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SUPPLEMENTARY INFORMATION
FOR INVESTORS AND ANALYSTS

SECOND QUARTER 2014
SPAREBANK 1 SR-BANK

SpareBank 1
SR-BANK

Chief Executive, CEO

Arne Austreid

For further information, please contact

Inge Reinertsen, Chief Financial Officer	inge.reinertsen@sr-bank.no	+47 909 95 033
Vidar Torsøe, VP Investor Relations	vidar.torsoe@sr-bank.no	+47 970 80 656

Address

SpareBank 1 SR-Bank, Postboks 250, 4066 Stavanger
Visiting address: Bjergsted Terrasse 1, 4001 Stavanger

SpareBank 1 SR-Bank Switchboard: +47 915 02002

Information on the Internet

SpareBank 1 SR-Bank's homepage www.sr-bank.no

Financial Calendar 2014

Second quarter 2014	13 August
Third quarter 2014	31 October

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1. SpareBank 1 SR-Bank ASA

1.1 Financial highlights

Q2 2014

- Pre-tax profit: NOK 684 million (NOK 511 million)
- Profit after tax: 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 commission and other income: NOK 444 million (NOK 465 million)
- Net income from financial investments: NOK 201 million (NOK 62 million)
- Operating expenses: NOK 501 million (NOK 517 million)
- Impairment losses on loans and guarantees: NOK 41 million (NOK 25 million)
- Total lending growth over past 12 months: 3.6 % (6.1 %)
- Growth in deposits over past 12 months: 11.5 % (2.8 %)
- Tier 1 capital ratio: 13.2 % (12.0 %)
- CET 1 capital ratio: 11.4 % (10.3 %)
(Q2 2013 in parentheses)

1st half 2014

- Pre-tax profit: NOK 1,471 million (NOK 1,012 million)
- Profit after tax: 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 commission and other income: NOK 924 million (NOK 869 million)
- Net income from financial investments: NOK 520 million (NOK 223 million)
- Operating expenses: NOK 1,006 million (NOK 1,007 million)
- Impairment losses on loans and guarantees: NOK 95 million (NOK 50 million)
- Total lending growth over past 12 months: 3.6 % (6.1 %)
- Growth in deposits over past 12 months: 11.5 % (2.8 %)
- Tier 1 capital ratio: 13.2 % (12.0 %)
- CET 1 capital ratio: 11.4 % (10.3 %)
(1st half 2013 in parentheses)

Income statement

MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Net interest income	581	547	574	568	526	1.128	977
Net commission and other income	444	480	489	466	465	924	869
Net return on investment securities	201	319	195	137	62	520	223
Total income	1.226	1.346	1.258	1.171	1.053	2.572	2.069
Total operating expenses	501	505	534	478	517	1.006	1.007
Operating profit before losses	725	841	724	693	536	1.566	1.062
Losses on loans and guarantees	41	54	50	32	25	95	50
Operating profit before tax	684	787	674	661	511	1.471	1.012
Tax expense	150	128	107	145	128	278	235
Profit after tax	534	659	567	516	383	1.193	777

Key figures

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Return on equity ¹⁾	14,5 %	18,4 %	16,2 %	15,6 %	11,8 %	16,5 %	12,1 %
Cost ratio ²⁾	40,9 %	37,5 %	42,4 %	40,8 %	49,1 %	39,1 %	48,7 %
Deposit-to-loan ratio	60,4 %	61,2 %	59,6 %	60,6 %	63,6 %	60,4 %	63,6 %
Growth in loans	17,5 %	8,4 %	9,8 %	11,7 %	9,3 %	17,5 %	9,3 %
Growth in loans incl. covered bond companies	3,6 %	3,8 %	5,3 %	5,5 %	6,1 %	3,6 %	6,1 %
Growth in deposits	11,5 %	8,5 %	6,0 %	2,2 %	2,8 %	11,5 %	2,8 %
Average total assets, MNOK	164.949	158.867	155.489	151.683	147.331	162.502	145.751
Total assets, MNOK	167.273	157.752	156.985	153.639	151.110	167.273	151.110
Impairment losses ratio ³⁾	0,13	0,18	0,17	0,11	0,09	0,15	0,09
Capital ratio - Transitional rules	14,6	14,5	14,1	13,1	12,9	14,6	12,9
Common Equity Tier 1 capital ratio - Transitional rule	11,4	11,2	11,1	10,5	10,3	11,4	12,0
Share price	59,75	60,75	60,25	47,70	47,50	59,75	47,50
EPS (group) ⁴⁾	2,09	2,58	2,22	2,02	1,50	4,67	3,04

¹⁾ Net profit as a percentage of average equity.

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

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

⁴⁾ Number of shares was increased on 18 June 2012 from 199,489,689 to 255,751,082 as a result of a capital expansion. Earnings per share as from 2nd quarter 2012 are calculated based on the new number of shares.

SpareBank 1 SR-Bank does not have any forward cover contracts or other circumstances that can dilute earning per share.

1.2 Business description: leading financial institution in Rogaland, Hordaland and Agder

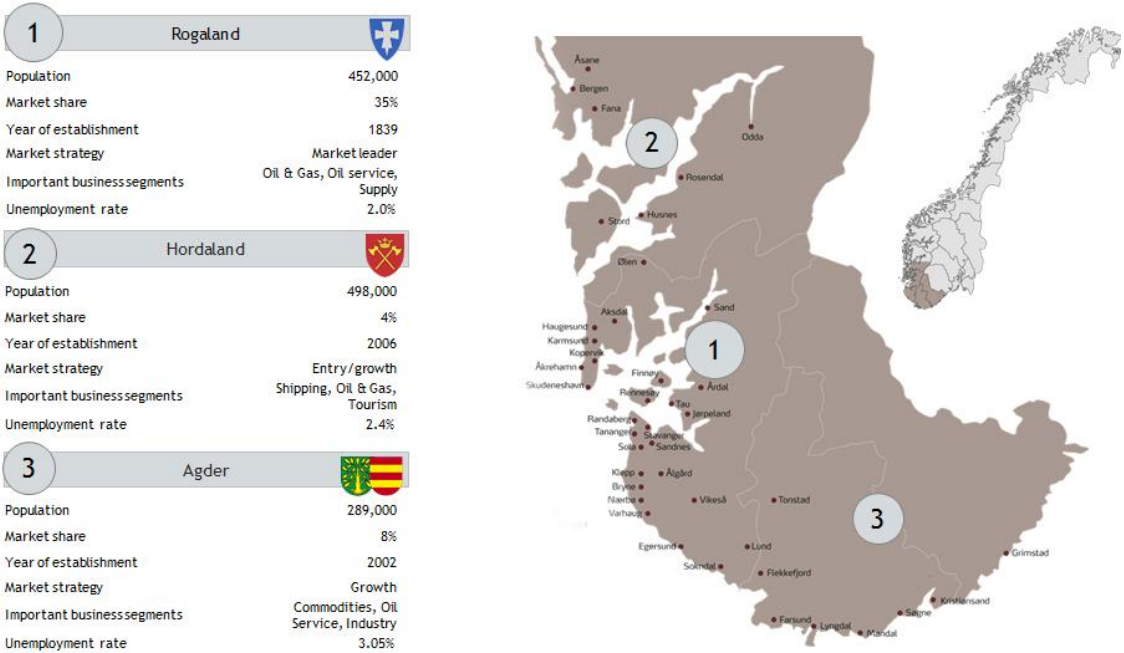


Figure 1.2.1: Operating areas (reducing the number of branches from 52 to 48 in 2014)

SpareBank 1 SR-Bank is Norway’s largest regional bank and the second largest Norwegian-owned bank (after DNB) with gross lending including covered bond companies of NOK 167 billion and market cap of NOK 15.3 billion as at 30 June 2014. Head office is in Stavanger. The market areas are the counties of Rogaland, Agder and Hordaland. SpareBank 1 SR-Bank ASA has 1 126 employees and provides a full range of products and services within financing, investments, money transfers, pensions as well as life and non-life insurance.

The customer-oriented activity is organized in three divisions; Retail Market, Corporate Market and Capital Market.

Retail Market

SpareBank 1 SR-Bank ASA is the leading retail customer bank in Rogaland, with about 262,000 retail customers and a market share in Rogaland of about 40 per cent. The division also serves agricultural clients, sole proprietorships and associations.

Corporate Market

SpareBank 1 SR-Bank ASA service about 12,000 customers in the business sector and public sector. These also include small businesses, agricultural customers, societies and associations. About 40 per cent of all businesses in the bank’s traditional market list SpareBank 1 SR-Bank ASA as their main bank.

Capital Market

The Capital Market division comprises the group’s securities activities, SR-Markets and the subsidiary SR-Forvaltning that manage customers’ and the bank’s own assets in the form of securities, mutual funds and properties. SR-Markets primarily serve the group’s customers and other selected customer in defined market areas in the country as a whole.

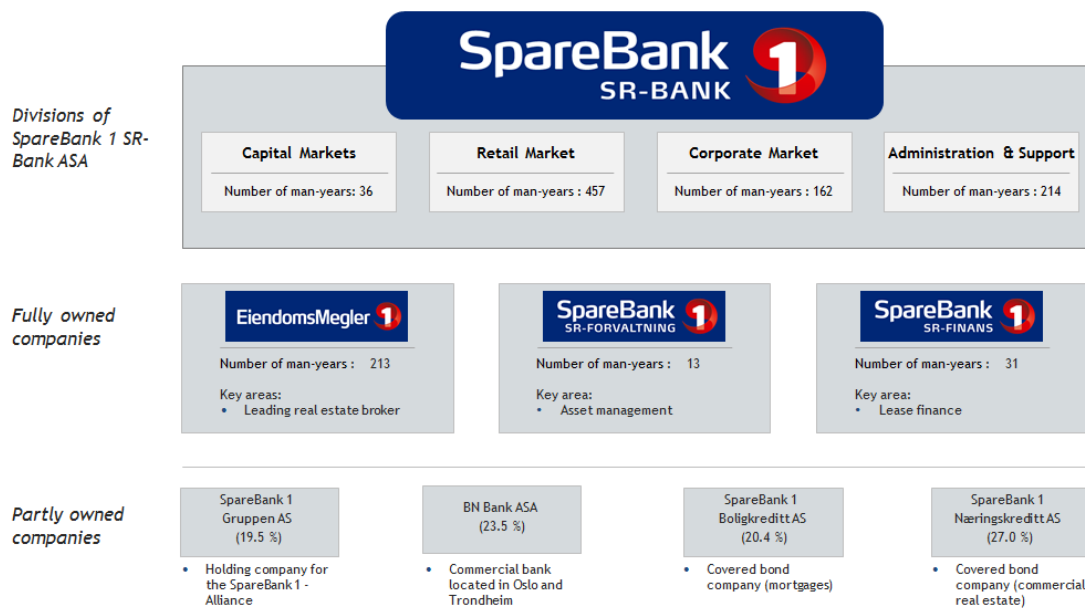


Figure 1.2.2: SpareBank 1 SR-Bank's activities

Segment operating profit*

MNOK	Retail market		Corporate market		Capital market	
	2014	2013	2014	2013	2014	2013
Operating profit before tax 2nd quarter only	361	354	243	232	29	33
Operating profit before tax as at 30 June	700	619	458	395	49	71
Gross loans to customers excl. SB1 Boligkreditt and SB1 Næringskreditt as at 30 June	76.958	58.205	49.078	48.386	513	430
Deposits from customers as at 30 June	45.207	42.561	32.596	26.824	2265	1464

* not including subsidiaries

Vision and strategy

Our vision: Recommended by customers

Primary objective	Financial targets
<ul style="list-style-type: none">• SpareBank 1 SR-Bank ASA is committed to value creation in the bank's core market area• Sustainable contribution to the value creation process in the region through;<ul style="list-style-type: none">• Sustainable and profitable business model• Owner friendly and stable dividend policy	<ul style="list-style-type: none">• ROE above 13% at a normalised level of interest rates• Top 50% ROE and cost/income in a Nordic benchmark• CET1 capital ratio at 0.5-1.0% above the regulatory requirement
Strategic goals	Strategic focus
<ul style="list-style-type: none">• Most attractive and preferred partner for financial services in South-Western Norway, based on;<ul style="list-style-type: none">• Good customer experience• Strong team spirit and professionalism• Local anchoring and local decisions• Solvency, profitability and trust by the market	<ul style="list-style-type: none">• Targeted customer growth and increased product mix• Innovative and continuing focus on efficiency• Expertise adapted to future customer needs• Diversified funding platform

Figure 1.2.3: Vision and strategy

Legal and organizational structure

SpareBank 1 SR-Banks's various management and control bodies have all been established with respect to Norwegian legislation. The figure below shows an overview of current management and control bodies:

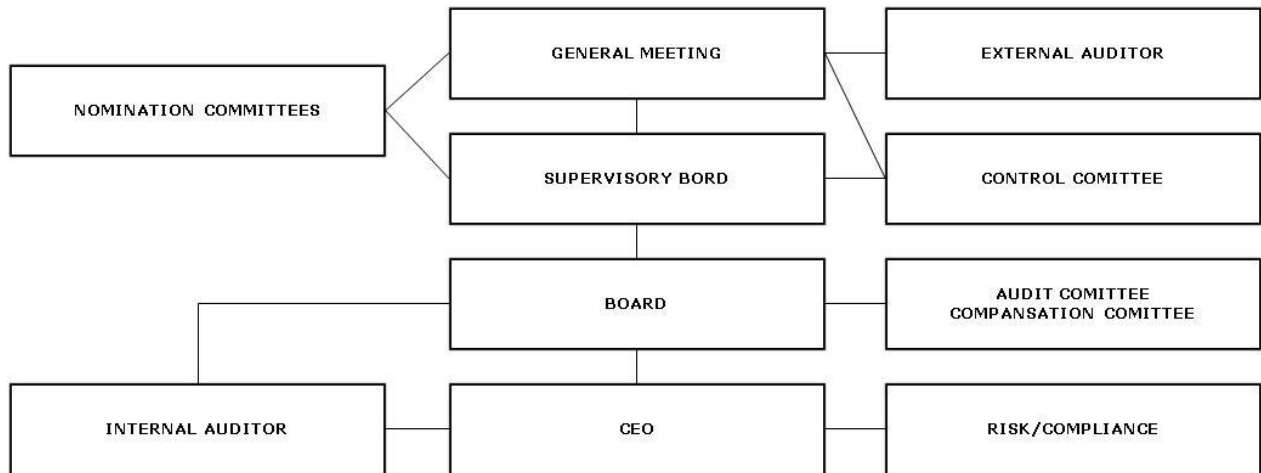


Figure 1.2.4: Overview of management and control bodies

General Meeting

Through the General Meeting, the shareholders exercise the highest level of authority at SpareBank 1 SR-Bank ASA. The Ordinary General Meeting elects the members of the Supervisory Board, the Control Committee and the Nomination Committee, as well as approving the annual financial statements, including the allocation of a surplus or coverage of a deficit for a year.

Supervisory Board

The Supervisory Board consists of 30 members and 15 deputy members. A total of 22 members and 11 deputy members are elected from among the shareholders and eight members and four deputy members are elected by and from among the employees.

The Supervisory Board conducts supervision of the administration by the Board of Directors and the CEO, elects the members and deputy members of the Board of Directors, elects the Nominating Committee, elects the auditor or auditing company, receives information on the operation and reviews extracts of SpareBank 1 SR-Bank's accounts and reports from the Control Committee, reviews the annual financial statements, annual report and auditor's report, and makes a statement to the General Meeting concerning the Board's proposal for the annual financial statements, and the Board's proposal for allocation of a surplus or coverage of a deficit as well as adopting decisions on remuneration for officers and auditors as well as compensation for the CEO.

Control Committee

The Control Committee consists of three members and one deputy member who are elected for terms of two years at a time.

The Control Committee must see to it that the activities of SpareBank 1 SR-Bank are conducted in an appropriate manner, including co-operation and having on-going contact with other possible control committees of group companies, and conducting supervision that the Board and CEO have adequate supervision and control of the subsidiaries.

Board of Directors

The Board of Directors consists of nine members and two deputy members, of which two members and one deputy member are elected by the employees.

The Board of Directors is responsible for the administration of the Bank's business. This includes making decisions on individual credit cases. The Board must ensure a satisfactory organisation of the Bank's operations, including ensuring that accounting and asset management are subjected to proper scrutiny.

Board committees

The Board of Directors has established a Compensation Committee and an Audit Committee. The committees shall assist the Board of Directors in preparing cases, but the decision shall be made jointly by the Board of Directors. Both committees, on their own initiative, are able to conduct meetings and processes cases without participation by the administration.

Instructions for the committees are established by the Board of Directors.

Organisation of SpareBank 1 SR-Bank ASA

The Bank's operational structure is illustrated in the figure below.

