between Spanish and German rates has not been lower since the first half of 2010.

Banks are enjoying good access to new long-term funding and funding costs have fallen over the first six months. Demand from investors has grown and at the same time more issuers have lower funding needs than before. This has in turn resulted in a favourable development in prices for both senior bonds and covered bonds. SpareBank 1 SR-Bank has used this good sentiment to increase its proportion of senior funding. The bank wants to make balanced use of funding sources and expects to increase its use of covered bonds going forward.

SpareBank 1 SR-Bank had good liquidity at the end of the first half of 2014 and believes it will continue to have good access to long-term funding at competitive prices. The group strives to achieve an even maturity structure for funding and believes it is important to have good relations with Norwegian and international investors and banks. The liquidity buffer⁵ amounted to NOK 18.6 billion at the end of the first half of 2014. NOK 9.7 billion of the bank's external funding will fall due in the next 12 months. In addition to the liquidity buffer, the bank has NOK 24.0 billion in home mortgages ready for covered bond funding.

Capital adequacy

At the end of the first half of 2014, the common equity tier 1 capital ratio was 11.4%, up from 10.3% at the same time last year. The tier 1 capital ratio has in the same period increased from 12.0% to 13.2% and the capital ratio from 12.9% to 14.6%. All capital adequacy figures are based on the transitional rule (Basel I floor) that states that the capital requirement for using internal methods cannot be less than 80% of the capital requirement according to the Basel I regulations.

New, stricter capital adequacy rules were adopted by the EU in June 2013. Norway has chosen to introduce the requirements slightly faster than it is required to by the implementation deadline in the international rules. From 1 July 2014, the common equity tier 1 capital ratio requirement is 10.0% and the capital ratio requirement is 13.5%, and these have thus been met by a good margin by SpareBank 1 SR-Bank.

In addition to this, there will be a countercyclical capital buffer requirement in Norway in the range of 0-2.5% in the form of common equity tier 1 capital. On 27 June 2014, on the advice of Norges Bank, the Ministry of Finance set the buffer at 1 percentage point from 30 June 2015.

On 12 May, the Ministry of Finance issued regulations concerning systemically important financial institutions (SIFI). Institutions with total assets of at least 10% of Mainland Norway's GDP, or at least a 5% share of the market for loans, will be covered by

⁵ 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.

this definition. Upon implementation, DNB, Nordea Bank Norway and Kommunalbanken Norway were defined as systemically important. The three SIFI banks will thus be subject to a special capital buffer requirement from 1 July 2015. From 1 July 2016, when the new capital requirements have been fully implemented, the systemically important institutions must satisfy a minimum requirement for their common equity tier 1 capital ratio of 12%, while the minimum requirement for other institutions will be 10%. The countercyclical capital buffer comes on top of this. SpareBank 1 SR-Bank is close to the SIFI requirement concerning market share and takes account of this in its capital planning.

On 1 July 2014, the Financial Supervisory Authority of Norway published a circular on the further tightening of risk weighting for home mortgages for banks that use internal methods, so-called IRB methods. The tightening of probability of default models, combined with a higher minimum level for loss given default, the so-called LGD floor, from 1 January 2014 will increase the average risk weighting for SpareBank 1 SR-Bank's home mortgages portfolio to around 22-24%. The change must be reflected in capital adequacy reporting by no later than the first quarter of 2015. Meanwhile, the stricter requirements for foreign banks' branches in Norway will be implemented via Pillar 2, meaning that their reported financial strength will, seen in isolation, not be affected. Compared with other Nordic banks, Norwegian IRB banks will thereby appear to be relatively weaker capitalised. The stricter requirements will, for the time being, have little overall effect on capital adequacy in the Norwegian banking sector since most Norwegian IRB banks are still bound by the Basel I floor.

On 27 May, the Norwegian parliament's finance committee presented its recommendations with comments for the government's financial markets statement. A majority of the committee underline the importance of harmonised requirements with regard to how banks measure risk. They also highlight the importance of Norway not introducing rules that differ too much from the requirements in neighbouring countries and in a manner that may provide foreign banks with an unfair competitive advantage in Norway. In addition, they point out that the real financial strength and capital situation must be transparent and comparable between banks in different countries such that no difference in competition arises in the market for equity or external capital.

The bank's shares

The bank's share price (SRBANK) was NOK 59.75 at the end of the first half of 2014. This represents a rise of 1.0% since the end of the first quarter of 2014, corrected for paid dividends. The main Oslo Stock Exchange index rose by 10.0% in the same period. 5.5% (5.0%) of outstanding SRBANK shares were traded in the second quarter of 2014.

There were 10,695 (11,527) shareholders of SRBANK at the end of the first half of 2014. The proportion owned by foreign companies and people resident abroad was 21.7%, whilst 49.0% were based or resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned 64.9% of the shares. The bank holds 231,043 treasury shares, while group employees owned 1.8%. The table below shows the 20 largest shareholders as at 30 June 2014:

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,32 %
Gjensidige Forsikring ASA	26.483	10,36 %
Folketrygdfondet	9.896	3,87 %
Morgan Stanley & Co, U.S.A.	9.562	3,74 %
State Street Bank and Trust, U.S.A.	8.693	3,40 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,43 %
Wimoh Invest AS	4.321	1,69 %
Odin Norge	3.954	1,55 %
Skagen Global	3.820	1,49 %
The Bank of New York Mellon, U.S.A.	2.619	1,02 %
State Street Bank and Trust, U.S.A.	2.599	1,02 %
J.P. Morgan Chase Bank, U.K.	2.341	0,92 %
Clipper AS	2.100	0,82 %
J.P. Morgan Chase Bank, U.K.	2.083	0,81 %
J.P. Morgan Chase Bank, Sverige	2.014	0,79 %
Skandinaviska Enskilda Banken, Sverige	1.707	0,67 %
FLPS, U.S.A.	1.350	0,53 %
Westco AS	1.322	0,52 %
State Street Bank and Trust, U.S.A.	1.224	0,48 %
Skagen Global II	1.197	0,47 %
Total 20 largest	165.929	64,88 %

Accounting policies

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

Events after the balance sheet date

The agreement to sell the stake in Nets Holding AS was approved and the sales sum was received in July. Otherwise, no material events have been

registered after 30 June 2014 that affect the consolidated financial statements as prepared.