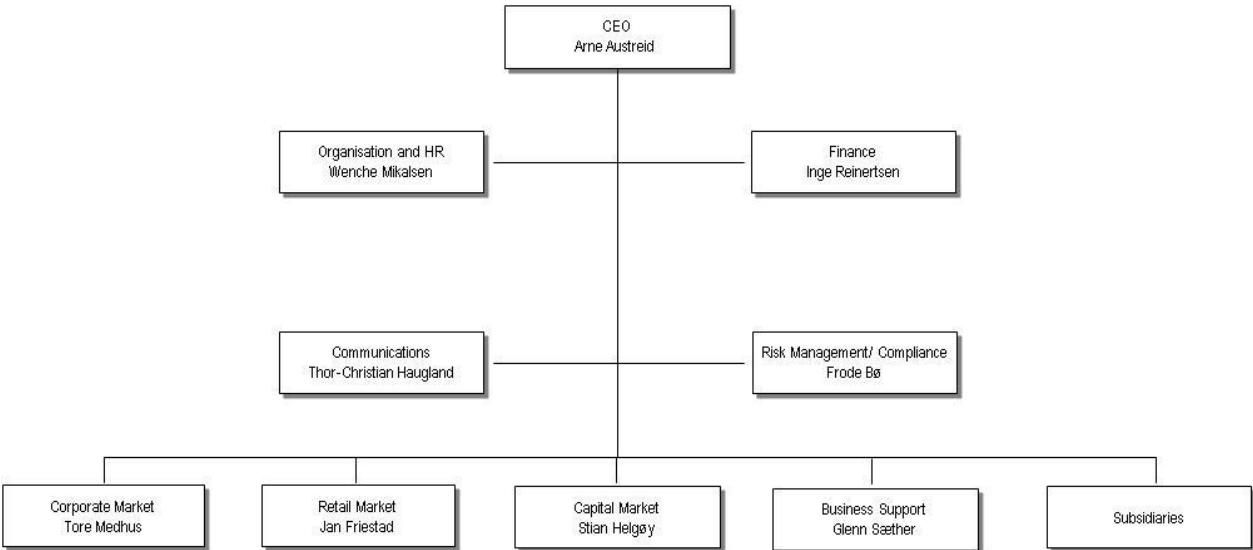


Figure 1.2.5: Organizational structure of SpareBank 1 SR-Bank

The SpareBank 1 Alliance

SpareBank 1 SR-Bank is one of the founding partners of the SpareBank 1 Gruppen ("the Alliance") in 1996. Through participation in the Alliance, SpareBank 1 SR-Bank is linked together in an alliance of independent and locally anchored banks. The purpose of the Alliance is for members to develop, procure and supply competitive financial services and products and to exploit economies of scale in the form of lower costs and higher quality, so that customers get the best advice and the best services on competitive terms. As shown in the figure below the Alliance has a wide distribution all over Norway.

The SpareBank 1 Alliance - 2nd largest mortgage lender in Norway

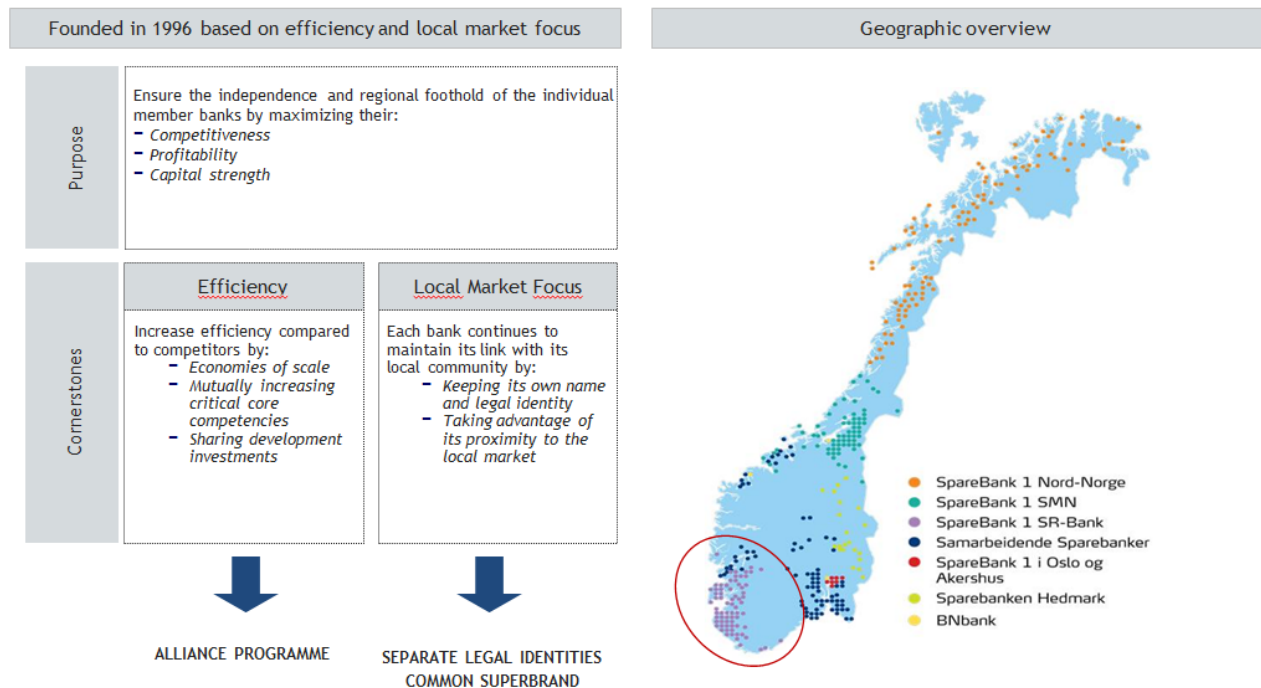


Figure 1.2.6: Geographic overview of the SpareBank 1 Alliance

The member banks in the Alliance work in part through common projects and in part through the jointly owned holding company; SpareBank 1 Gruppen AS. In addition to SpareBank 1 SR-Bank, SpareBank 1 Gruppen AS is owned by Sparebanken Nord-Norge, Sparebanken 1 SMN, Sparebanken Hedmark, Samarbeidende Sparebanker (14 local savings banks in southern Norway) and the Norwegian Confederation of Trade Unions (LO).

SpareBank 1 Gruppen AS owns all of the shares in SpareBank 1 Livsforsikring AS (life insurance), SpareBank 1 Skadeforsikring AS (non-life insurance), ODIN Forvaltning AS (asset management), SpareBank 1 Medlemskort (membership cards) and SpareBank 1 Gruppen Finans Holding AS (collection of bad debts).

The banks that are part of the Alliance also jointly own the two covered bond companies SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, EiendomsMegler 1 (chain of real estate brokers), Alliansesamarbeidet SpareBank 1 Utvikling DA, and the two commercial banks; Bank 1 Oslo/Akershus AS and BN Bank ASA.

The SpareBank 1 Alliance structure is illustrated below in figure 1.2.7.

SpareBank 1 Alliance

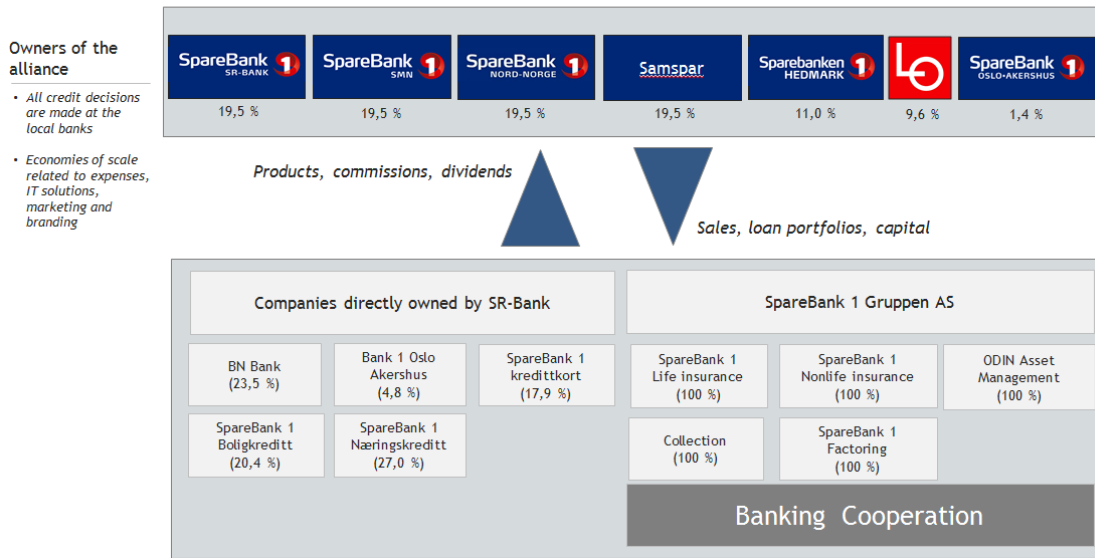


Figure 1.2.7: Structure of SpareBank 1 Alliance as per 30 June 2014

More information on the SpareBank 1 Alliance can be found on www.sparebank1.no.

1.3 Shareholder information - SRBANK

SpareBank 1 SR-Bank's former Equity Certificates (EC) was listed on the Oslo stock exchange from 1994 until end 2011 under the ticker of ROGG. From 1 January 2012 the EC's were converted to ordinary shares. The share capital in SpareBank 1 SR-Bank is NOK 6,393,777,050 divided between 255,751,082, each with a nominal value of NOK 25.

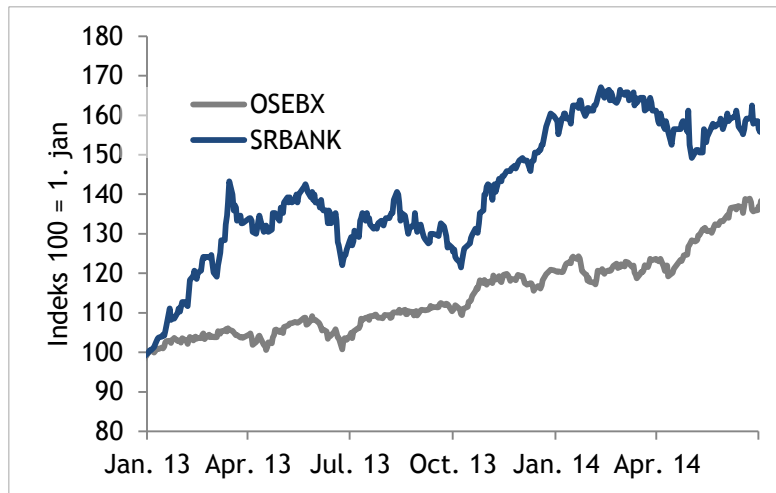


Figure 1.3.1: Relative performance; SRBANK vs OSEBX 1.1.2013 – 30.06.2014

The former ticker code ROGG was replaced by SRBANK and from 3 January 2012, SRBANK was included in the OSEAX All-Share index and sector index OSE40 Financials/OSE4010 Banks. Figure 1.3.1 shows the relative performance of SRBANK compared to OSEBX.

SpareBank 1 SR-Bank aims to ensure good liquidity in its shares and achieve a good diversity of shareholders who represent customers, regional interests, as well as Norwegian and international investors. Figure 1.3.2 shows how daily liquidity has developed in the period from 1 January 2010 to 30 June 2014. A general observation is that liquidity has increased after the conversion and issue of new shares.

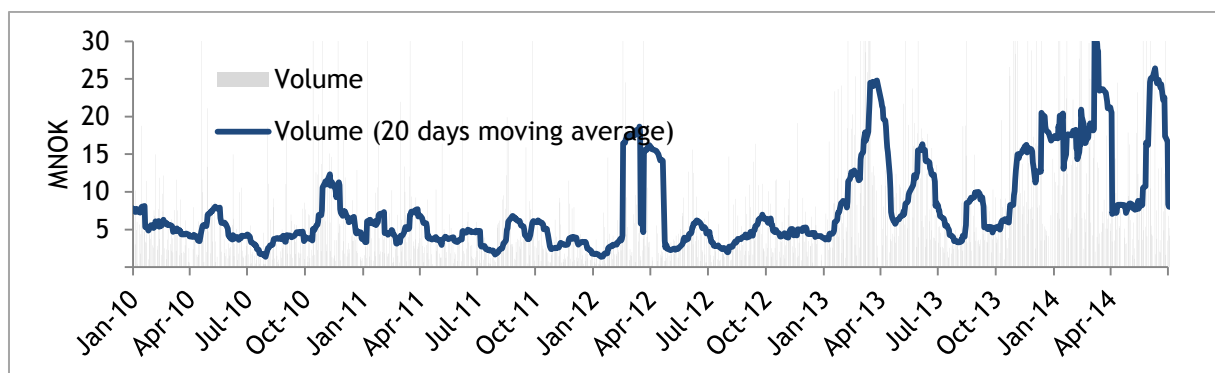


Figure 1.3.2 Development in liquidity; SRBANK 1.1.2010 – 30.06.2014

Figure 1.3.3 shows the share price movements and Price/Book development from 01.01.2013 to 30.06.2014.

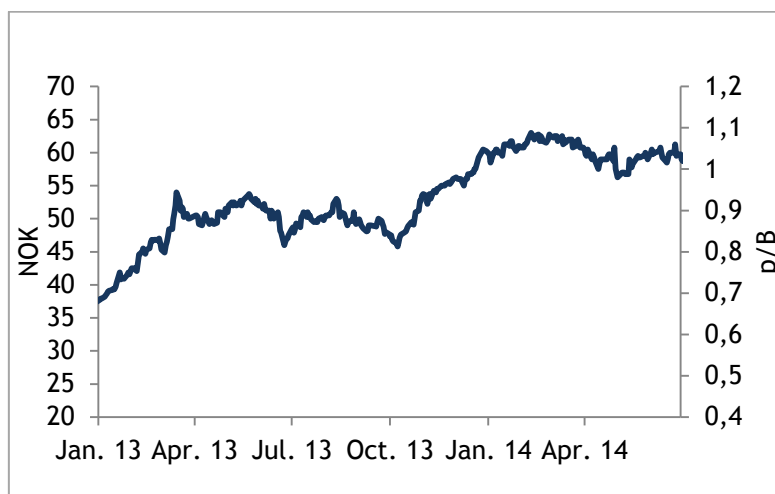


Figure 1.3.3: Share price and development in P/B; 1.1.2013 – 30.06.2014

Investor relations policy

It is crucial to SpareBank 1 SR-Bank that accurate, relevant and timely information about the group's development and result inspires confidence in the investor market. Information is conveyed to the market mainly through quarterly investor presentations, websites, press releases and accounting reports. Regular presentations are also held for international partners, lenders and investors, mainly in the domestic and European market.

It is in SpareBank 1 SR-Bank's own interest that financial analyses are published with the highest possible quality. All analysts, irrespective of their recommendations and viewpoints regarding the stock are treated equally. As of today the following financial analysts have official coverage of SRBANK:

Arctic Securities, Karl Storvik: + 47 21 01 32 36, karl.storvik@articsec.no
 SpareBank 1 Markets, Nils Kristian Øyen: + 47 24 14 74 00 nils.oyen@sb1.markets.no
 First Securities, Bengt Kirkøyen +47 23 23 82 65 bk@first.no
 Nordea Markets, Thomas Svendsen +47 22 48 79 21 thomas.svendsen@nordea.com
 Pareto Securities, Vegard Eid Mediaas: +47 22 87 88 24, vegard.eid.mediaas@pareto.no
 DnB NOR Markets, Håkon Reistad Fure: + 47 22 94 89 12, hakon.reistad.fure@dnb.no
 Keefe, Bruyette & Woods, Ronny Rehn: +44 207 663 3214, rrehn@kbw.com
 Enskilda Securities, Christoffer Adams: +47 21 00 85 14, christoffer.adams@seb.no
 Norne Securities, Andrius Valivonis: +47 55 55 91 30, andrius.valivonis@norne.no
 Warren Securities, Mille Fjeldstad: +47 99 03 89 16, mille.fjeldstad@warren.no
 Fondsinans, Christian Berner: +47 23 11 30 11, cb@fondsinans.no
 Carnegie, Asbjørn Nicholas Mørch: +45 32 88 03 35, asbmoe@carnegie.dk

Shareholder and dividend policy

Shareholder policy

SpareBank 1 SR-Bank's objective is to manage the bank's resources in such a manner that shareholders receive a yield in the form of dividends and a value increase which is competitive in relation to comparable investments.

Dividend policy

The financial objective of SpareBank 1 SR-Bank's operations is to achieve earnings that yield adequate, stable returns on the bank's equity, thereby creating value for owners through competitive returns in the form of

dividends and share appreciation.

In determining the size of the annual dividend, considerations will be made toward the group's capital, including capital adequacy requirements and the group's goals and strategic plans. Unless capital requirements otherwise dictate, the goal of the board is that approximately half of the annual profit after tax is distributed.

Ownership structure

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Gjensidige Forsikring ASA		26.483.470	10,4%
Folketrygdfondet		9.895.706	3,9%
Morgan Stanley & Co, U.S.A.	Nominee	9.562.005	3,7%
State Street Bank and Trust, U.S.A.	Nominee	8.692.751	3,4%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Wimoh Invest AS		4.320.710	1,7%
Odin Norge		3.953.812	1,5%
Skagen Global		3.820.039	1,5%
The Bank of New York Mellon, U.S.A.	Nominee	2.618.796	1,0%
State Street Bank and Trust, U.S.A.	Nominee	2.598.882	1,0%
J.P. Morgan Chase Bank, U.K.	Nominee	2.340.941	0,9%
Clipper AS		2.100.000	0,8%
J.P. Morgan Chase Bank, U.K.	Nominee	2.083.137	0,8%
J.P. Morgan Chase Bank, Sverige	Nominee	2.014.054	0,8%
Skandinaviska Enskilda Banken, Sverige	Nominee	1.706.892	0,7%
FLPS, U.S.A.		1.350.000	0,5%
Westco AS		1.321.817	0,5%
State Street Bank and Trust, U.S.A.	Nominee	1.223.779	0,5%
Skagen Global II		1.196.751	0,5%
<hr/>			
Top 5		127.053.237	49,7%
Top 10		147.993.177	57,9%
Top 20		165.929.430	64,9%

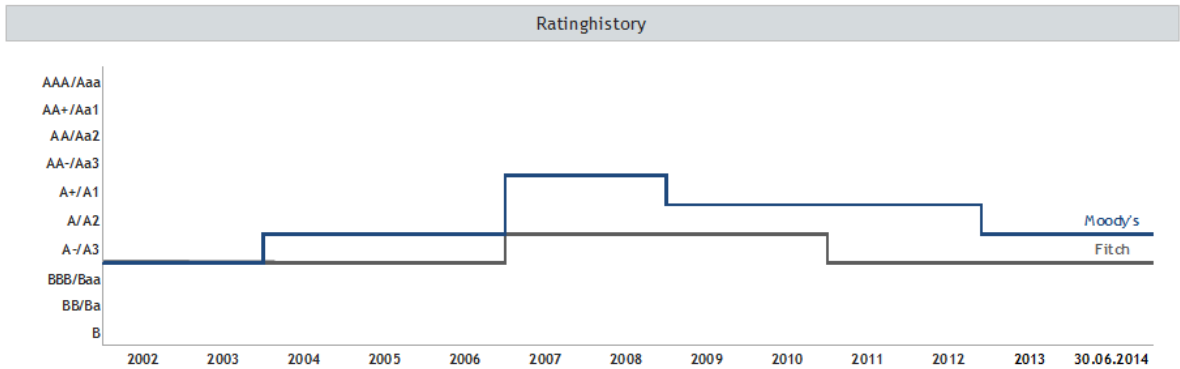
Table 1.3.2: 20 largest shareholders as at 30. June 2014

1.4 Credit ratings

Current credit rating status as at 30 June 2014 was as follows:

Rating

Moody's		Fitch	
Long-term debt	A2	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	30 May 2014	Updated	9 April 2014



2. Financial results and balance sheet

Income statement

<i>MNOK</i>	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Interest income	1.543	1.438	1.466	1.451	1.406	2.981	2.727
Interest expense	962	891	892	883	880	1.853	1.750
Net interest income	581	547	574	568	526	1.128	977
Commission income	333	398	392	386	349	731	674
Commission expenses	19	20	12	23	18	39	37
Other operating income	130	102	109	103	134	232	232
Net commission and other income	444	480	489	466	465	924	869
Dividend income	7	18	-2	3	32	25	32
Income from investment in associates	137	81	95	130	31	218	130
Net gains/losses on financial instruments	57	220	102	4	-1	277	61
Net return on investment securities	201	319	195	137	62	520	223
Total income	1.226	1.346	1.258	1.171	1.053	2.572	2.069
Personnel expenses	293	294	323	284	297	587	589
Administrative expenses	120	106	109	104	118	226	219
Other operating expenses	88	105	102	90	102	193	199
Total operating expenses	501	505	534	478	517	1.006	1.007
Operating profit before losses	725	841	724	693	536	1.566	1.062
Losses on loans and guarantees	41	54	50	32	25	95	50
Operating profit before tax	684	787	674	661	511	1.471	1.012
Tax expense	150	128	107	145	128	278	235
Profit after tax from continuing operations	534	659	567	516	383	1.193	777

Key figures

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Return on equity ¹⁾	14,5 %	18,4 %	16,2 %	15,6 %	11,8 %	16,5 %	12,1 %
Cost ratio ²⁾	40,9 %	37,5 %	42,4 %	40,8 %	49,1 %	39,1 %	48,7 %
Net interest margin	1,41 %	1,40 %	1,46 %	1,49 %	1,43 %	1,40 %	1,35 %
Gross loans to customers	135.335	121.723	120.273	116.720	115.214	135.335	115.214
Gross loans to customers incl. covered bond companies	168.624	166.593	166.662	164.538	162.714	168.624	162.714
Deposits from customers	81.728	74.440	71.667	70.714	73.281	81.728	73.281
Deposit-to-loan ratio	60,4 %	61,2 %	59,6 %	60,6 %	63,6 %	60,4 %	63,6 %
Growth in loans	17,5 %	8,4 %	9,8 %	11,7 %	9,3 %	17,5 %	9,3 %
Growth in loans incl. covered bond companies	3,6 %	3,8 %	5,3 %	5,5 %	6,1 %	3,6 %	6,1 %
Growth in deposits	11,5 %	8,5 %	6,0 %	2,2 %	2,8 %	11,5 %	2,8 %
Average total assets	164.949	158.867	155.489	151.683	147.331	162.502	145.751
Total assets	167.273	157.752	156.985	153.639	151.110	167.273	151.110
Impairment losses ratio ³⁾	0,13	0,18	0,17	0,11	0,09	0,15	0,09
Non-performing commitments as a percentage of gross loans	0,40	0,52	0,69	0,40	0,37	0,40	0,37
Other doubtful commitments as a percentage of gross loans	0,41	0,38	0,37	0,69	0,50	0,41	0,50
Capital ratio	14,6	14,5	14,1	13,1	12,9	14,6	12,9
Tier 1 capital ratio	13,2	13,0	12,8	12,2	12,0	13,2	12,0
Common Equity Tier 1 capital ratio	11,4	11,2	11,1	10,5	10,3	11,4	10,3
Tier 1 capital	14.978	14.691	14.511	13.974	13.691	14.978	13.691
Net primary capital	16.584	16.407	15.915	15.034	14.721	16.584	14.721
Minimum primary capital requirement	9.098	9.073	9.046	9.203	9.135	9.098	9.135
RWA	113.725	113.413	113.075	115.038	114.188	113.725	114.188
Number of branches	48	52	52	53	53	48	53
Man-years (permanent)	1.126	1.148	1.165	1.182	1.196	1.126	1.196
Share price	59,75	60,75	60,25	47,70	47,50	59,75	47,50
Market capitalisation	15.281	15.537	15.409	12.199	12.148	15.281	12.148
Book equity per share (including dividends) (group)	57,63	57,45	55,00	52,89	50,89	57,63	50,89
Earnings per share (group) ⁴⁾	2,09	2,58	2,22	2,02	1,50	4,67	3,04
Dividends per share	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Price / Earnings per share	7,15	5,89	6,78	5,90	7,92	6,40	7,81
Price / Book equity (group)	1,04	1,06	1,10	0,90	0,93	1,04	0,93

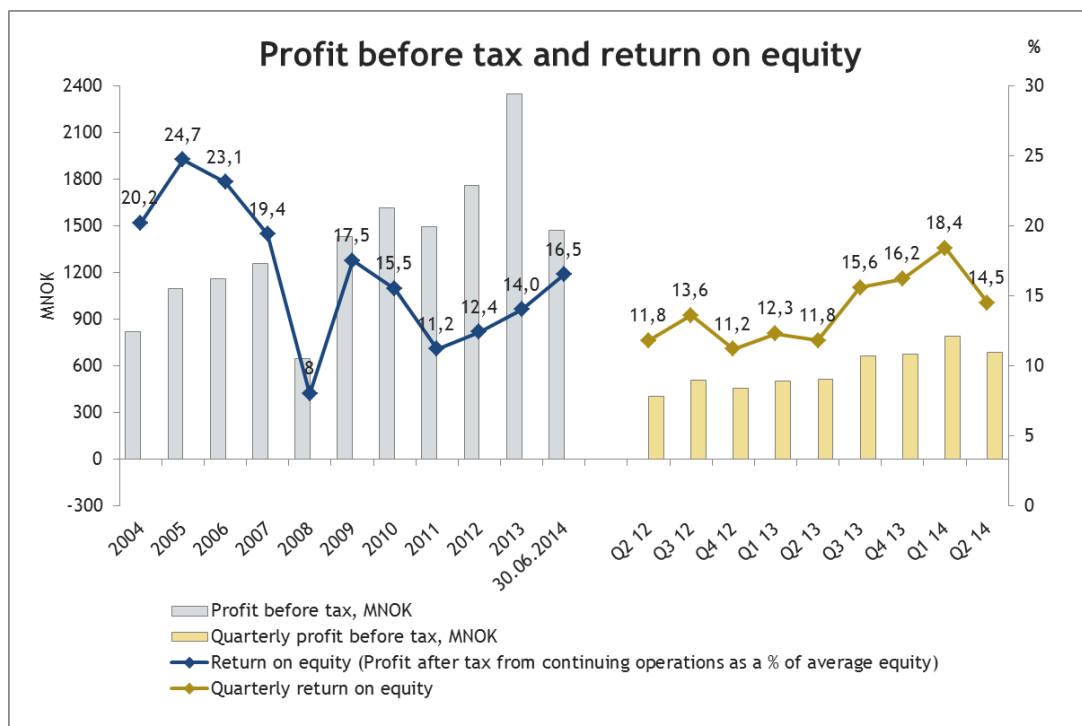
¹⁾ Net profit as a percentage of average equity.

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

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

⁴⁾ Number of shares was increased on 18 June 2012 from 199,489,689 to 255,751,082 as a result of a capital expansion. Earnings per share as from 2nd quarter 2012 are calculated based on the new number of shares.

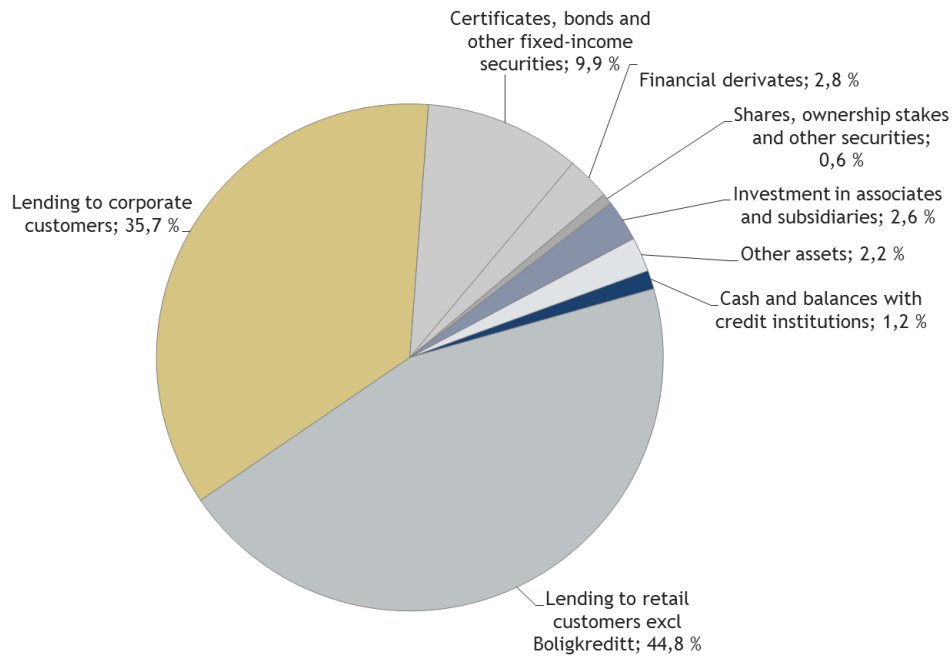
SpareBank 1 SR-Bank does not have any forward cover contracts or other circumstances that can dilute earning per share.



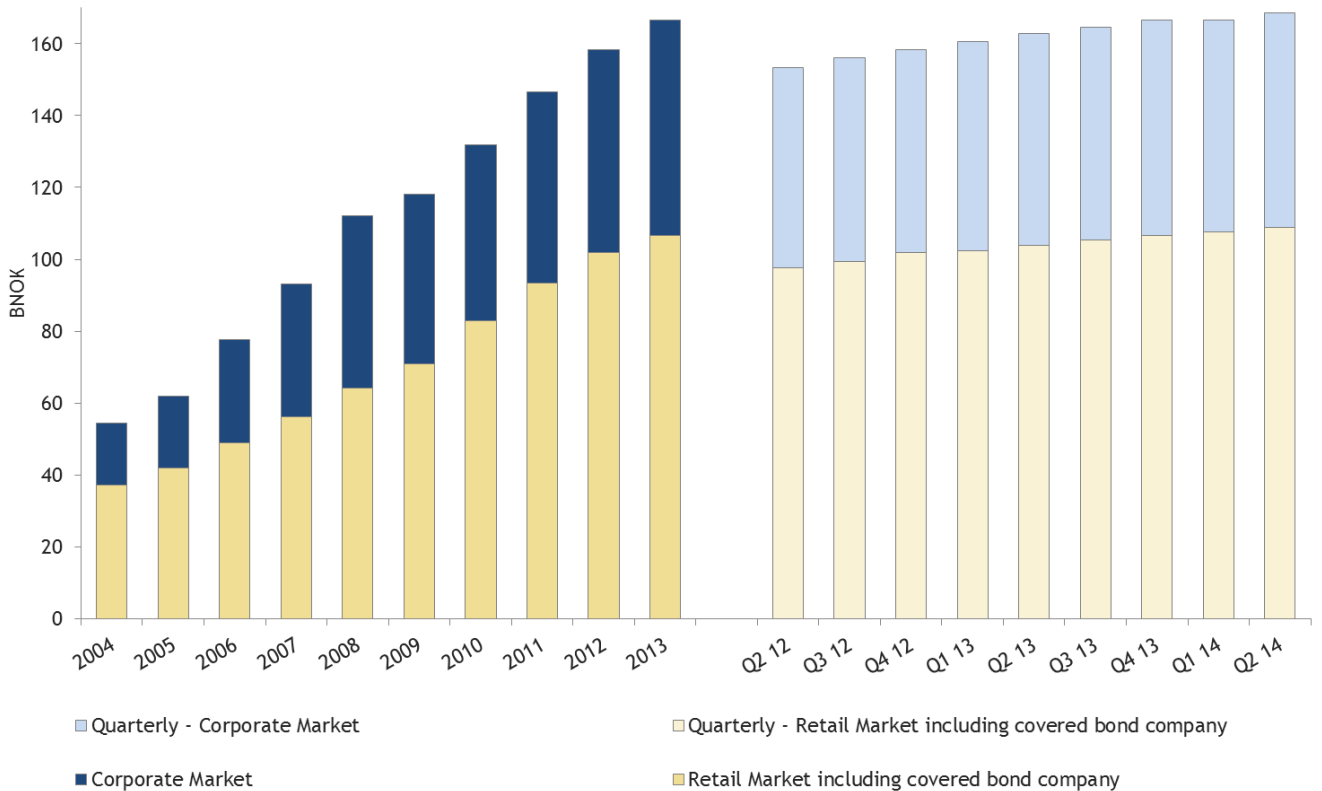
Balance sheet

	30.06 2014	31.03 2014	31.12 2013	30.09 2013	30.06 2013
MNOK					
Cash and balances with central banks	1.985	770	1.265	588	1.762
Balances with credit institutions	2.333	1.092	1.253	1.732	2.612
Net loans to customers	134.680	121.037	119.525	115.992	114.493
Certificates, bonds and other fixed-income sec.	16.610	20.868	21.065	22.408	19.852
Financial derivatives	4.653	4.339	4.923	4.887	4.936
Shares, ownership stakes and other securities	1.176	1.154	938	880	879
Business available for sale	84	84	85	85	85
Investment in associates	4.422	4.910	4.710	4.804	4.682
Other assets	1.330	3.498	3.221	2.263	1.809
Total assets	167.273	157.752	156.985	153.639	151.110
Balances with credit institutions	4.207	4.801	3.742	4.719	4.681
Public deposits related to covered bond swap scheme	0	2.431	6.429	6.429	6.429
Deposits from customers	81.728	74.440	71.667	70.714	73.281
Listed debt securities	58.105	52.508	52.328	50.124	45.006
Financial derivatives	2.191	2.179	2.013	2.235	2.486
Other liabilities	2.222	2.659	2.746	2.310	2.264
Additional Tier 1 and Tier 2 capital instruments	4.094	4.065	4.004	3.597	3.958
Total liabilities	152.547	143.083	142.929	140.128	138.105
Share capital	6.394	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587	1.587
Proposed dividend	0	409	409	0	0
Fund for unrealised gains	162	162	162	72	72
Other equity	5.390	5.458	5.504	4.165	4.175
Profit/loss at period end	1.193	659	0	1.293	777
Total equity	14.726	14.669	14.056	13.511	13.005
Total liabilities and equity	167.273	157.752	156.985	153.639	151.110