Future prospects

The growth in the Norwegian economic has slowed since the start of 2013 and the trend for investments in mainland industries and housing is downwards. However, consumption developed positively in the first half of 2014 and the companies in Norges Bank's regional network reported in May that output growth increased in both traditional industries and in the more consumption-oriented industries. This growth was particularly driven by stronger demand in a number of export markets and higher public sector investment. At the same time, fewer housing project starts helped to keep growth down in the building and construction industry, while lower demand from the Norwegian petroleum industry and increasing competition from foreign actors dampened growth in the supplier industry. Various prognoses indicate that petroleum investments will probably fall slightly going forward, but are expected to remain at a high level and thus stimulate growth in the mainland economy. Rising house prices, combined with continued low interest rates and growth in families' household income, may help to turnaround and grow investments in housing again. The high growth in investments in public administration is also helping to bring about a situation where mainland investments may turn into new growth next year.

Companies in Rogaland paint a positive picture for 2014 in the latest barometer of expectations in which a continued high oil price, high level of investment and major investments in infrastructure are important drivers. Therefore, continued good conditions for the region's business and population growth with lasting low unemployment are assumed. However, slightly greater uncertainty about economic developments may help to dampen demand for loans and continue to dampen the housing market. Non-performance and loan loss provisions are expected to remain relatively low in the second half of 2014 as well. The Board would like to stress that there is uncertainty surrounding the assessment of future conditions.

There is significant competition for new home mortgage customers and the interest rate for existing mortgages was reduced by up to 0.25 percentage points with effect from 13 June 2014. The negative effect on the group's net interest margin will partly be countered by the terms for deposits also being adjusted.

SpareBank 1 SR-Bank is a solid, profitable group, but must, like other banks, continue to strengthen its solidity in line with the phasing in of new capital requirements. Because of its good earnings from a business model with good breadth and efficient operations, the group is well-positioned to implement the necessary build-up of capital, while ensuring continued competitiveness.

Stavanger, 12 August 2014
The Board of Directors of SpareBank 1 SR-Bank ASA

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	01.01.14 - 30.06.14		01.01.13 - 30.06.13		2013	
	MNOK	%	MNOK	%	MNOK	%
Net interest income	1.128	1,40	977	1,35	2.119	1,42
Net commission and other income	924	1,15	869	1,20	1.824	1,22
Net income on financial investments	520	0,65	223	0,31	555	0,37
Total income	2.572	3,19	2.069	2,86	4.498	3,01
Total operating costs	1.006	1,25	1.007	1,39	2.019	1,35
Operating profit before impairment losses	1.566	1,94	1.062	1,47	2.479	1,66
Impairment losses on loans and guarantees	95	0,12	50	0,07	132	0,09
Pre-tax profit	1.471	1,83	1.012	1,40	2.347	1,57
Tax expense	278	0,34	235	0,33	487	0,33
Profit after tax	1.193	1,48	777	1,08	1.860	1,24

	30.06.14	30.06.13	2013
PROFITABILITY			
Return on equity ¹⁾	16,5 %	12,1 %	14,0 %
Cost ratio ²⁾	39,1 %	48,7 %	44,9 %
Combined weighted total average spread for lending and deposits ³⁾	1,40 %	1,35 %	1,42 %
BALANCE SHEET			
Gross loans to customers	135.335	115.214	120.273
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	168.624	162.714	166.662
Growth in loans ⁴⁾	17,5 %	9,3 %	9,8 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	3,6 %	6,1 %	5,3 %
Deposits from customers	81.728	73.281	71.667
Deposit-to-loan ratio	60,4 %	63,6 %	59,6 %
Growth in deposits	11,5 %	2,8 %	6,0 %
Total assets	167.273	151.110	156.985
Average total assets	162.502	145.751	149.554
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio, annualized ⁵⁾	0,15 %	0,09 %	0,11 %
Non-performing commitments as a percentage of gross loans	0,40 %	0,37 %	0,69 %
Other doubtful commitments as a percentage of gross loans	0,41 %	0,50 %	0,37 %
SOLIDITY			
Common equity Tier 1 capital ratio	11,4 %	10,3 %	11,1 %
Tier 1 capital ratio	13,2 %	12,0 %	12,8 %
Capital ratio	14,6 %	12,9 %	14,1 %
Tier 1 capital	14.978	13.691	14.511
Minimum primary capital requirement	9.098	9.135	9.046
Risk weighted balance ⁶⁾	113.725	114.188	113.075
BRANCHES AND STAFF			
Number of branches	48	53	52
Number of employees (annualised)	1.126	1.196	1.165

SpareBank 1 SR-Bank share	30.06.14	31.12.13	31.12.12	31.12.11	31.12.10
Market price	59,75	60,25	37,20	40,70	57,00
Market capitalisation	15.281	15.409	9.514	5.182	7.257
Book equity per share (including dividends) (group)	57,63	55,00	49,48	48,75	47,45
Earnings per share, NOK ⁸⁾	4,67	7,28	5,33	5,42	6,84
Dividends per share	n.a.	1,60	1,50	1,50	2,75
Price / Earnings per share	6,40	8,28	6,98	7,51	8,33
Price / Book equity (group)	1,04	1,10	0,75	0,83	1,20
Effective return ¹⁰⁾	1,8 %	66,0 %	-4,9 %	-23,8 %	17,5 %

¹⁾ See page 30 of the interim report for definition of key figures

Income statement

Parent bank					Note	Group				
2013	Q2 2013	Q2 2014	01.01.13 - 30.06.13	01.01.14 - 30.06.14		01.01.14 - 30.06.14	01.01.13 - 30.06.13	Q2 2014	Q2 2013	2013
Income statement (MNOK)										
5.442	1.356	1.490	2.628	2.875	Interest income	2.981	2.727	1.543	1.406	5.644
3.535	883	962	1.754	1.853	Interest expense	1.853	1.750	962	880	3.525
1.907	473	528	874	1.022	Net interest income	1.128	977	581	526	2.119
1.409	336	322	649	704	Commission income	731	674	333	349	1.452
73	17	18	34	37	Commission expenses	39	37	19	18	72
12	9	1	10	3	Other operating income	232	232	130	134	444
1.348	328	305	625	670	Net commission and other income	924	869	444	465	1.824
33	31	6	31	21	Dividend income	25	32	7	32	33
412	412	443	412	443	Income from investment in associates	218	130	137	31	355
249	95	-21	148	190	Net gains/losses on financial instruments	277	61	57	-1	167
694	538	428	591	654	Net income on financial investments	520	223	201	62	555
3.949	1.339	1.261	2.090	2.346	Total income	2.572	2.069	1.226	1.053	4.498
906	225	220	451	444	Personnel expenses	587	589	293	297	1.196
381	105	105	193	198	Administrative expenses	226	219	120	118	432
251	62	55	127	125	Other operating costs	193	199	88	102	391
1.538	392	380	771	767	Total operating costs before impairment losses	1.006	1.007	501	517	2.019
2.411	947	881	1.319	1.579	Operating profit before impairment losses	1.566	1.062	725	536	2.479
116	18	44	45	97	Impairment losses on loans and guarantees	95	50	41	25	132
2.295	929	837	1.274	1.482	Pre-tax profit	1.471	1.012	684	511	2.347
457	117	129	210	242	Tax expense	278	235	150	128	487
1.838	812	708	1.064	1.240	Profit after tax	1.193	777	534	383	1.860
Other comprehensive income										
-67	-23	-112	-43	-192	Unrecognised actuarial gains and losses	-204	-47	-118	-25	-72
19	7	31	12	52	Deferred tax concerning changed estimates/pension plan changes	55	13	32	7	20
-1	0	0	0	0	Change in value of financial assets available for sale	0	0	0	0	-1
-49	-16	-81	-31	-140	Total items not reclassified through profit or loss	-149	-34	-86	-18	-53
-6	0	0	0	0	Tax change actuarial gains/losses	0	0	0	0	-6
0	0	0	0	0	Share of profit associated companies and joint ventures	12	-2	-3	0	4
-6	0	0	0	0	Total items reclassified through profit or loss	12	-2	-3	0	-2
-55	-16	-81	-31	-140	Other comprehensive income	-137	-36	-89	-18	-55
1.783	796	627	1.033	1.100	Total comprehensive income	1.056	741	445	365	1.805
Earnings per share (group)						4,67	3,04	2,09	1,50	7,28