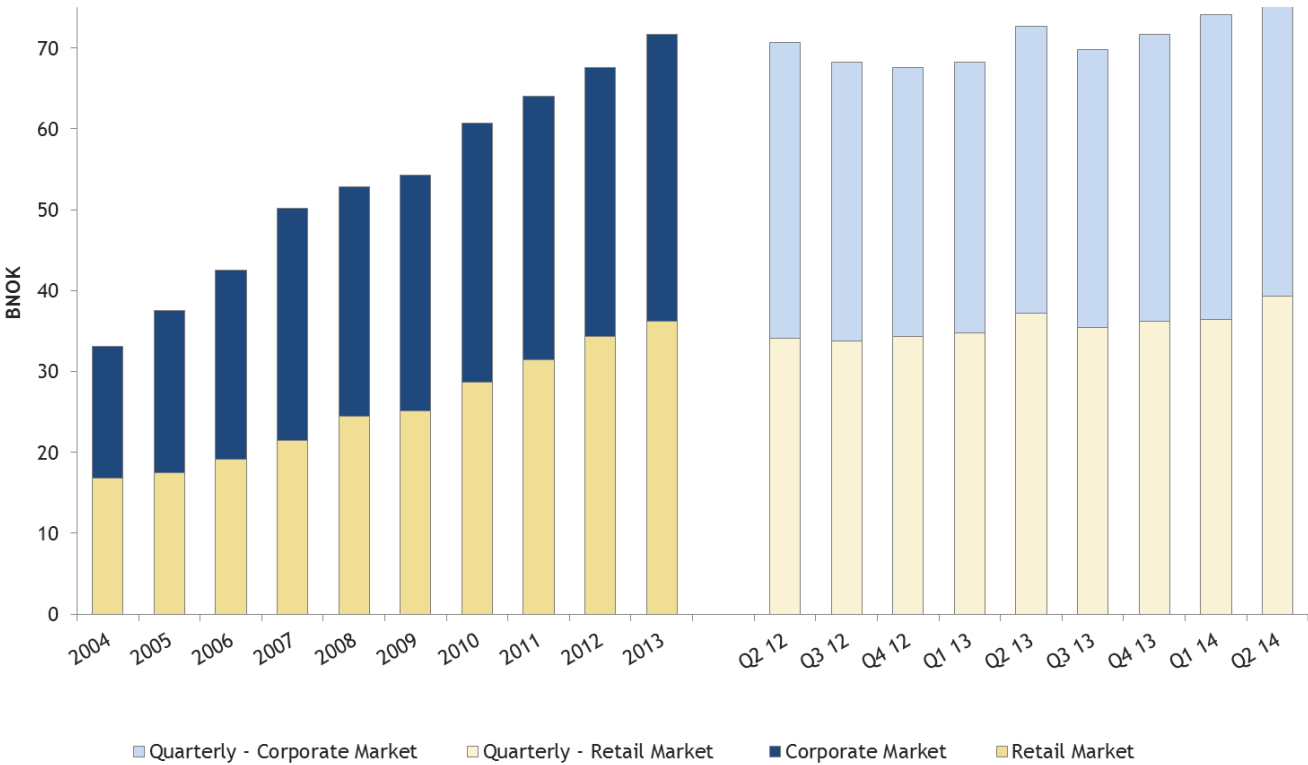
Total assets as at 30 June 2014:



Development in lending volume

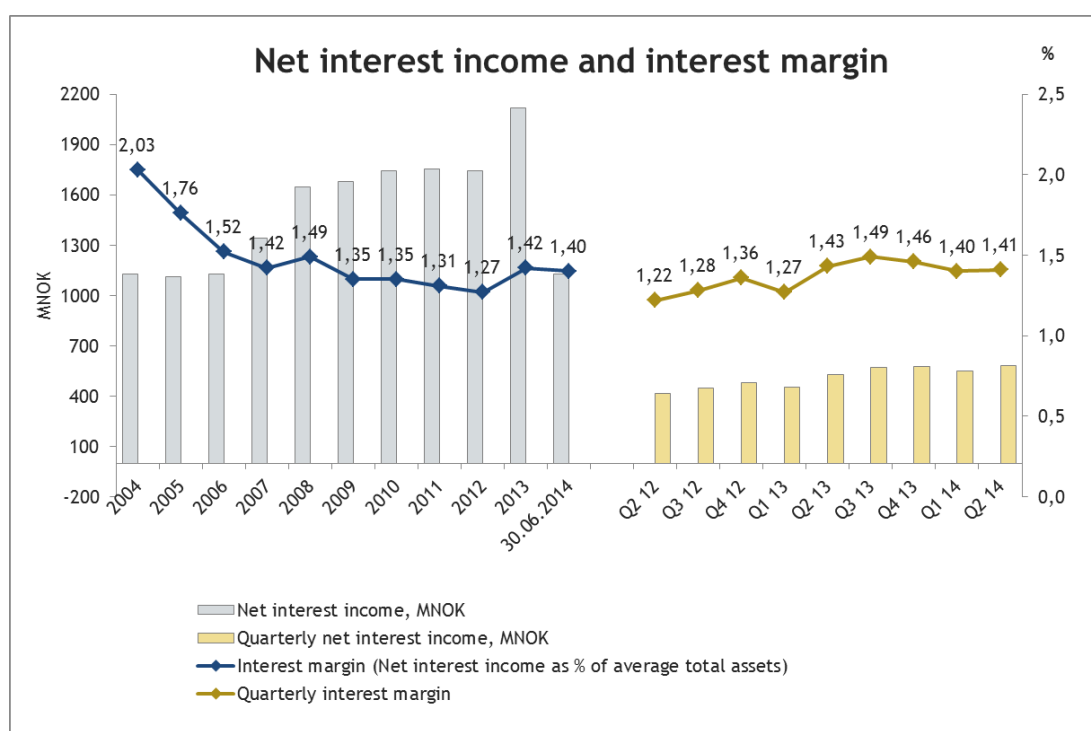


Development in deposit volume

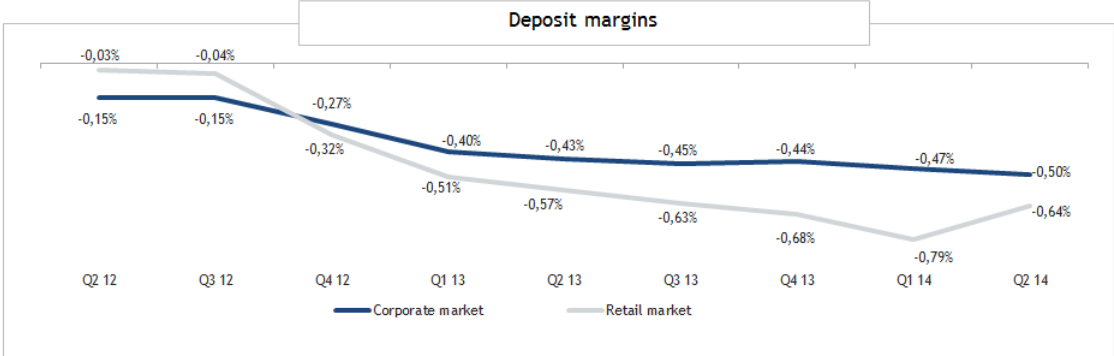
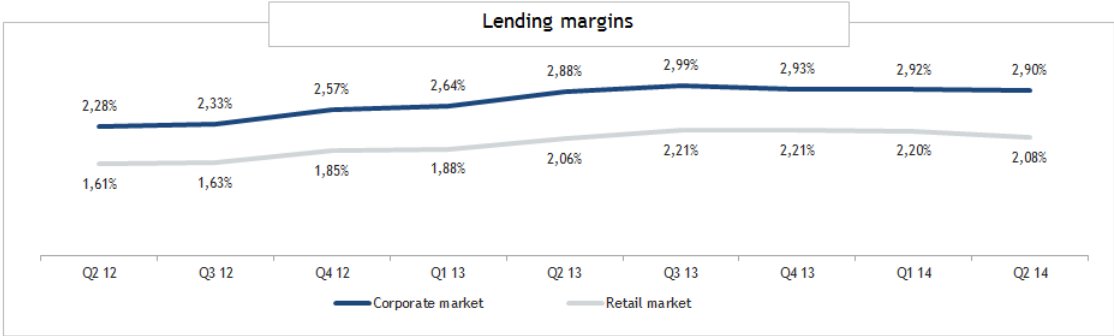


2.1 Net interest income

	Q2	Q1	Q4	Q3	Q2	30.06	30.06
MNOK	2014	2014	2013	2013	2013	2014	2013
Interest income	1.543	1.438	1.466	1.451	1.406	2.981	2.727
Interest expense	962	891	892	883	880	1.853	1.750
Net interest income	581	547	574	568	526	1.128	977
As % of average total assets	1,41 %	1,40 %	1,46 %	1,49 %	1,43 %	1,40 %	1,35 %



Lending and deposit margins¹



¹ Definition margin: Average customer interest rate measured against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in covered bond companies.

2.2 Net other operating income

<i>MNOK</i>	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Net commission and other income	444	480	489	466	465	924	869
Net return on investment securities	201	319	195	137	62	520	223
Net other operating income	645	799	684	603	527	1444	1.092
As % of total income	53 %	59 %	54 %	51 %	50 %	56 %	53 %

Net commission and other income

<i>MNOK</i>	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Payment facilities	56	57	59	66	56	113	108
Savings/placements	40	45	39	40	37	85	72
Insurance products	44	42	41	41	42	86	82
Commission income from real estate broking	128	100	108	101	127	228	223
Guarantee commission	26	27	23	29	26	53	53
Arrangement fees	24	31	45	15	14	55	31
Other	6	13	7	7	12	19	23
Net commission and other income excl. covered bond companies	324	315	322	299	314	639	592
Commission income SB1 Boligkreditt and SB1 Næringskreditt	120	165	167	167	151	285	277
Net commission and other income incl. covered bond companies	444	480	489	466	465	924	869
As % of total income	36 %	36 %	39 %	40 %	44 %	36 %	42 %

Change in net commission and other income

<i>MNOK</i>	Q2 2014	Change	Q2 2013
Net commission and other income	444	-21	465
Payment facilities		0	
Savings/placements		3	
Insurance products		2	
Commission income from real estate broking		1	
Guarantee commission		0	
Arrangement fees		10	
Other		-6	
Commission income SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt		-31	

Net return on investment securities

MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Dividend	7	18	-2	3	32	25	32
Investment income, associates	137	81	95	130	31	218	130
Securities gains/losses	24	205	13	-38	-55	229	-56
- of which capital change in shares and certificates*	10	220	42	11	-28	230	-7
- of which capital change in certificates and bonds	14	-15	-29	-49	-27	-1	-49
Currency/interest gains/losses	33	15	89	42	54	48	117
- of which currency customer- and own-account trading	37	24	46	24	35	61	65
- of which IFRS-effects	-4	-9	43	18	19	-13	52
Net return on investment securities	201	319	195	137	62	520	223
As % of total income	16 %	24 %	16 %	12 %	6 %	20 %	11 %

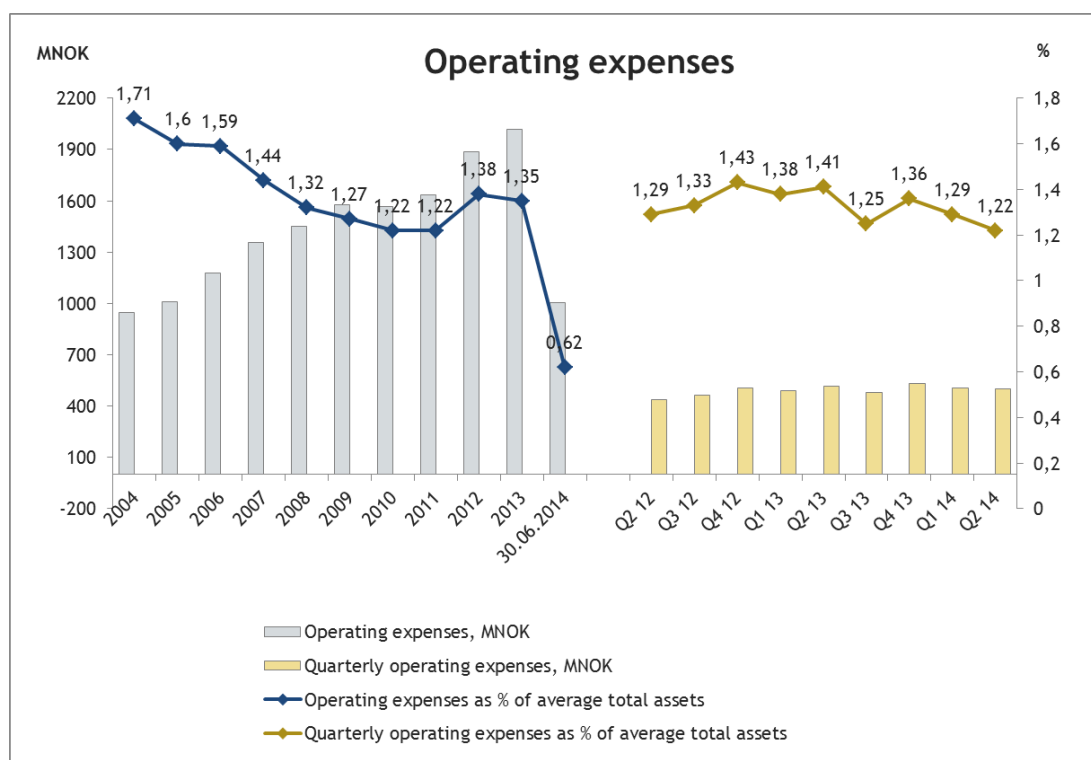
*Value adjustment of shares in Nets Holding AS improves the result by NOK 202 million in Q1 2014.

Change in net return on investment securities

MNOK	Q2 2014	Change	Q2 2013
Net return on investment securities	201	139	62
Dividend		-25	
Investment income, associates		106	
Securities gains/losses		79	
- of which capital change in shares and certificates		38	
- of which capital change in certificates and bonds		41	
Currency/interest gains/losses		-21	
- of which currency customer- and own-account trading		2	
- of which IFRS-effects		-23	

2.3 Operating expenses

	Q2	Q1	Q4	Q3	Q2	30.06	30.06
MNOK	2014	2014	2013	2013	2013	2014	2013
Wages	221	213	253	212	222	434	425
Of which restructuring costs		0	26	1	3		
Pension expenses	29	36	20	28	27	64	52
Other personnel expenses	43	45	50	44	45	89	112
Total personnel expenses	293	294	323	284	297	587	589
IT expenses	67	66	65	63	63	133	121
Marketing expenses	29	17	21	17	29	46	46
Other administrative expenses	24	23	23	24	26	47	47
Write-offs	17	17	21	17	18	34	36
Expenses real property	7	13	5	10	13	20	25
Other operating expenses	64	75	76	63	71	139	143
Other expenses	208	211	211	194	220	419	418
Total operating expenses	501	505	534	478	517	1.006	1.007



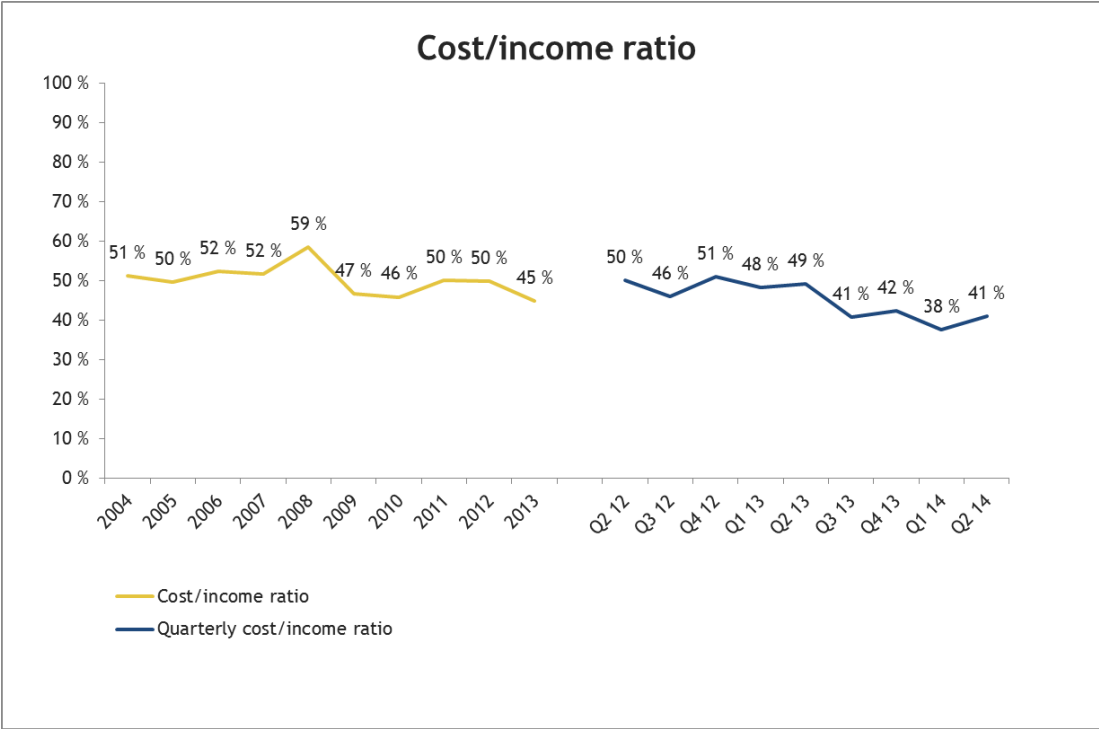
Change in operating expenses

<i>MNOK</i>	Q2 2014	Change	Q2 2013
Total	501	-16	517
Personnel expenses		-4	
IT expenses		4	
Marketing expenses		0	
Other administrative expenses		-2	
Write-offs		-1	
Expenses real property		-6	
Other operating expenses		-7	

Cost/income ratio

<i>MNOK</i>	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Operating expenses	501	505	534	478	517	1.006	1.007
Cost/income ratio	40,9 %	37,5 %	42,4 %	40,8 %	49,1 %	39,1 %	48,7 %
Growth in expenses last 12 months	-3,1 %	3,1 %	6,0 %	2,6 %	17,5 %	-0,1 %	9,7 %

Development in cost/income ratio

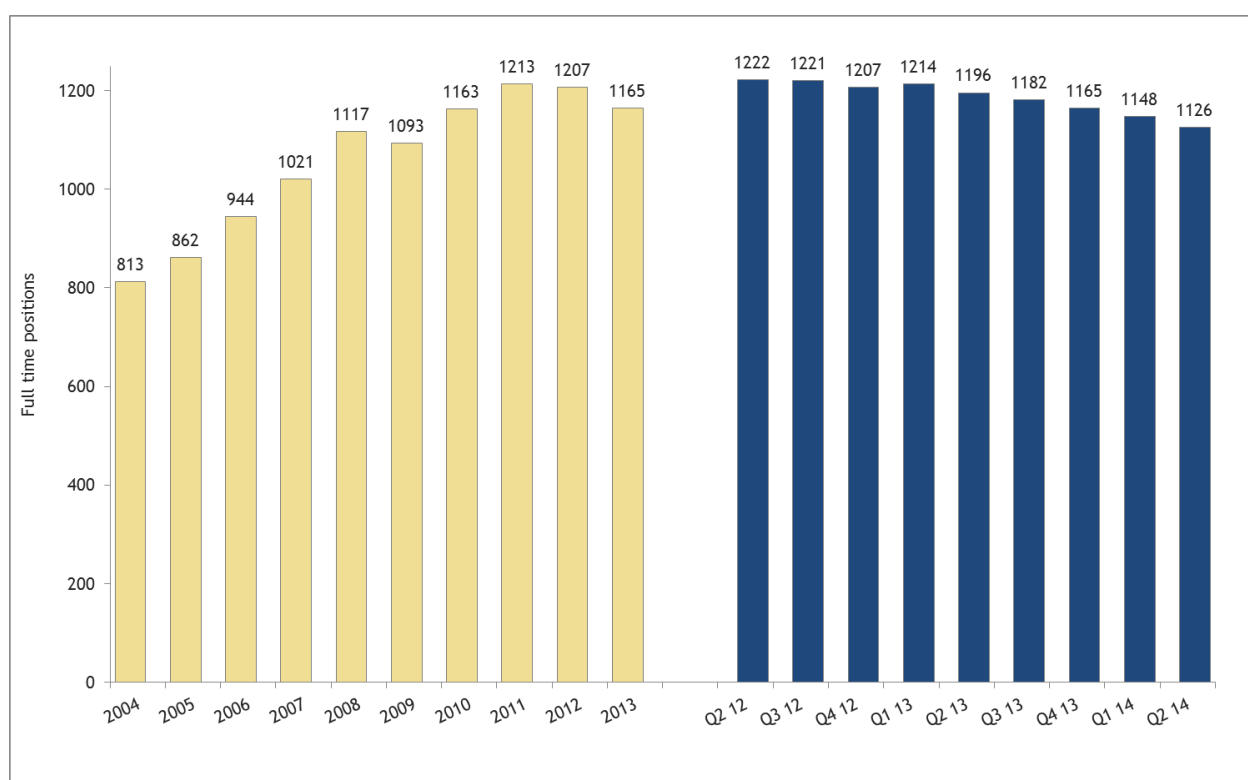


* In accordance with the Generally Accepted Accounting Principles in Norway – IFRS from 2004

Number of full time positions (permanent employees, contracted staff not included)

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
<i>Full time positions</i>					
SpareBank 1 SR-Bank	869	883	906	917	933
EiendomsMegler 1 SR-Eiendom AS	213	221	219	224	221
SR-Forvaltning AS	13	13	11	12	12
SR-Finans AS	31	31	29	29	30
Total	1.126	1.148	1.165	1.182	1.196

Full time positions 2004 – Q2 2014 (*permanent employees, contracted staff not included*)



2.4 Losses on loans and loss provisions

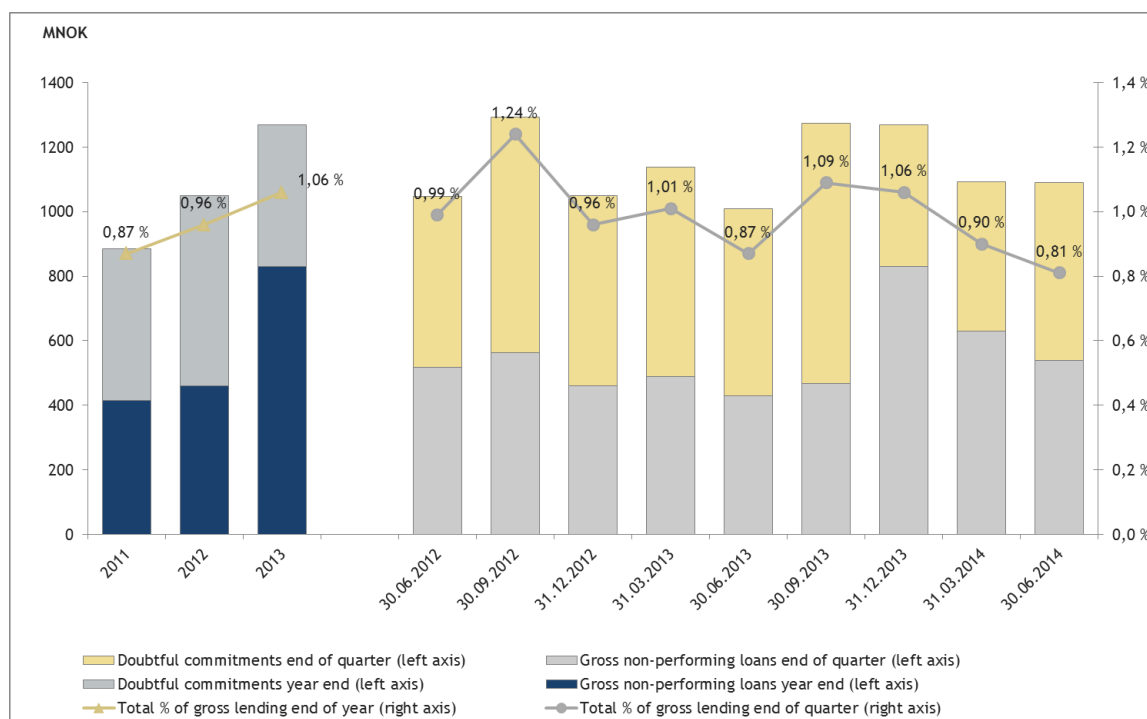
Losses on loans and guarantees

MNOK	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013
Change in individual individual impairment losses provisions for the	-85	-64	23	-27	-31
Change in collective impairment loss provisions for the period	-8	2	-30	0	-
Amortised cost	5	1	11	3	3
Actual loan losses on commitments for which provisions have been made	135	108	111	84	53
Actual loan losses on commitments for which no provision has been	52	9	108	38	30
Change in assets take-over for the period	0	0	-30	16	13
Recoveries on commitments previously written-off	-4	-2	-61	-32	-18
The period's net losses/(reversals) on loans and advances	95	54	132	82	50

Provisions for impairment losses on loans and guarantees

MNOK	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013
Provisions for individual impairment losses at start of period	446	446	423	423	423
Increases in previous provisions for individual impairment losses	31	27	131	77	82
Reversal of provisions from previous periods	-40	-32	-183	-132	-103
New provisions for individual impairment losses	63	50	186	115	45
Amortised cost	-4	-2	0	-2	-1
Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-135	-107	-111	-84	-54
Provisions for individual impairment losses at the end of period	361	382	446	397	392
Net losses	187	117	219	122	83

Non-performing loans and doubtful commitments

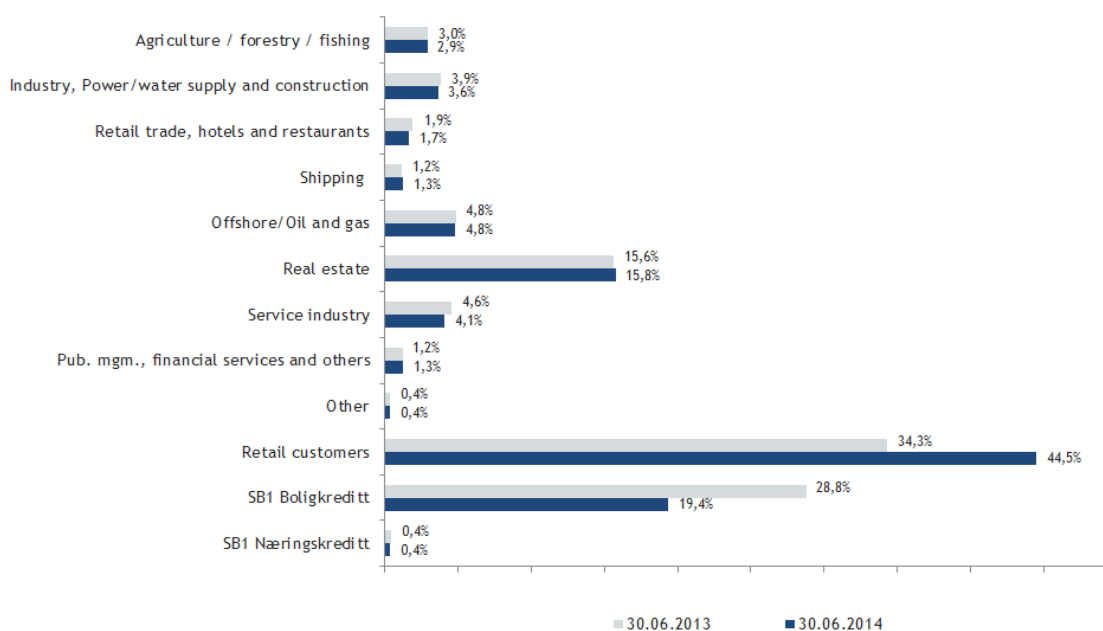


* Loans defaulted in the range of 30-90 days are not including as problem loans as at Q2 2014. Historical figures have been restated.

2.5 Loans

MNOK	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013
Agriculture/forestry	4.366	4.288	4.326	4.290	4.265
Fishing/Fish farming	542	510	541	518	569
Mining/extraction	3.301	3.072	2.829	2.571	2.625
Industry	2.728	3.000	3.403	2.869	2.930
Power and water supply/building and construction	3.408	3.151	3.100	3.389	3.335
Retail trade, hotel and restaurant business	2.812	2.777	2.877	3.022	3.104
Foreign trade shipping, pipeline transport and other transport activities	6.984	6.917	7.297	7.232	7.135
Real estate business	26.562	25.808	25.740	25.450	25.424
Service industry	6.917	7.174	7.545	7.626	7.479
Public sector and financial services	2.113	2.295	2.277	2.155	1.970
Retail customers	75.001	62.217	59.848	57.128	55.790
Unallocated (excess value fixed interest loans and amort. lending fees)	272	212	209	158	203
Accrued interests corporate sector and retail customers	329	302	281	312	385
Gross loans	135.335	121.723	120.273	116.720	115.214
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	33.289	44.870	46.389	47.808	47.500
Gross loans incl SpareBank 1 Boligkreditt and Næringskreditt	168.624	166.593	166.662	164.528	162.714

Loan portfolio as at 30.06.2014

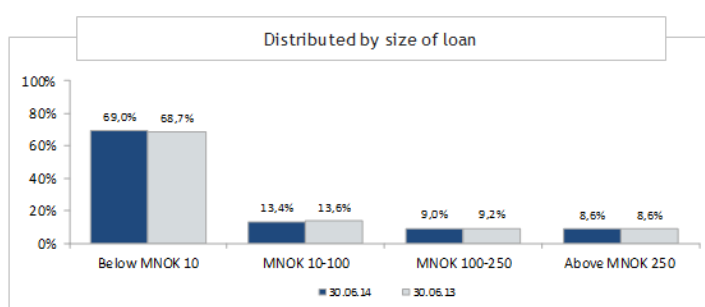
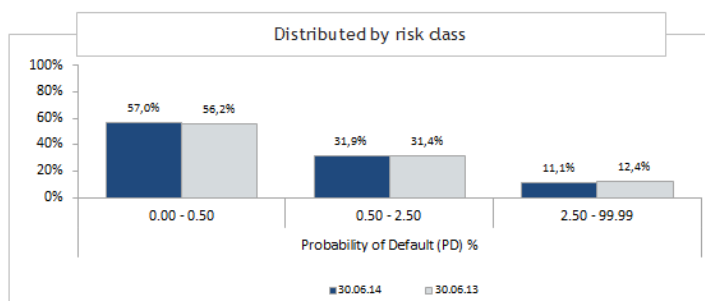


Lending before individual write-downs, nominal amounts.
Sector allocation in accordance with the standard categories
from Statistics Norway.

2.6 Risk profile

Risk profile of the loan portfolio

- 57% of the loan portfolio has a probability of default (PD)* below 0.5%, which is an increase from last year.
- The proportion of loans with a PD above 2.5% has been reduced to 11.1% of the total portfolio.
- 69.0% is loans constituting gross exposures less than NOK 10 million.
- 17.6% is to customers who have an exposure in excess of NOK 100 million. The credit quality in this portion of the portfolio is better than in the rest of the corporate market portfolio.



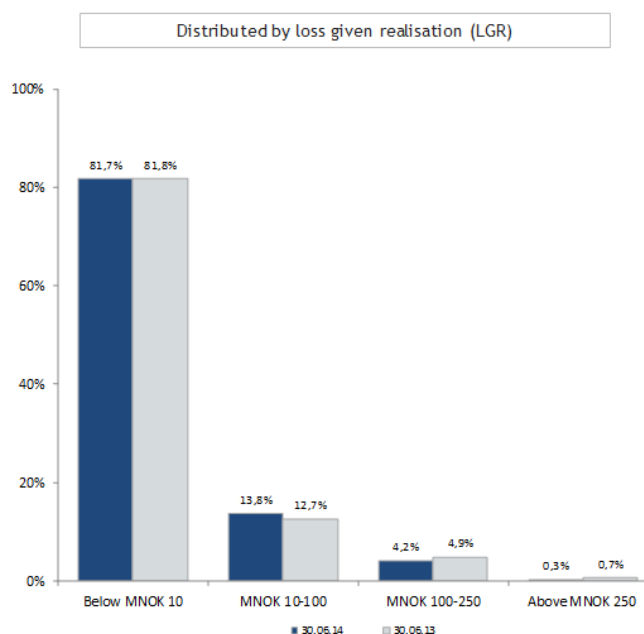
* Probability of default through a businesscycle

Low concentration of individual LGRs in the lending portfolio

- At the end of Q2, SpareBank 1 SR-Bank had a total of 24 commitments with a loss potential exceeding NOK 100 million.
- These commitments represent 4.5% of the loan exposure.
- This is a reduction from Q2 2013 when 30 such commitments made up 5.6% of the portfolio.
- There is a clearly defined strategy behind this composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.

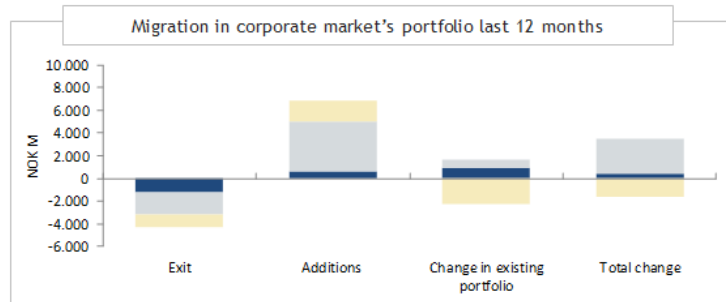
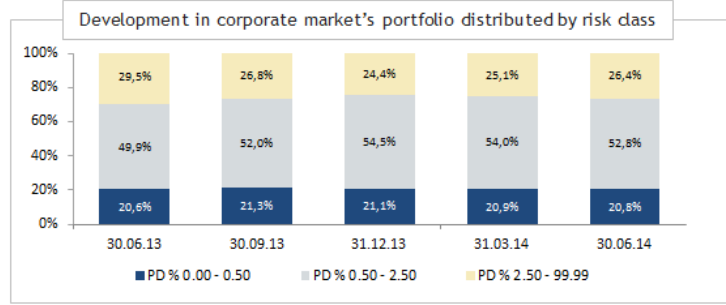
LGR (Loss given realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic downturn.