Balance sheet

Parent bank			Note	Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
			Balance sheet (MNOK)			
1.265	1.762	1.985	Cash and balances with central banks	1.985	1.762	1.265
6.669	8.023	7.886	Balances with credit institutions	2.333	2.612	1.253
113.312	108.333	128.445	Loans to customers	3, 8 134.680	114.493	119.525
21.052	19.848	16.597	Certificates, bonds and other fixed-income securities	13 16.610	19.852	21.065
4.929	4.943	4.657	Financial derivatives	10 4.653	4.936	4.923
780	702	1.012	Shares, ownership stakes and other securities	17 1.176	879	938
84	84	84	Business available for sale	84	85	85
3.552	3.743	3.218	Investment in associates	4.422	4.682	4.710
950	897	1.099	Investment in subsidiaries	0	0	0
2.998	1.590	885	Other assets	5 1.330	1.809	3.221
155.591	149.925	165.868	Total assets	12 167.273	151.110	156.985
3.746	4.683	4.209	Balances with credit institutions	4.207	4.681	3.742
6.429	6.429	0	Public sector deposits regarding the covered bonds swap agreement	0	6.429	6.429
71.840	73.392	81.906	Deposits from customers	7 81.728	73.281	71.667
52.328	45.006	58.105	Listed debt securities	11 58.105	45.006	52.328
2.013	2.487	2.191	Financial derivatives	10 2.191	2.486	2.013
2.527	2.015	1.970	Other liabilities	6 2.222	2.264	2.746
4.004	3.958	4.094	Subordinated loan capital	11 4.094	3.958	4.004
142.887	137.970	152.475	Total liabilities	152.547	138.105	142.929
6.394	6.394	6.394	Share capital	6.394	6.394	6.394
1.587	1.587	1.587	Premium reserve	1.587	1.587	1.587
409	0	0	Proposed dividend	0	0	409
162	72	162	Fund for unrealised gains	162	72	162
4.152	2.838	4.010	Other equity	5.390	4.175	5.504
0	1.064	1.240	Profit/loss at period end	1.193	777	0
12.704	11.955	13.393	Total equity	14.726	13.005	14.056
155.591	149.925	165.868	Total liabilities and equity	12 167.273	151.110	156.985

Statement of changes in equity

SpareBank 1 SR-Bank Group (Amounts in NOK million)	Share- capital	Premium reserve	Other equity	Reserve for unrealised gains	Total equity
Equity as of 31.12.2012	6.385	1.587	4.593	72	12.637
Reclassification of treasury shares	9		-9		0
Profit after tax			1.769	91	1.860
Unrecognised actuarial gains and losses after tax			-58		-58
Change in value of financial assets available for sale				-1	-1
Share of profit associated companies and joint ventures			4		4
Total items not reclassified through profit or loss			1.715	90	1.805
Adjusted equity accosiates			-11		-11
Dividend 2012, resolved in 2013			-384		-384
Purchase/sale of own shares			9		9
Items reclassified through profit or loss	0	0	-375	0	-375
Equity as of 31.12.2013	6.394	1.587	5.913	162	14.056
Profit after tax			1.193		1.193
Unrecognised actuarial gains and losses after tax			-149		-149
Change in value of financial assets available for sale					0
Share of profit associated companies and joint ventures			12		12
Total items not reclassified through profit or loss			1.056	0	1.056
Adjusted equity accosiates			24		24
Dividend 2013, resolved in 2014			-409		-409
Purchase/sale of own shares			-1		-1
Items reclassified through profit or loss	0	0	-410	0	-410
Equity as of 30.06.2014	6.394	1.587	6.583	162	14.726

Cash flow statement

Parent bank			Cash flow statement	Group		
01.01.13 - 2013	01.01.14 - 30.06.13	01.01.14 - 30.06.14		01.01.14 - 30.06.14	01.01.13 - 30.06.13	2013
-10.382	-5.381	-15.052	Change in gross lending to customers	-15.093	-5.701	-10.760
4.724	2.218	2.494	Interest receipts from lending to customers	2.657	2.371	5.116
4.084	5.636	10.066	Change in deposits from customers	10.061	5.687	4.073
-1.777	-285	-201	Interest payments on deposits from customers	-192	-278	-1.764
-2.220	-2.003	-6.148	Change in receivables and debt from credit institutions	-7.140	-1.849	-2.048
-327	-155	-102	Interest on receivables and debt to financial institutions	-190	-240	-501
-2.380	-1.176	4.455	Change in certificates and bonds	4.455	-1.175	-2.388
530	259	250	Interest receipts from commercial paper and bonds	249	259	530
893	372	992	Commission receipts	1.243	620	1.405
125	127	29	Capital gains from sale of trading	29	127	125
-1.376	-730	-758	Payments for operations	-996	-929	-1.837
-132	-185	-280	Taxes paid	-377	-265	-209
1.530	186	799	Other accruals	712	442	1.552
-6.708	-1.117	-3.456	A Net change in liquidity from operations	-4.582	-931	-6.706
-61	-30	-26	Investments in tangible fixed assets	-29	-51	-73
15	15	47	Receipts from sale of tangible fixed assets	47	15	15
-177	-192	-120	Change in long-term investments in equities	-133	-179	-203
338	170	417	Receipts from sales of long-term investments in equities	425	170	363
442	440	464	Dividends from long-term investments in equities	467	263	442
557	403	782	B Net cash flow, investments	777	218	544
15.830	6.784	11.159	Debt raised by issuance of securities	11.159	6.784	15.830
-8.330	-3.966	-5.541	Repayments - issuance of securities	-5.541	-3.966	-8.330
-820	-546	-749	Interest payments on securities issued	-749	-546	-820
499	0	44	Additional subordinated loan capital issued	44	0	499
-694	-231	0	Repayments - additional capital instruments	0	-231	-694
-220	-81	-75	Interest payments on subordinated loans	-75	-81	-220
0	0	0	Issue shares	0	0	0
-384	-384	-409	Dividend to share holders	-409	-384	-384
5.881	1.576	4.429	C Net cash flow, financing	4.429	1.576	5.881
-270	862	1.755	A+B+C Net cash flow during the period	624	863	-281
1.796	1.796	1.526	Cash and cash equivalents as at 1 January	1.542	1.823	1.823
1.526	2.658	3.281	Cash and cash equivalents as at 31 March	2.166	2.686	1.542
			Cash and cash equivalents specified			
1.265	1.762	1.985	Cash and balances with central banks	1.985	1.762	1.265
261	896	1.296	Balances with credit institutions	181	924	277
1.526	2.658	3.281	Cash and cash equivalents	2.166	2.686	1.542

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

Notes to the financial statements

(in MNOK)

Note 1 Accounting policies, critical estimates and judgements concerning the use of accounting policies

1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 30 June 2014. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited. These interim financial statements were prepared in accordance with the applicable IFRS standards and IFRIC interpretations.

The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements for 2013.

With effect from 1 January 2014, SpareBank 1 SR-Bank ASA implemented IFRS 10, 11 and 12 and associated amendments, IAS 27 (2011), IAS 28 (2011), amendments to IAS 32, amendments to IAS 39, and IFRIC 21.

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.

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.

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.

None of the new accounting standards or interpretations have had a material effect on the financial statements.

1.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and costs. The annual financial statements for 2013 provide a detailed account of critical estimates and judgements in relation to the application of accounting policies in note 3.

Note 2 Losses on loans and guarantees

Parent bank				Group		
2013	01.01.13 - 30.06.13	01.01.14 - 30.06.14		01.01.14 - 30.06.14	01.01.13 - 30.06.13	2013
-31	-91	-73	Change in individual impairment losses provisions for the period	-85	-31	23
-40	0	-7	Change in collective impairment loss provisions for the period	-8	0	-30
11	3	5	Amorised cost	5	3	11
101	45	129	Actual loan losses on commitments for which provisions have been made	135	53	111
95	22	46	Actual loan losses on commitments for which no provision has been made	52	30	108
31	76	0	Change in assets taken over for the period	0	13	-30
-51	-10	-3	Recoveries on commitments previously written-off	-4	-18	-61
116	45	97	The period's net losses / (reversals) on loans and advances	95	50	132

Note 3 Provisions for impairment losses on loans and guarantees

Parent bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
436	436	405	Provisions for Individual impairment losses at start of period	446	423	423
130	82	30	Increases in previous provisions for individual impairment losses	31	82	131
-239	-165	-26	Reversal of provisions from previous periods	-40	-103	-183
179	38	56	New provisions for individual impairment losses	63	45	186
0	-1	-4	Amorised cost	-4	-1	0
-101	-45	-129	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-135	-54	-111
405	345	332	Provisions for Individual impairment losses at period end	361	392	446
196	67	175	Net losses	187	83	219

Note 4 Non-performing and problem commitments

Parent bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
			Non-performing loans and advances			
804	403	504	Gross non-performing loans above 90 days	539	429	830
210	94	161	Provisions for Individual impairment losses	164	97	212
594	309	343	Net non-performing loans and advances	375	332	618
26 %	23 %	32 %	Loan loss provision ratio	30 %	23 %	26 %
			Other problem commitments			
378	505	500	Problem commitments	552	579	439
195	251	171	Provisions for Individual impairment losses	197	295	234
183	254	329	Net other problem commitments	355	284	205
52 %	50 %	34 %	Loan loss provision ratio	36 %	51 %	53 %

Note 5 Other assets

Parent bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
0	0	0	Intangible assets	39	43	39
336	337	283	Tangible fixed assets	310	363	362
847	625	512	Income earned but not received from SpareBank 1 Bolig- and Næringskredit	512	625	847
22	42	35	Prepaid expences	40	51	24
35	35	35	Capital contribution SR-Pensjonskasse	35	35	35
1.599	334	-73	Unsettled trades	-73	334	1.599
159	217	93	Other assets	467	358	315
2.998	1.590	885	Total other assets	1.330	1.809	3.221

Note 6 Other liabilities

Parent bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
309	225	287	Accrued expenses and prepaid revenue	367	311	391
707	532	576	Deferred tax	585	593	671
223	177	444	Pension liabilities	477	193	242
1	2	0	Other specified provisions	0	3	1
280	157	236	Taxes payable	323	189	377
756	643	45	Unsettled trades	45	643	756
251	279	382	Other liabilities	425	332	308
2.527	2.015	1.970	Total other liabilities	2.222	2.264	2.746

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
1.078	1.164	1.200	Agriculture/forestry	1.200	1.164	1.078
265	115	294	Fishing/Fish farming	294	115	265
1.513	851	1.587	Mining/extraction	1.587	851	1.513
1.527	1.260	1.108	Industry	1.108	1.260	1.527
1.915	1.421	1.705	Power and water supply/building and construction	1.705	1.421	1.915
1.963	1.869	1.928	Retail trade, hotels and restaurants	1.928	1.869	1.963
1.452	1.933	1.405	Foreign trade shipping, pipeline transport and other transport activities	1.405	1.933	1.452
4.954	5.740	6.438	Real estate	6.438	5.740	4.954
8.858	7.416	9.270	Service industry	9.092	7.416	8.685
12.122	13.740	16.942	Public sector and financial services	16.942	13.629	12.122
35.647	35.509	41.877	Total corporate sector	41.699	35.398	35.474
36.190	37.265	39.342	Retail customers	39.342	37.265	36.190
3	618	687	Accrued interests corporate sector and retail customers	687	618	3
71.840	73.392	81.906	Deposits from customers	81.728	73.281	71.667