The figures include lending portfolios from covered bond companies.



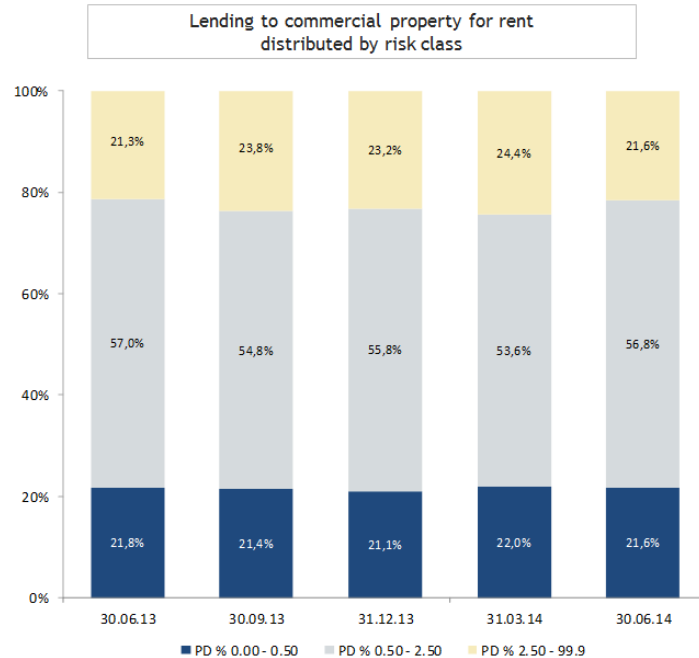
Lending to the corporate market - risk profile

- The quality of the corporate market portfolio is good.
- PD has improved since Q2 2013. This trend is particularly driven by an strengthened risk profile of existing customers.
- Loans with a PD above 2.5% represent 26.4% of the corporate loan portfolio.



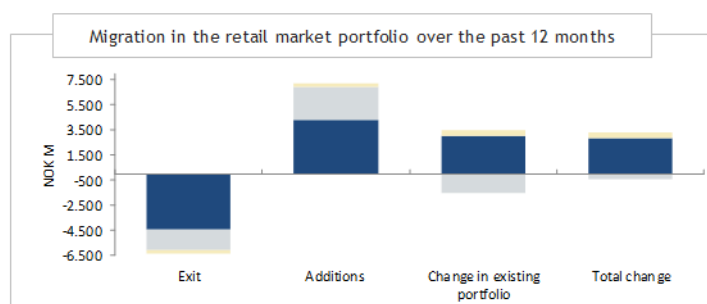
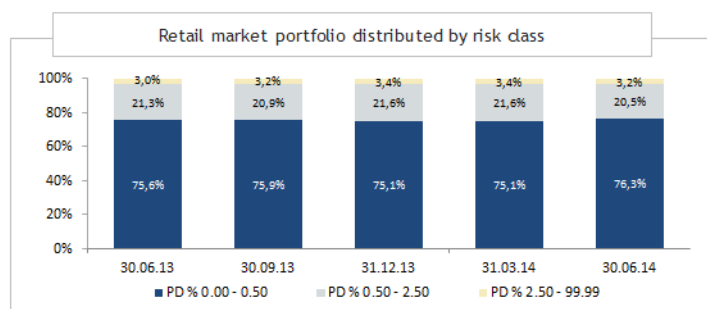
Risk profile - Lending in the corporate market

- The portfolio of commercial property for rent represents the Group's largest concentration in a single sector and accounts for 9.8% of the total exposure (EAD) including retail market customers.
- The portfolio is characterised by commercial properties with long-term lease contracts and financially solid tenants. The vacancy rate is limited. Interest rates for a significant portion of the portfolio have been hedged.



Lending to the retail market - risk profile

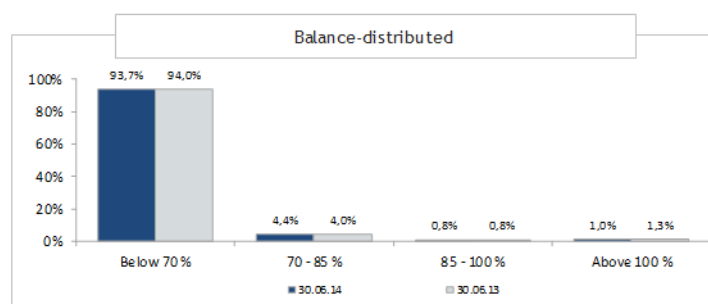
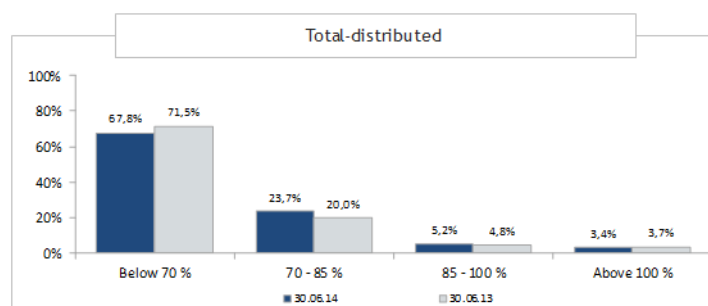
- The quality of the retail market portfolio is considered very good and with low potential losses.
- The proportion of loans with a PD below 0.5% has increased to 76.3% of the total retail portfolio.
- The low risk profile of the portfolio is achieved through prudent customer selection and requirements for moderate LTV.
- Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.



Figures include the portfolio sold to the covered bond company.

Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-value ratio of less than 85% is very high and stable at 91.5%.
- 98.1% of gross exposure is within 85% of the assessed value of collateral. This means that only 1.9% of gross exposure exceeds 85% of the assessed value of collateral.



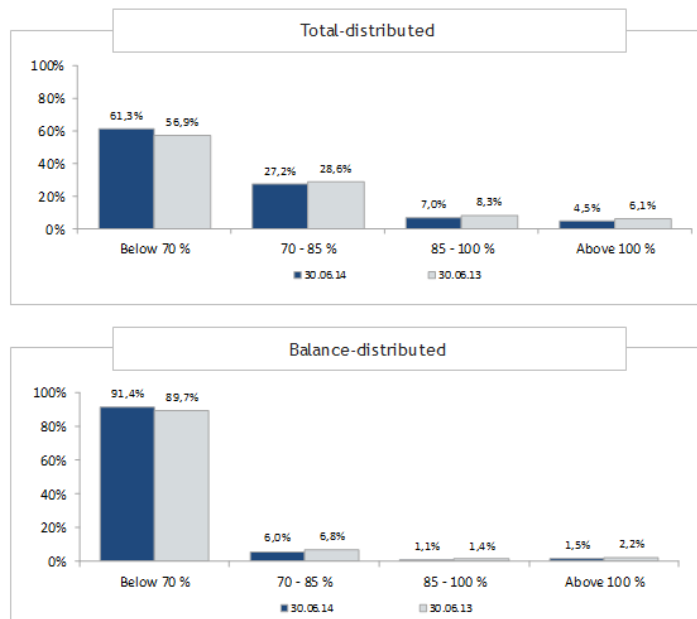
The calculation of the LTV is based on the collateral's market value. In a balance-distributed loan to value ratio, for loans that exceed 70% of the collateral's market value, the excess amount is distributed among the other intervals. In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.

The figures include the loan portfolio in the covered bond company.

Loan to value ratio on home mortgage loans (excl loans in cover pool)

- SpareBank 1 SR-Bank has in the last year introduced restrictions to reduce the risk associated with new mortgages. These include stricter equity requirements and liquidity assessments when buying property, as well as more thorough risk assessments.
- There is an increasing proportion of loans within 70% LTV as well within 85% LTV.
- 97.4% of the exposure is within 85% of the collateral's value, and 2.6% of the exposure exceeds 85% of the collateral's value.

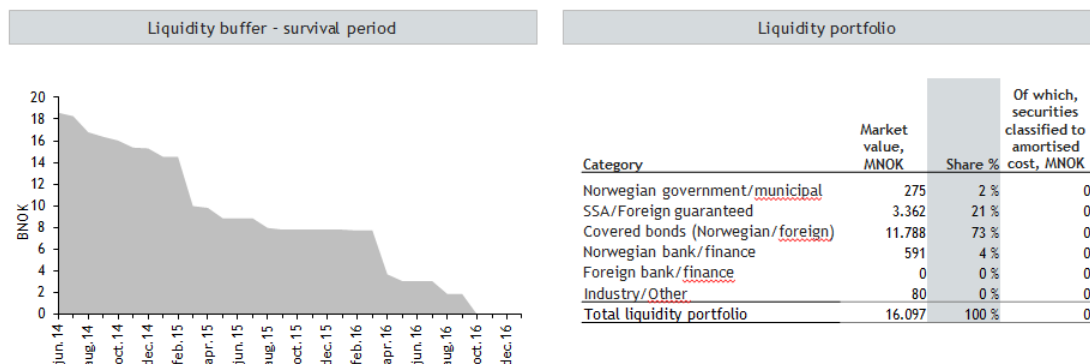
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Further information regarding risk capital management can be found in Pillar III reports, see www.sr-bank.no under "Investor Relations".

2.7 Risk profile in bond and equity portfolios

Liquidity portfolio



- Liquidity buffer at the end of the quarter: NOK 18.6 billion
- Other liquid assets:
 - Home mortgages prepared for transfer to mortgage company: NOK 24.0 billion
 - Commercial paper and bonds in the trading portfolio: NOK 0.4 billion

Liquidity buffer: cash, short-term investments, highly liquid bonds (including drawing rights in Norges Bank).

Providing deposits and lending remain unchanged, with no new borrowing during the period.

Investments in bonds and certificates

- Most of the bond portfolio is managed as part of the liquidity management activities. Bonds held for liquidity purposes are generally very low risk.
- No direct exposure to debt in EU peripheral countries.

Risk category	Rating	Market value	Share
Very low risk	AAA, AA+, AA og AA-	15.051	91,3 %
Low risk	A+, A og A-	518	3,1 %
Moderate risk	BBB+, BBB og BBB-	577	3,5 %
High risk	BB+, BB og BB-	60	0,4 %
Very high risk	B+ and lower	277	1,7 %
Total portfolio		16.483	100,0 %

Of which liquidity purposes:

Risk category	Rating	Market value	Share
Very low risk	AAA, AA+, AA og AA-	15.051	93,5 %
Low risk	A+, A og A-	515	3,2 %
Moderate risk	BBB+, BBB og BBB-	531	3,3 %
High risk	BB+, BB og BB-	0	0,0 %
Very high risk	B+ and lower	0	0,0 %
Total liquidity purposes		16.097	100,0 %

Of which trading purposes:

Risk category	Rating	Market value	Share
Very low risk	AAA, AA+, AA og AA-	0	0,0 %
Low risk	A+, A og A-	3	0,6 %
Moderate risk	BBB+, BBB og BBB-	47	12,1 %
High risk	BB+, BB og BB-	60	15,4 %
Very high risk	B+ and lower	277	71,8 %
Total trading portfolio		386	100,0 %

All amounts in MNOK.

2.8 Funding

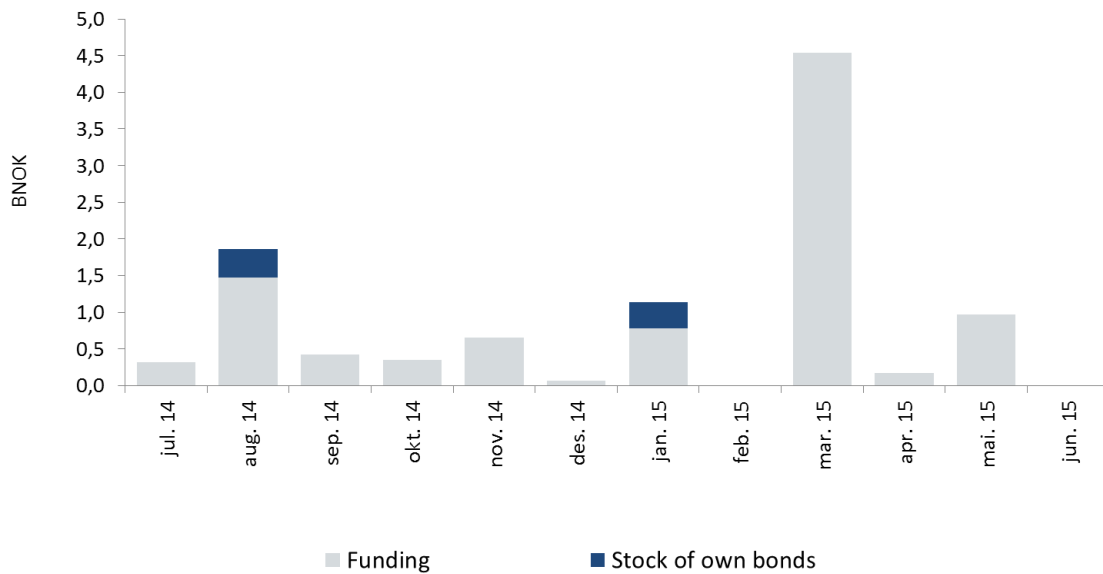


Figure 2.8.1: *Funding - quarterly*

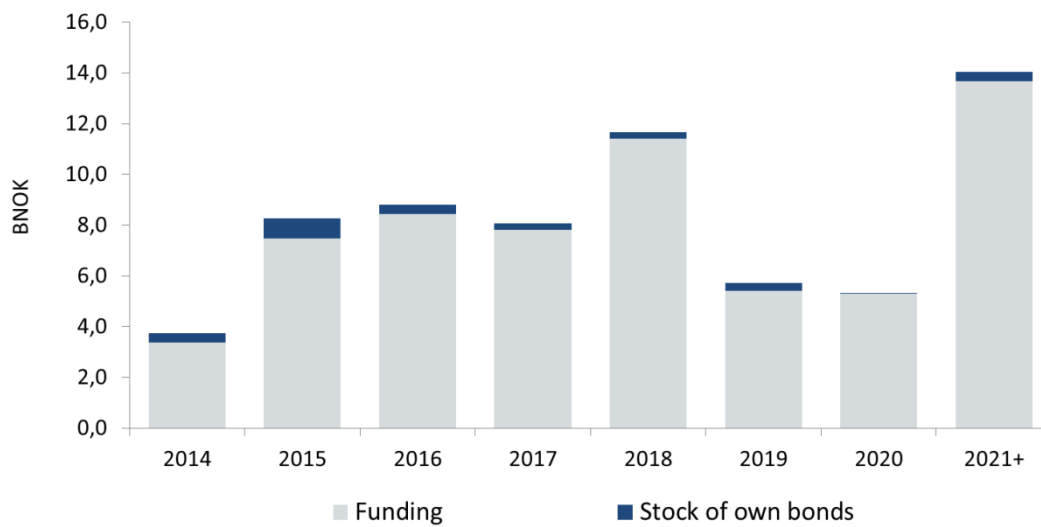
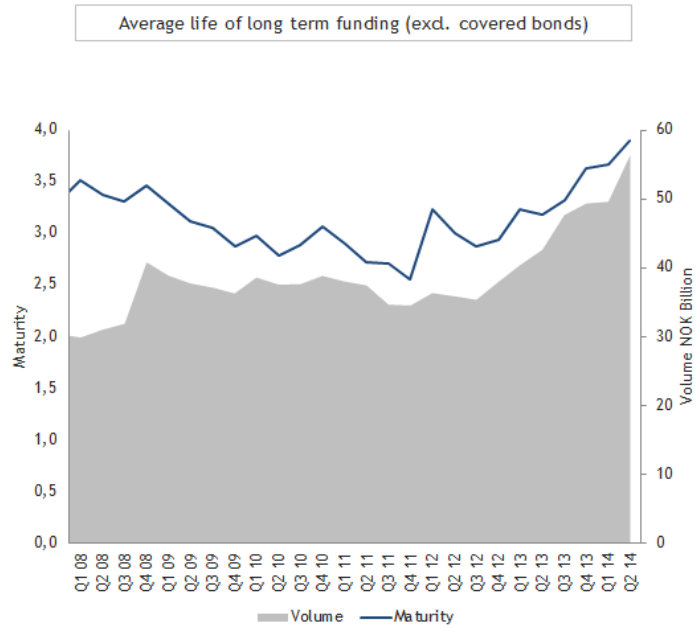


Figure 2.8.1: *Funding - annual*

Significantly improved funding structure since 2008

- Funding indicator 1 (ratio of illiquid assets financed by issued securities with a duration of more than 1 year) is 109,4% for the parent bank and 107,9% on consolidated basis.
 - Seven outstanding euro-benchmarks (EUR 500 million) with due dates in each of the years 2015- 2021.
 - Issued EUR 750 million with a term to maturity of 7 years in April.
- "Modified LCR" of 145%.