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
4.082	4.012	4.125	Agriculture/forestry	4.366	4.265	4.326
421	452	409	Fishing/Fish farming	542	569	541
2.741	2.552	3.172	Mining/extraction	3.301	2.625	2.829
2.674	2.191	2.043	Industry	2.728	2.930	3.403
2.260	2.451	2.567	Power and water supply/building and construction	3.408	3.335	3.100
2.429	2.635	2.337	Retail trade, hotels and restaurants	2.812	3.104	2.877
6.733	6.615	6.470	Foreign trade shipping, pipeline transport and other transport activities	6.984	7.135	7.297
25.575	25.288	26.404	Real estate	26.562	25.424	25.740
5.782	5.687	5.393	Service industry	6.917	7.479	7.545
2.277	1.970	1.923	Public sector and financial services	2.113	1.970	2.277
54.974	53.853	54.843	Total corporate sector	59.733	58.836	59.935
58.481	54.534	73.564	Retail customers	75.001	55.790	59.848
205	214	282	Unallocated (excess value fixed interest loans and amort. lending fees)	272	203	209
304	361	328	Accrued interests corporate sector and retail customers	329	385	281
113.964	108.962	129.017	Gross loans	135.335	115.214	120.273
-405	-342	-332	- Individual impairment losses provisions	-361	-389	-446
-247	-287	-240	- Collective impairment losses provisions	-294	-332	-302
113.312	108.333	128.445	Loans to customers	134.680	114.493	119.525

Note 9 Capital adequacy

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

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

Parent bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
6.394	6.394	6.394	Share capital	6.394	6.394	6.394
1.587	1.587	1.587	Premium reserve	1.587	1.587	1.587
409	0	0	Allocated to dividend	0	0	409
162	72	162	Reserve for unrealised gains	162	72	162
4.152	2.838	4.010	Other equity	5.390	4.175	5.504
12.704	10.891	12.153	Total book equity	13.533	12.228	14.056
Tier 1 capital						
0	0	0	Deferred taxes, goodwill and other intangible assets	-42	-55	-43
0	-1	0	Fund for unrealized gains, available for sale	0	-1	0
-409	0	0	Deduction for allocated dividends	0	0	-409
-401	-393	-454	50% deduction for subordinated capital in other financial institutions	-149	-49	-104
-353	-266	-359	50% deduction for expected losses on IRB, net of write-downs	-376	-272	-356
0	0	0	50 % capital adequacy reserve	-619	-503	-587
0	532	620	Year-to-date profit included in core capital (50%)	596	388	0
1.823	1.824	1.824	Tier 1 capital instruments	2.035	1.955	1.954
13.364	12.587	13.784	Total Tier 1 capital	14.978	13.691	14.511
Tier 2 capital						
0	0	0	Tier 2 capital - Tier 1 capital instruments in excess of 15%	0	0	0
2.100	1.645	2.142	Term subordinated loan capital	2.750	1.854	2.451
-401	-393	-454	50% deduction for investment in capital instruments in other financial institutions	-149	-49	-104
-353	-266	-359	50% deduction for expected losses on IRB, net of write-downs	-376	-272	-356
0	0	0	50 % capital adequacy reserve	-619	-503	-587
1.346	986	1.329	Total Tier 2 capital	1.606	1.030	1.404
14.710	13.573	15.113	Net primary capital	16.584	14.721	15.915
Minimum requirements primary capital, Basel II						
2.254	2.365	2.435	Specialised lending exposure	2.640	2.365	2.254
2.179	2.235	2.138	Other corporations exposure	2.195	2.236	2.179
44	41	84	SME exposure	94	49	52
461	430	1.124	Retail mortgage exposure (properties)	1.593	861	857
53	50	70	Other retail exposure	72	58	61
662	658	664	Equity investments	0	0	0
5.653	5.779	6.515	Total credit risk IRB	6.594	5.569	5.403
183	196	169	Debt risk	160	179	167
54	53	54	Equity risk	54	53	54
0	0	0	Currency risk	0	0	0
202	211	205	Participations calculated after other market risk	284	278	294
379	379	381	Operational risk	499	457	457
0	0	0	Transitional scheme	366	982	1.159
432	434	420	Participations calculated using standard method	1.268	1.705	1.629
-64	-63	-73	Deductions	-127	-88	-117
6.839	6.989	7.671	Minimum requirements primary capital	9.098	9.135	9.046
17,21 %	15,54 %	15,76 %	Capital ratio	14,58 %	12,89 %	14,07 %
15,63 %	14,41 %	14,38 %	Tier 1 capital ratio	13,17 %	11,99 %	12,83 %
1,57 %	1,13 %	1,39 %	Tier 2 capital ratio	1,41 %	0,90 %	1,24 %
13,50 %	12,32 %	12,47 %	Common equity Tier 1 capital ratio	11,38 %	10,28 %	11,11 %
15,63 %	14,41 %	14,38 %	Tier 1 capital ratio, IRB	13,72 %	13,43 %	14,72 %
13,50 %	12,32 %	12,47 %	Common equity Tier 1 capital ratio, IRB	11,86 %	11,52 %	12,74 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount	Fair value at 30.06.14	
	30.06.14	Assets	Liabilities
Currency instruments			
Currency forward contracts	5.560	94	29
Currency swaps	27.303	442	168
Currency options	45	0	0
Total currency instruments	32.908	536	197
Interest rate instruments			
Interest rate swaps(including cross-currency)	58.860	1.147	1.584
Other interest rate contracts	0	0	0
Total interest rate instruments	58.860	1.147	1.584
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	68.133	2.450	94
Total hedging / Interest rate instruments	68.133	2.450	94
Accrued interests			
Accrued interests		520	316
Total accrued interests		520	316
Total currency and interest rate instruments			
Total currency instruments	32.908	536	197
Total interest rate instruments	126.993	3.597	1.678
Total accrued interests		520	316
Total	159.901	4.653	2.191

Counterparty risk associated with derivatives is reduced via ISDA agreements and CSA supplements. The CSA supplement regulates the counterparty risk through payments of margins in relation to exposure limits. The contract sum and effect of reinvestment costs covered by offsetting agreements amounted to NOK 122,9 billion and NOK 2,0 billion as of the second quarter of 2014.

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

Note 11 Issuance of unsecured debt and additional capital instruments

Debt raised through issuance of securities	30.06.14	30.06.13		Balance as at
				31.12.13
Bonds, nominal amount	55.450	42.525		49.387
Adjustments	2.124	2.030		2.261
Accrued interests	531	451		680
Total debt raised through issuance of securities	58.105	45.006		52.328
Change in debt raised through issuance of securities				
	Balance as at	Issued/ sale	Past due/	FX rate- and
	30.06.14	own	redeemed	other changes
		2014	2014	2014
Bonds, nominal amount	55.450	11.159	-5.541	445
Adjustments	2.124	0	0	-137
Accrued interests	531	0	0	-149
Total debt raised through issuance of securities	58.105	11.159	-5.541	159
				52.328
Additional Tier 1 and Tier 2 capital instruments				
	30.06.14	30.06.13		31.12.13
Term subordinated loan capital, nominal amount	2.142		1.645	2.100
Perpetual subordinated loan capital, nominal amount	0		0	0
Tier 1 capital instruments, nominal amount	1.825		2.192	1.823
Adjustments	72		66	60
Accrued interests	55		55	21
Total additional Tier 1 and Tier 2 capital instruments	4.094		3.958	4.004
Change in additional Tier 1 and Tier 2 capital instruments				
	Balance as at	Issued/ sale	Past due/	FX rate- and
	30.06.14	own	redeemed	other changes
		2014	2014	2014
Term subordinated loan capital, nominal amount	2.142	44	0	-2
Perpetual subordinated loan capital, nominal amount	0	0	0	0
Tier 1 capital instruments, nominal amount	1.825	0	0	2
Adjustments	72	0	0	12
Accrued interests	55	0	0	34
Total additional Tier 1 and Tier 2 capital instruments	4.094	44	0	46
				4.004

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

Note 12 Segment reporting

Management has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, the capital market and subsidiaries of considerable significance. The Bank's own investment activities are not a separate reportable segment and they appear under the item "Other activities" together with activities that cannot be allocated to the retail market, corporate market, capital market or subsidiaries of considerable significance. Staff/support parent bank consists of administration, management, investment services, strategy and ownership, treasury and finance function. Commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are included under "Net commission and other income".

SpareBank 1 SR-Bank Group 01.01.14 - 30.06.14										
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Staff/support parent bank	Eiendoms-Megler 1	SR-Finans	Other activities	Eliminations	Total	
Interest income	1.009	787	559	520	9	193	1	-97	2.981	
Interest expense	532	320	537	464	7	85	0	-93	1.853	
Net interest income ¹⁾	477	467	22	56	2	108	1	-4	1.128	
Commission income ¹⁾	509	172	23	0	0	2	51	-26	731	
Commission expenses	20	13	3	1	0	11	13	-22	39	
Other operating income	0	0	0	3	228	0	1	0	232	
Net commission and other income	489	159	20	2	228	-9	39	-4	924	
Dividend income	0	0	2	19	0	0	4	0	25	
Income from investment in associates	0	0	0	443	0	0	0	-223	218	
Net gains/losses on financial instruments ¹⁾	5	20	39	126	0	0	7	80	277	
Net income on investment securities	5	20	41	588	0	0	11	-143	520	
Personnel expenses	161	75	24	184	116	16	15	-4	587	
Administrative expenses	55	11	8	124	22	4	2	0	226	
Other operating expenses	48	12	2	63	56	7	9	-4	193	
Total operating expenses	264	98	34	371	194	27	26	-8	1.006	
Operating profit before losses	707	548	49	275	36	72	25	-143	1.566	
Change in individual write-downs in the period	2	102	0	0	0	-1	0	0	103	
Change in group write-downs in the period	5	-12	0	0	0	-1	0	0	-8	
Pre-tax profit	700	458	49	275	36	74	25	-143	1.471	
Net interest income ¹⁾										
External net interest income	477	467	22	56	-7	-85	0	199	1.129	
Internal net interest income	0	0	0	0	9	193	1	-203	0	
Net interest income	477	467	22	56	2	108	1	-4	1.129	
				0						
Balance sheet (MNOK)				0						
Loans to customers	76.958	49.078	513	2.468	0	6.484	0	-166	135.335	
Individual loss provisions	-54	-278	0	0	0	-29	0	0	-361	
Group loss provisions	-39	-201	0	0	0	-54	0	0	-294	
Other assets	112	963	5.739	30.609	221	20	411	-5.477	32.593	
Total assets	76.977	49.562	6.252	33.077	221	6.421	411	-5.643	167.273	
				0						
Deposits from customers	45.207	32.596	2.265	1.838	0	0	0	-178	81.728	
Other debt and equity ²⁾	31.770	16.966	3.987	31.239	221	6.421	411	-5.465	85.545	
Total debt and equity	76.977	49.562	6.252	33.077	221	6.421	411	-5.643	167.273	
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	32.625	664							33.289	

SpareBank 1 SR-Bank Group 01.01.13 - 30.06.13

Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Staff/support parent bank	Eiendoms-Megler 1	SR-Finans	Other activities	Eliminations	Total
Interest income	916	715	429	568	8	191	1	-101	2.727
Interest expense	500	300	403	551	5	86	0	-95	1.750
Net interest income ¹⁾	416	415	26	17	3	105	1	-6	977
Commission income ¹⁾	487	143	21	-2	0	2	40	-17	674
Commission expenses	17	13	2	2	0	9	11	-17	37
Other operating income	0	0	0	10	224	0	-1	-1	232
Net commission and other income	470	130	19	6	224	-7	28	-1	869
Dividend income	0	0	3	28	0	0	-1	2	32
Income from investment in associates	0	0	0	412	0	0	1	-283	130
Net gains/losses on financial instruments ¹⁾	6	5	57	80	0	0	8	-95	61
Net income on investment securities	6	5	60	520	0	0	8	-376	223
Personnel expenses	170	84	26	171	114	16	11	-3	589
Administrative expenses	60	14	6	113	20	4	2	0	219
Other operating expenses	42	13	2	70	61	6	4	1	199
Total operating expenses	272	111	34	354	195	26	17	-2	1.007
Operating profit before losses	620	439	71	189	32	72	20	-381	1.062
Change in individual write-downs in the period	1	44	0	0	0	-10	0	15	50
Change in group write-downs in the period	0	0	0	0	0	0	0	0	0
Pre-tax profit	619	395	71	189	32	82	20	-396	1.012
Net interest income ¹⁾									
External net interest income	416	415	26	17	-5	-86	0	194	977
Internal net interest income	0	0	0	0	8	191	1	-200	0
Net interest income	416	415	26	17	3	105	1	-6	977
Balance sheet (MNOK)									
Loans to customers	58.205	48.386	430	1.942	0	6.262	0	-11	115.214
Individual loss provisions	-61	-283	0	0	0	-45	0	0	-389
Group loss provisions	-23	-263	0	0	0	-46	0	0	-332
Other assets	83	16	7.091	34.402	213	9	240	-5.437	36.617
Total assets	58.204	47.856	7.521	36.344	213	6.180	240	-5.448	151.110
						0			
Deposits from customers	42.561	26.824	1.464	2.543	0	0	0	-111	73.281
Other debt and equity ²⁾	15.643	21.032	6.057	33.801	213	6.180	240	-5.337	77.829
Total debt and equity	58.204	47.856	7.521	36.344	213	6.180	240	-5.448	151.110
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	46.774	726							47.500

¹⁾ The capital market division serves customers throughout the group. Previously, most of the income this division generates was recognised in the division. From the 1 January 2014, the internal income recognition policy was changed and income is now recognised, in its entirety, in the business area to which the customer belongs. Historical accounting figures have not been changed as the effect on the accounts are considered to have an insignificant effect.