NOK 12.4 billion (gross) of new funding has been issued during the year. At the same time buy-backs equivalent to NOK 1.5 billion has been done. Average remaining maturity of the outstanding senior bonds is 3.9 years.

2.9 Capital adequacy

Basel II was introduced in Norway from 1 January 2007. Figure 2.8 shows the methods currently used by SpareBank 1 SR-Bank for calculating capital requirements for different types of risks. Using Internal Rating Based (IRB) methods for calculating capital requirements requires a formal approval from the FSAN (Finanstilsynet) on standards regarding organisation, competence, risk-modelling and risk-management systems.

In the autumn of 2009, the authorities resolved to postpone the final transition to the IRB rules from 1 January 2010 to 1 January 2012. It has later been decided to continue the transitional rule stating that the capital requirement using IRB cannot be less than 80% of the capital requirement under Basel I ("Basel I floor") until year-end 2017. Without the transitional rule, the Tier 1 capital ratio at the end of Q2 2014 stood at 13.72 %.

Risk	Portfolio	Regulatory method
Credit risk	Government	Standard method
	Institutions	Standard method
	Enterprise	IRB-Basic
	Mass market	IRB-Mass market
	SpareBank 1 Boligkreditt AS (mass market)	IRB-Mass market
	Other subsidiaries and associates	Standard method
Market risk	Equity risk	Standard method
	Debt risk	Standard method
	Currency risk	Standard method
Operational risk	SpareBank 1 SR-Bank incl. subsidiaries	Standardised approach
	Associates	Standard method

Figure 2.9.1: *Methods currently used for calculating capital adequacy*

SpareBank 1 SR-Bank has applied to the FSAN to use IRB Advanced method also for its exposures to the corporate market ("Enterprise"). A decision on approval is expected within 2014.

Introduction to new banking regulations – Basel III

On 20 July 2011 the EU Commission presented its proposals for implementation of Basel III in the EU (CRD IV). These correspond to the Basel Committee's new minimum requirements for banks' capital adequacy (Basel III). CRD IV was approved by the EU Parliament on 16 April 2013 and allows EU member states some flexibility, such as the right to require their domestic banks to set aside more capital than is required by the legislation, e.g. to cushion them against property price crashes. CRD IV will have effect in Norway also before it is formally included in the EEA-agreement.

The new minimum requirements will be gradually phased in from 1 January 2014 with various transitional arrangements until full effect from 1 January 2019.

For more details on Basel III/CRD IV, please see our website where the report "Risk and Capital Management" is published.

Bank regulation is largely harmonized across the EEA, and the process will continue further once the new capital and liquidity requirements are fully adopted by the EU. Based on the agreement reached in the EU on the new capital adequacy framework (CRD IV) the Ministry of Finance has adopted new statutory rules on capital requirements for Norwegian banks with a view to enter into force on 1 July 2013 and a gradual step-up in the period to 2016. There will be scope for national adjustments to accommodate specific national characteristics and economic conditions. This applies in regard to requirements on systemic risk buffers, which can be set for groups of institutions; to capital requirements for systemically important banks; to increases of the risk weights used in banks' models; and to supervisory authorities' determination of capital requirements

through pillar 2. In Norway the FSAN has stated that this flexibility will be utilized to foster well capitalised, liquid Norwegian banks.

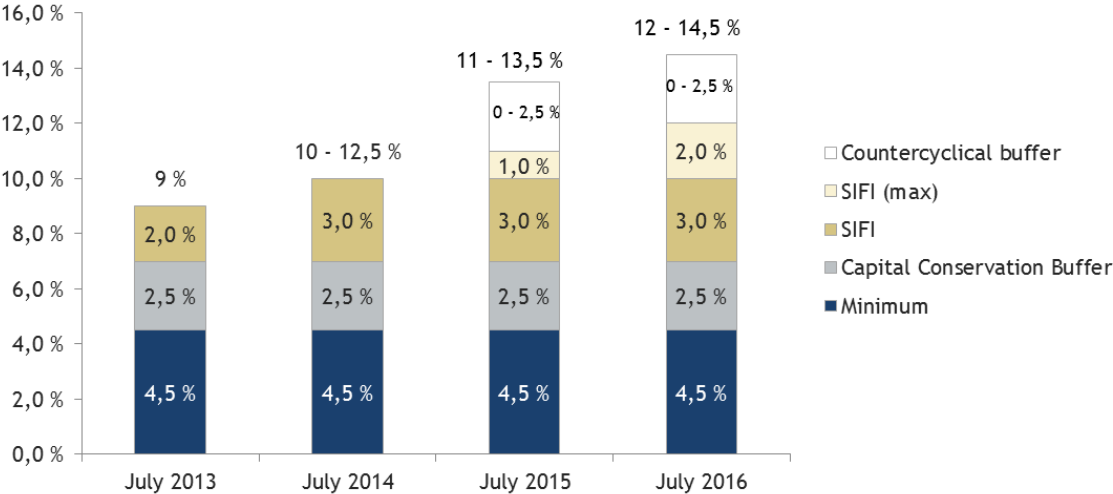


Figure 2.9.2: Illustration of Norwegian capital requirements

The Norwegian Ministry of Finance (MoF) announced in December 2013 that the Countercyclical Buffer (CCB) in Norway will be set at 1.0 % and effective from 30 June 2015. The level of the CCB was confirmed in April 2014.

On 12 May 2014, the Norwegian Ministry of Finance adopted a regulation on systemically important financial institutions, SIFI. Institutions with total assets corresponding to at least 10 per cent of Mainland Norway's GDP or a share of the Norwegian lending market of at least 5 per cent, are comprised by this definition. DNB, Nordea Bank Norge and Kommunalbanken are thus defined as systemically important, but *SpareBank 1 SR-Bank is close to the SIFI-requirement for market share*. The three SIFI banks will be subject to a separate capital buffer requirement as of 1 July 2015. From 1 July 2016, when the new capital requirements have been fully phased in, systemically important institutions must fulfil a common equity Tier 1 capital requirement of 12 per cent, while the minimum requirement for other institutions will be 10 per cent. In addition, all institutions must fulfil the counter-cyclical capital buffer requirement.

On 1 July 2014, Finanstilsynet announced a further increase in home mortgage risk weights for banks that use the Internal-Ratings Based (IRB) Approach. The new rules are largely in line with the feedback from the public consultation round. The stricter rules for probability of default models, in combination with a minimum requirement for loss given default, the so-called LGD floor, will likely increase the average risk weight for the home mortgage portfolios to approximately 22-24 per cent. Finanstilsynet has stipulated that the changes must be reflected in capital adequacy reporting by the first quarter of 2015 at the latest. For the time being, the stricter rules will have a fairly limited effect on the overall capital adequacy in the Norwegian banking sector, as most Norwegian IRB banks still have to observe the so-called Basel I floor.

The Basel Committee will also introduce requirements on the unweighted equity ratio ("leverage ratio") as a supplement to the risk-based capital requirements. This requirement is expected to be finally drawn up in 2017 and introduced in 2018. The transitional period will be used to test a requirement that core capital should amount to at least 3 percent of a bank's exposure, where off-balance sheet items are included to a varying extent.

The Basel Committee will introduce quantitative liquidity requirements and aims to introduce the short-term liquidity indicator, Liquidity Coverage Ratio ("LCR") and the long-term Net Stable Funding Ratio ("NSFR"). Uncertainty still prevails regarding the final content of the new liquidity requirements. Several important changes regarding the LCR were announced in January 2013. The European Banking Authority, EBA, will use the observation period in 2013 to assess the effects of the new rules for European banks. Based on the EBA's report, the EU Commission will present a final proposal regarding LCR to the EU. Over the next couple of years, these bodies will also continue to work on the NSFR.

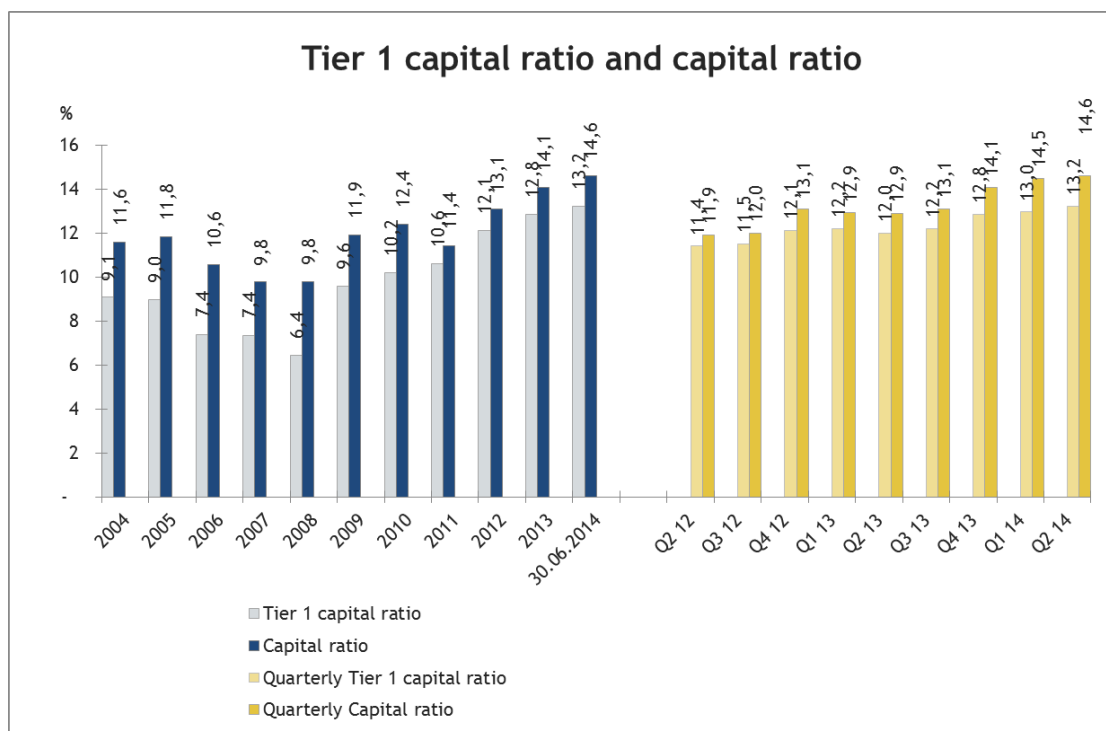


Figure 2.9.3: *Development in capital ratios*

Since the introduction of IFRS in 2005 and pursuant to IAS 19, SpareBank 1 SR-Bank has recognised pension liabilities in accordance with an on-going fair value assessment and has recognised estimate deviation directly in equity. The discount rate for pension liabilities has been discussed for a long time and the Norwegian Accounting Standards Board amended in November 2012 its guidance. Based on the growth of the market for covered bonds (OMF) and the development of market conditions for government bonds it is now permitted to use the OMF-rate as the discount rate.

	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013
MNOK					
Share capital	6.394	6.394	6.394	6.394	6.394
- Own shares			-5	-5	-5
Premium reserve	1.587	1.587	1.592	1.592	1.592
Allocated to dividend	0	409	409	0	0
Reserve for unrealised gains	162	162	162	72	72
Other equity	5.390	5.458	5.504	4.165	4.175
Total book equity	13.533	14.010	14.056	12.218	12.228
Deferred taxes, goodwill and other intangible assets	-42	-42	-43	-55	-55
Fund for unrealized gains, available for sale	0	0	0	-1	-1
Deduction for allocated dividends	0	-409	-409	0	0
50% deduction for subordinated capital in other financial institutions	-149	-131	-104	-51	-49
50% deduction for expected losses on IRB, net of write-downs	-376	-432	-356	-223	-272
50% capital adequacy reserve	-619	-611	-587	-518	-503
Year-to-date profit included in core capital (50%)	596	330	0	647	388
Tier 1 capital instruments	2.035	1.976	1.954	1.957	1.955
Total Tier 1 capital	14.978	14.691	14.511	13.974	13.691
<i>Tier 2 capital - Tier 1 capital instruments in excess of 15 %</i>	0	0	0	0	0
Non-perpetual additional capital	2.750	2.890	2.451	1.852	1.854
50% deduction for investment in capital instruments in other financial institutions	-149	-131	-104	-51	-49
50% deduction for expected losses on IRB, net of write-downs	-376	-432	-356	-223	-272
50 % capital adequacy reserve	-619	-611	-587	-518	-503
Total Tier 2 capital	1.606	1.716	1.404	1.060	1.030
Net primary capital	16.584	16.407	15.915	15.034	14.721

Table 2.9.1: *Capital overview*

<i>MNOK</i>	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013
Specialised lending exposure	2.640	2.321	2.254	2.357	2.365
Other corporations exposure	2.195	2.105	2.179	2.172	2.236
SME exposure	94	96	52	50	49
Retail mortgage exposure (properties)	1.593	1.646	857	836	861
Other retail exposure	72	83	61	73	58
Equity investments	0	0	0	0	0
Total credit risk IRB	6.594	6.251	5.403	5.488	5.569
Debt risk	160	191	149	183	179
Equity risk	54	55	54	54	53
Participations calculated after other market risk	284	309	294	282	278
Operational risk	499	499	457	457	457
Transitional arrangements	366	255	1.159	1.189	982
Exposures calculated using the standardised approach	1.268	1.638	1.647	1.646	1.705
Deductions	-127	-125	-117	-96	-88
Minimum capital requirement	9.098	9.073	9.046	9.203	9.135
Common Equity Tier 1 capital ratio, transitional rules	11,38 %	11,21 %	11,11 %	10,45 %	10,28 %
Tier 1 capital ratio, transitional rules	13,17 %	12,95 %	12,83 %	12,15 %	11,99 %
Tier 2 capital ratio, transitional rules	14,58 %	14,47 %	14,07 %	13,07 %	12,89 %
Common Equity Tier 1 capital ratio, IRB	11,86 %	11,54 %	12,74 %	12,00 %	11,52 %
Tier 1 capital ratio, IRB	13,72 %	13,33 %	14,72 %	13,95 %	13,43 %
Tier 2 capital ratio, IRB	15,19 %	14,89 %	16,14 %	15,01 %	14,44 %

Table 2.9.2: *Capital ratios*

3. Business areas

3.1 Business segments - Financial performance

	SpareBank 1 SR-Bank Group													
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*		Total	
	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13
MNOK														
Net interest income	260	222	236	226	10	15	1	1	54	54	20	8	581	526
Net commission and other income	223	250	74	66	6	5	128	128	-4	-4	17	20	444	465
Net return on investment securities	2	4	10	3	27	29	0	0	0	0	162	26	201	62
Operating expenses	116	120	41	47	14	16	102	106	14	13	214	215	501	517
Operating profit before losses	369	356	279	248	29	33	27	23	36	37	-15	-161	725	536
Change in individual write-downs in the period	3	2	48	16	0	0	0	0	0	-8	0	15	51	25
Change in group write-downs in the period	5	0	-12	0	0	0	0	0	-3	0	0	0	-10	0
Operating profit before tax	361	354	243	232	29	33	27	23	39	45	-15	-176	684	511
Gross loans to customers excl. covered bond companies	76.958	58.205	49.078	48.386	513	430	0	0	6.484	6.262	2.302	1.931	135.335	115.214
Deposits from customers	45.207	42.561	32.596	26.824	2.265	1.464	0	0	0	0	1.660	2.432	81.728	73.281

	SpareBank 1 SR-Bank Group pr 30.06													
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
MNOK														
Net interest income	478	416	467	415	22	27	2	3	108	106	51	10	1.128	977
Net commission and other income	489	470	159	131	20	18	228	224	-9	-8	37	34	924	869
Net return on investment securities	4	6	20	5	41	60	0	0	0	0	455	152	520	223
Operating expenses	264	272	98	112	34	34	194	195	27	26	389	368	1.006	1.007
Operating profit before losses	707	620	548	439	49	71	36	32	72	72	154	-172	1.566	1.062
Change in individual write-downs in the period	2	1	102	44	0	0	0	0	-1	-10	0	15	103	50
Change in group write-downs in the period	5	0	-12	0	0	0	0	0	-1	0	0	0	-8	0
Operating profit before tax	700	619	458	395	49	71	36	32	74	82	154	-187	1.471	1.012
Gross loans to customers excl. covered bond companies	76.958	58.205	49.078	48.386	513	430	0	0	6.484	6.262	2.302	1.931	135.335	115.214
Deposits from customers	45.207	42.561	32.596	26.824	2.265	1.464	0	0	0	0	1.660	2.432	81.728	73.281