²⁾ Other liabilities contain 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 financing (credit premium). Deviations between the group's actual financing costs and the applied interest on intercompany receivables are eliminated at the group level.

Note 13 Reclassification of financial assets

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

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

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

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

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

As at 30.06.2014				
Group				
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclassification effect	Fair value
At fair value through profit and loss	16.496	0	0	16.496
Held to maturity	0	0	0	0
Covered Bonds	0	0	0	0
Accrued interests	114	0	0	114
Total certificates and bonds	16.610	0	0	16.610

Group			
Bonds reclassified as receivable and hold to maturity	31.12.13	30.06.13	30.06.14
Book value	41	117	0
Nominal value	42	119	0
Observable market value	41	117	0

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

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

Note 14 Pension

Sparebank 1 SR-Bank has two types of pension schemes - defined benefits schemes and defined contribution scheme. For further details on the calculation of the pension obligation and assumptions please refer to note 1 above or note 24 in the 2013 annual financial statements.

As of 31 December 2013, SpareBank 1 SR-Bank 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.

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

Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Parent bank and group
3,80 %	3,95 %	4,00 %	3,70 %	3,25 %	Discount rate
3,80 %	3,95 %	4,00 %	3,70 %	3,25 %	Expected return on assets
3,50 %	3,75 %	3,75 %	3,75 %	3,75 %	Forecast salary increase
3,25 %	3,50 %	3,50 %	3,50 %	3,50 %	National Insurance scheme's basic amount
2,00 %	2,00 %	2,00 %	2,00 %	2,00 %	Pension adjustment

Change in pension obligations (NOK million):

2013	Q2 2013	Q2 2014	Parent bank			Group			Q2 2013	Q2 2013
			01.01.13 - 30.06.13	01.01.14 - 30.06.14		01.01.14 - 30.06.14	01.01.13 - 30.06.13	Q2 2014		
162	140	321	162	223	Net obligations opening balance	242	176	347	154	176
67	23	112	43	192	Actuarial liabilities and losses recognised in comprehensive income	204	47	118	25	72
62	16	20	32	40	Net pension cost	42	34	21	17	67
-56	0	0	-56	0	Company contributions	0	-60	0	0	-60
-12	-2	-4	-4	-6	Payments from operations	-6	-4	-4	-3	-13
0	0	-5	0	-5	Curtailements and settlements included in the income statement	-5	0	-5	0	0
223	177	444	177	444	Net pension obligations closing balance	477	193	477	193	242

Note 15 SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

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

The bank has concluded agreements concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. For more information about the accounting treatment of the agreements see note 2 and note 9 in the 2013 annual financial statements.

Note 16 Liquidity risk

Liquidity risk is the risk that the bank is unable to refinance its debts or is unable to fund an increase in assets. The bank's framework for liquidity risk management shall reflect its conservative risk profile. The Board has adopted internal frameworks to ensure that the bank has the best maturity structure possible for its funding. A stress test is conducted for different maturities for bank-specific crises, system crises and the combination of these, and we have also created an emergency preparedness plan for the management of liquidity crises. The average term to maturity for the portfolio of senior bond funding was 3.9 years at the end of Q2 2014.

Note 17 Information about fair value

Group

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:

Level 1: Listed price in an active market for an identical asset or liability.

Level 2: Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices) for the asset or liability.

Level 3: Valuation based on factors not obtained from observable markets (non-observable assumptions).

Fair value 30.06.14	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers			10.550	10.550
Commercial paper and bonds at fair value	11.050	5.560		16.610
Financial derivatives		4.653		4.653
Equities, units and other equity interests	180	294	695	1.169
Operations that will be sold			84	84
Liabilities				
Financial derivatives		2.191		2.191

No transfers between levels 1 and 2

Fair value 30.06.13	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers			12.179	12.179
Commercial paper and bonds at fair value	8.625	4.224		12.849
Financial derivatives		4.936		4.936
Equities, units and other equity interests	154	581	144	879
Operations that will be sold			85	85
Liabilities				
Financial derivatives		2.486		2.486

No transfers between levels 1 and 2

Change in holding during the financial year of assets valued on the basis of factors other than observat

Group	Loans to customers ¹⁾	Shares, ownership stakes and other securities	Business available for sale
Balance 01.01	11.421	473	85
Additions	149	0	0
Disposals	-1.095	0	-1
Transferred from or to measurement according to prices in an active market or observable market data	0	0	0
Change in value ²⁾	75	222	0
Balance 30.06	10.550	695	84
Nominal value/cost price	10.188	312	84
Fair value adjustment	362	383	-
Balance 30.06	10.550	695	84

The stakes in Nets Holding, Nordito Property and Bank 1 Oslo Akershus are valued every quarter by SpareBank 1 Gruppen and distributed to all of the alliance banks. A contract for the sale of the stakes in Nets Holding was signed in the first quarter of 2014. The value according to the sales contract was used in the interim financial statements and resulted in income of NOK 202 million in the first quarter of 2014. The agreement to sell the stake in Nets Holding was approved and the sales sum was received in July. Valuations of the stakes in Nordito Property and Bank 1 Oslo Akershus are 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.

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 18 Events after the balance sheet date

The agreement to sell the stake in Nets Holding AS was approved and the sales sum was received in July. No material events have been recorded after 30 June 2014 that affect the consolidated financial statements as prepared.

Statement by the Board of Directors and Chief Executive Officer

We confirm that the half-yearly report for the period 1 January to 30 June 2014 has, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole.

We also confirm that the interim accounts for the second quarter of 2014 provide a true and fair presentation of the performance, result and position of the company and group, together with a description of the most important risk and uncertainty factors that the company and the group are facing.

Stavanger, 12 August 2014

The Board of Directors of SpareBank 1 SR-Bank and Chief Executive Officer

Ingvald Løyning
(Chairman of the board)

Gunn-Jane Håland

Birthe Cecilie Lepsøe

Siv Juvik Tveitnes

Odd Torland

Erling Øverland

Tor Dahle

Sally Lund-Andersen
(Employee representative)

Oddvar Rettedal
(Employee representative)

Arne Austreid
(Chief Executive Officer)

QUARTERLY INCOME STATEMENT

SpareBank 1 SR-Bank Group, MNOK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2014	2014	2013	2013	2013	2013	2012	2012	2012
Interest income	1.543	1.438	1.466	1.451	1.406	1.321	1.331	1.323	1.319
Interest expense	962	891	892	883	880	870	851	875	906
Net interest income	581	547	574	568	526	451	480	448	413
Commission income	333	398	392	386	349	325	330	280	273
Commission expenses	19	20	12	23	18	19	17	19	20
Other operating income	130	102	109	103	134	98	98	113	126
Net commission and other income	444	480	489	466	465	404	411	374	379
Dividend income	7	18	-2	3	32	0	0	1	21
Income from investment in associates	137	81	95	130	31	99	22	90	53
Net gains/losses on financial instrument	57	220	102	4	-1	62	75	101	13
Net income on financial investments	201	319	195	137	62	161	97	192	87
Total income	1.226	1.346	1.258	1.171	1.053	1.016	988	1.014	879
Personnel expenses	293	294	323	284	297	292	292	271	244
Administrative expenses	120	106	109	104	118	101	107	105	99
Other operating costs	88	105	102	90	102	97	105	90	97
Total operating cost	501	505	534	478	517	490	504	466	440
Operating profit before impairment losses	725	841	724	693	536	526	484	548	439
Impairment losses on loans and guarantees	41	54	50	32	25	25	26	43	34
Pre-tax profit	684	787	674	661	511	501	458	505	405
Tax expense	150	128	107	145	128	107	114	107	102
Profit after tax	534	659	567	516	383	394	344	398	303

Profitability

Return on equity per quarter ¹⁾	14,5 %	18,4 %	16,2 %	15,6 %	11,8 %	12,3 %	11,2 %	13,6 %	11,8 %
Cost percentage ²⁾	40,9 %	37,5 %	42,4 %	40,8 %	49,1 %	48,2 %	51,0 %	46,0 %	50,1 %
Combined weighted total average spread for lending and deposits ³⁾	1,41 %	1,40 %	1,46 %	1,49 %	1,43 %	1,27 %	1,36 %	1,28 %	1,22 %

Balance sheet figures from quarterly accounts

Gross loans to customers	135.335	121.723	120.273	116.720	115.214	112.314	109.513	104.521	105.428
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	168.624	166.593	166.662	164.538	162.714	160.445	158.201	155.962	153.329
Growth in loans over last 12 months ⁴⁾	17,5 %	8,4 %	-16,8 %	-11,2 %	-1,9 %	-8,7 %	8,0 %	0,6 %	-2,3 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	3,6 %	3,8 %	5,3 %	5,5 %	6,1 %	7,4 %	7,8 %	8,5 %	9,3 %
Deposits from customers	81.728	74.440	71.667	70.714	73.281	68.605	67.594	69.195	71.285
Deposit-to-loan ratio	60,4 %	61,2 %	59,6 %	60,6 %	63,6 %	61,1 %	61,7 %	66,2 %	67,6 %
Growth in deposits over last 12 months	11,5 %	8,5 %	6,0 %	2,2 %	2,8 %	2,2 %	5,5 %	7,6 %	9,7 %
Total assets	167.273	157.752	156.985	153.639	151.110	146.124	141.543	138.663	139.615
Average total assets	164.949	158.867	155.489	151.683	147.331	144.265	140.555	139.002	136.674

Losses and non-performing commitments

Impairment losses ratio, annualized ⁵⁾	0,13	0,18	0,17	0,11	0,09	0,09	0,10	0,16	0,13
Non-performing commitments as a percentage of total loans	0,40	0,52	0,69	0,40	0,37	0,44	0,42	0,54	0,49
Other doubtful commitments as a percentage of total loans	0,41	0,38	0,37	0,69	0,50	0,57	0,54	0,70	0,50

Solidity

Common equity Tier 1 capital ratio	11,4	11,2	11,1	10,5	10,3	10,1	10,0	9,4	9,2
Tier 1 capital ratio	13,2	13,0	12,8	12,2	12,0	12,2	12,1	11,5	11,4
Capital ratio	14,6	14,5	14,1	13,1	12,9	12,9	13,1	12,0	11,9
Tier 1 capital	14.978	14.691	14.511	13.974	13.691	13.673	13.507	12.746	12.514
Net primary capital	16.584	16.407	15.915	15.034	14.721	14.452	14.568	13.273	13.041
Minimum primary capital requirement	9.098	9.073	9.046	9.203	9.135	8.956	8.897	8.856	8.797
Risk weighted balance ⁶⁾	113.725	113.413	113.075	115.038	114.188	111.950	111.213	110.700	109.963

Se next page for definition of key figures

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SpareBank 1 SR-Bank share	2014	2014	2013	2013	2013	2013	2012	2012	2012
Market price at end of quarter	59,75	60,75	60,25	47,70	47,50	50,00	37,20	36,90	32,10
Market capitalisation	15.281	15.537	15.409	12.199	12.148	12.788	9.514	9.437	8.210
Number of shares issued, millions ⁷⁾	255,75	255,75	255,75	255,75	255,75	255,75	255,75	255,75	255,75
Book equity per share(including dividends)	57,63	57,45	55,00	52,87	50,89	50,92	49,48	46,68	44,76
Earnings per share, NOK (annualised) ⁸⁾	2,09	2,58	2,22	2,02	1,50	1,54	1,35	1,56	1,19
Price/earnings per share	7,15	5,89	6,78	5,90	7,92	8,12	6,89	5,91	6,74
Price / Book equity (group)	1,04	1,06	1,10	0,90	0,93	0,98	0,75	0,79	0,72
Annualised turnover rate in quarter ⁹⁾	5,5 %	7,6 %	6,3 %	3,1 %	5,0 %	7,6 %	4,2 %	3,1 %	3,5 %
Effective return ¹⁰⁾	1,0 %	0,8 %	26,3 %	0,4 %	-2,0 %	34,4 %	0,8 %	15,0 %	-18,0 %

Key figure definitions

¹⁾ Operating result as a percentage of average equity

²⁾ Total operating costs as a percentage of total operating income

³⁾ Net interest income as a percentage of average total assets

⁴⁾ High growth in loans is attributable to a buy-back of loans from SpareBank 1 Boligkredit AS

⁵⁾ Impairment losses on loans as a percentage of average gross loans, annualised

⁶⁾ Minimum requirements primary capital divided on 8 %

⁷⁾ Number of shares rose from 199,489,669 to 255,751,082 in June 2012 due to a capital expansion

⁸⁾ From and including the second quarter of 2012, calculations of earnings per share figures are based on the new number of shares

⁹⁾ Annualised turnover of the share during the period, measured as a percentage of the number of outstanding shares

¹⁰⁾ Percentage change in the market price in the last period, including paid share dividend

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2014 Financial Calendar

Preliminary annual results for 2013	Friday 7 February
Annual General Meeting	Tuesday 29 April
Ex-dividend	Wednesday 30 April
Q1 2014	Tuesday 29 April
Q2 2014	Wednesday 13 August
Q3 2014	Thursday 30 October