* Includes SR-Forvaltning and SR-Investering

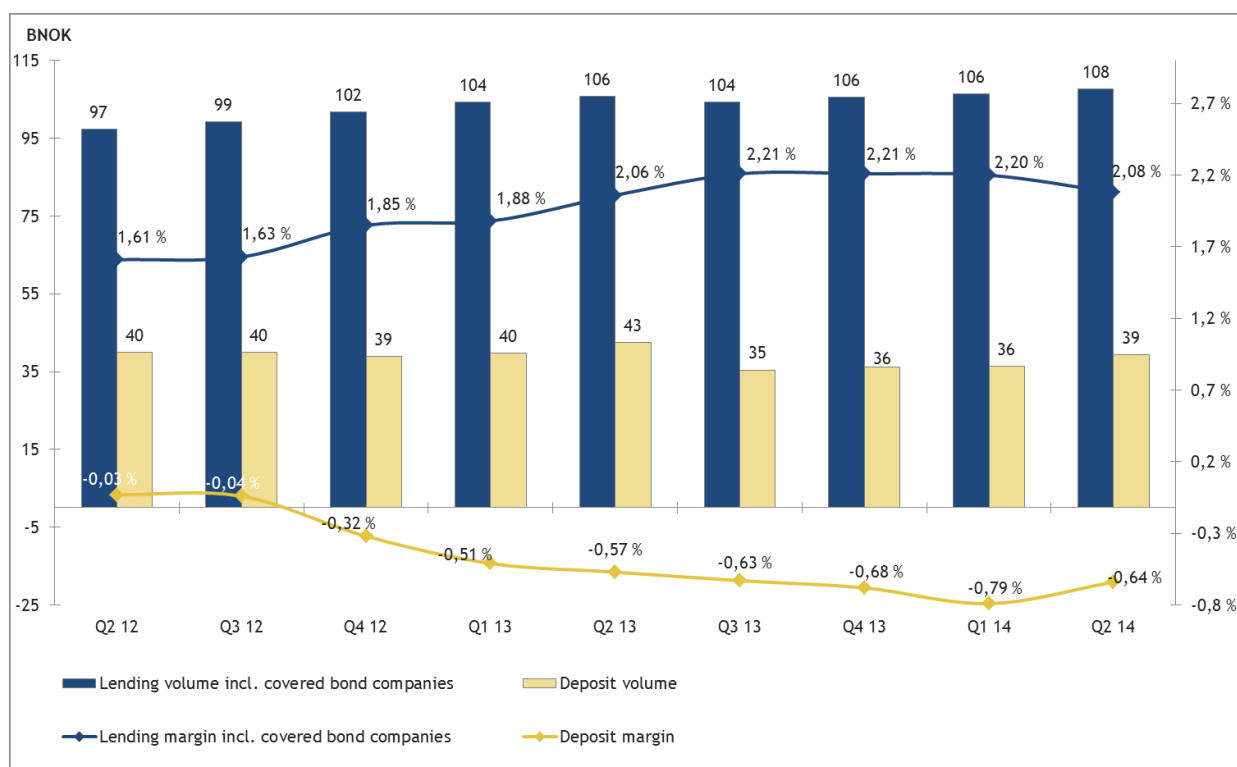
* Includes SR-Forvaltning and SR-Investering

3.2 Retail Market²

Financial performance in the retail market segment

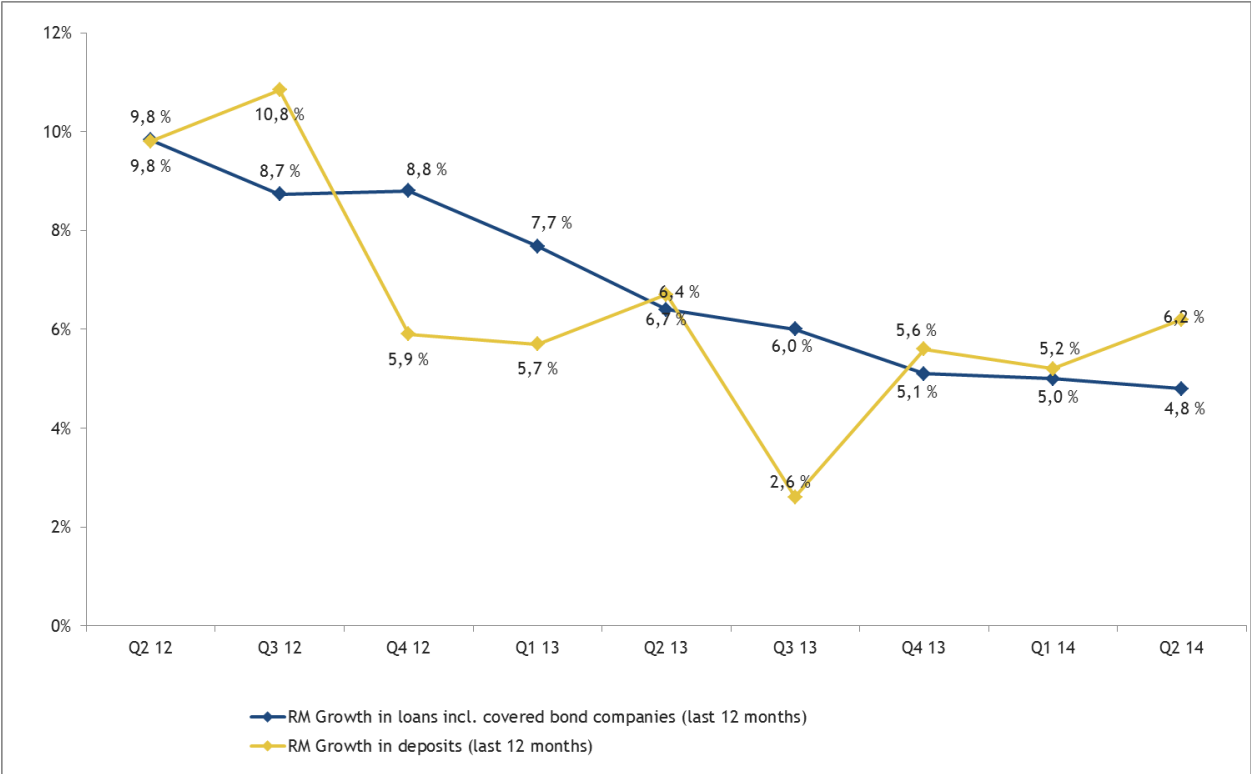
MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Net interest income	260	218	245	244	222	478	416
Net other income	225	268	275	285	254	493	476
Total income	485	486	520	529	476	971	892
Total operating expenses	116	147	190	153	120	264	272
Operating profit before losses	369	339	330	376	356	707	620
Change in individual write-downs in the period	3	-1	-7	24	2	2	1
Change in group write-downs in the period	5	0	13	0	0	5	0
Operating profit before tax	361	340	324	352	354	700	619

Development in average volume and interest margin



² Interest on intercompany receivables for the retail market division and the corporate market division is determined based on expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long term financing (credit premium). Deviations between the group's actual financing costs and the applied interest on intercompany receivables are eliminated at the group level. In the year to date, the group's real financing cost has been higher than the interest on intercompany receivables, principally due to the falling NIBOR.

Growth in loans and deposits

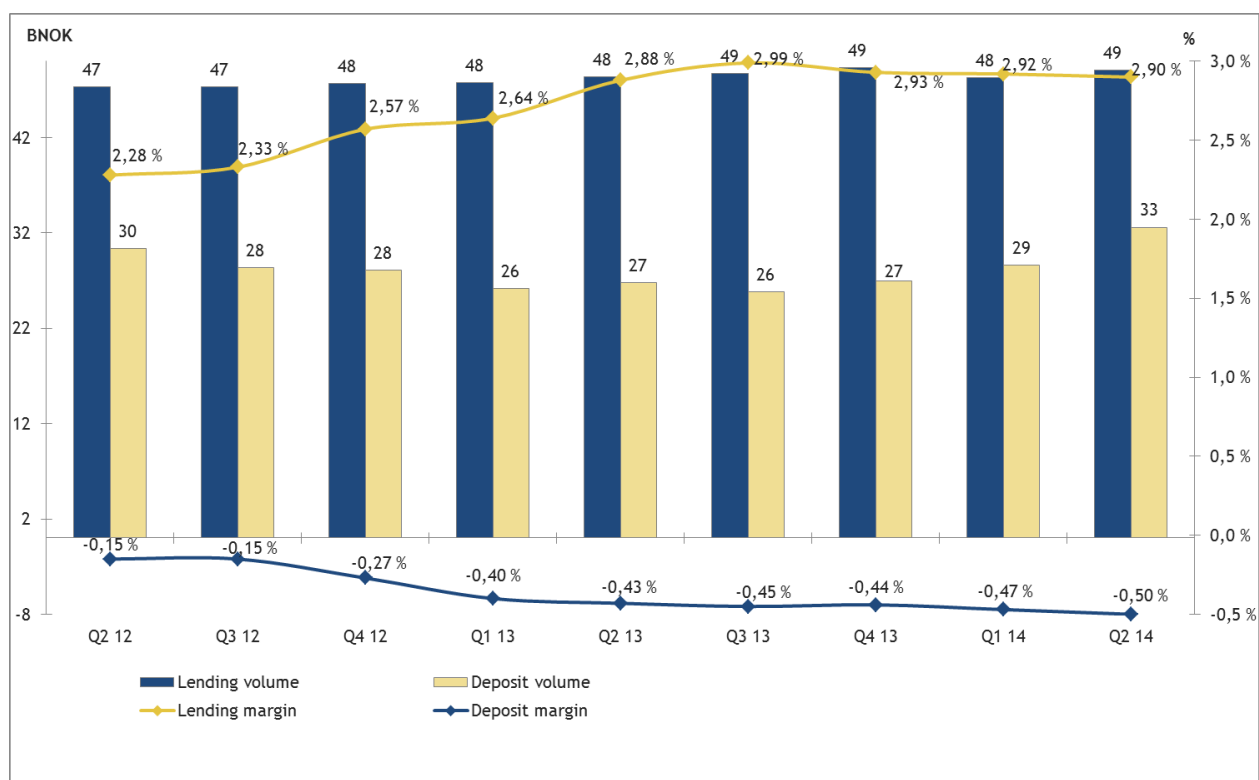


3.3 Corporate Market

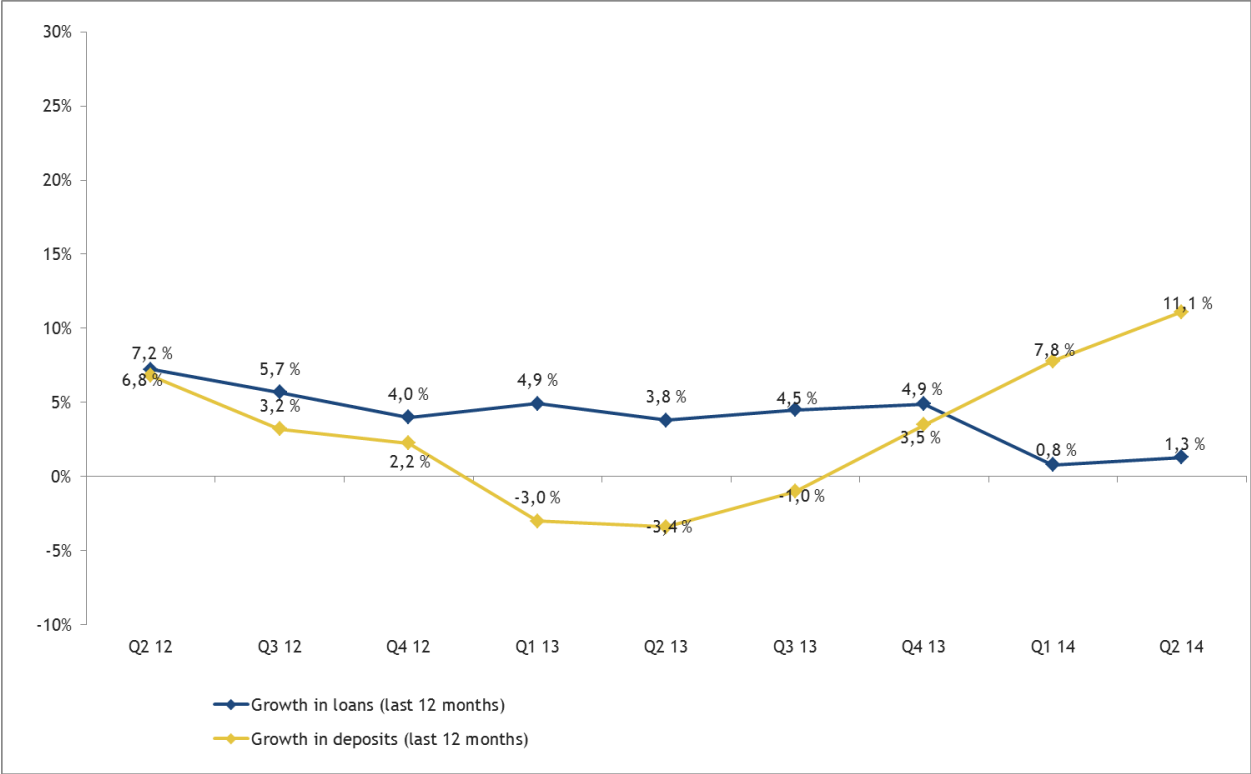
Financial performance in the corporate market segment

MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Net interest income	236	231	247	247	226	467	415
Net other income	84	95	87	68	69	179	136
Total income	320	326	334	315	295	646	551
Total operating expenses	41	57	71	59	47	98	112
Operating profit before losses	279	269	263	256	248	548	439
Change in individual write-downs in the period	48	54	86	-1	16	102	44
Change in group write-downs in the period	-12	0	-53	0	0	-12	0
Operating profit before tax	243	215	230	257	232	458	395

Development in average volume and interest margin



Growth in loans and deposits



3.4 Capital Market

The securities activities are organised under the SR-Markets brand and include own account and customer trading in interest rate instruments, foreign exchange and equities, and corporate finance services, as well as settlement and administrative securities services. Management is organised in a separate subsidiary, SR-Forvaltning AS.

Financial performance in the capital market segment

<i>MNOK</i>	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Net interest income	10	11	13	14	15	22	27
Net other operating income	33	29	39	3	34	61	78
Total income	43	40	52	17	49	83	105
Total operating expenses	14	20	17	19	16	34	34
Operating profit before losses	29	20	35	-2	33	49	71
Change in individual write-downs in the period	0	0	-1	11	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	29	20	36	-13	33	49	71

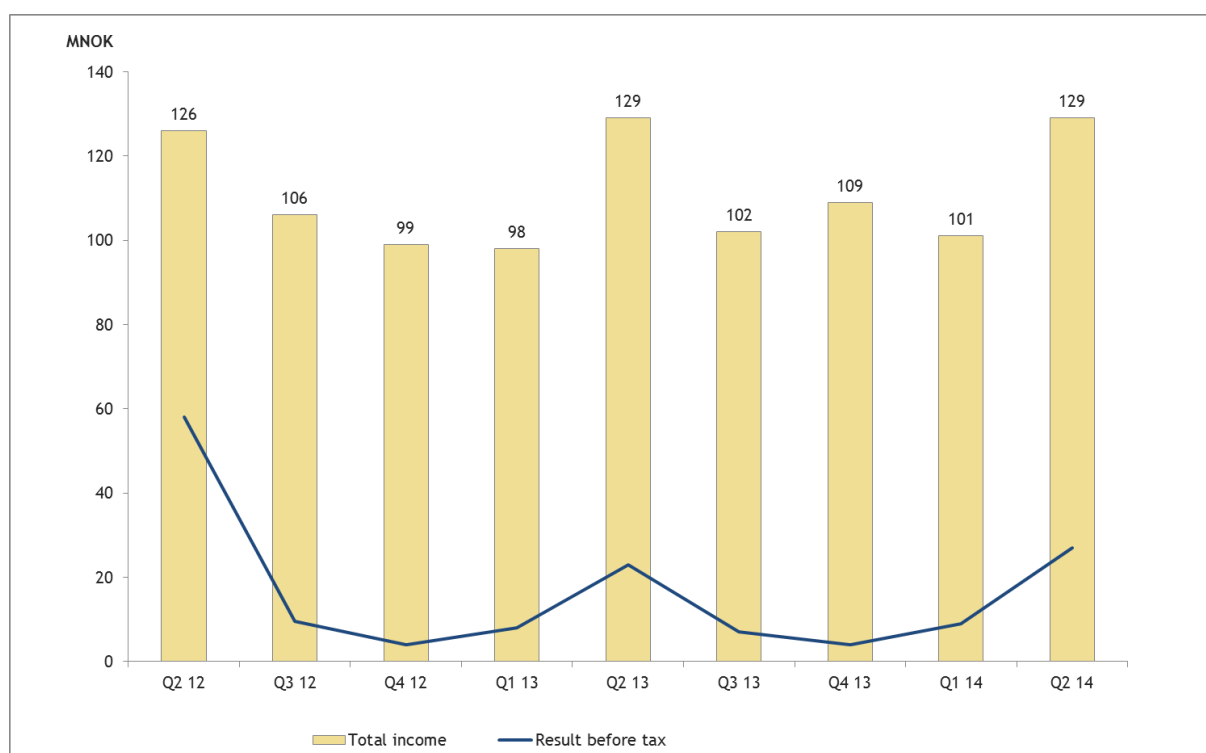
3.5 Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

EiendomsMegler 1 SR-Eiendom AS, which is fully owned by SpareBank 1 SR-Bank, is our region's market leader and the largest company in the nationwide EiendomsMegler 1 chain. This chain is the largest chain of real estate agents in Norway. During the 2nd quarter 2014, the company sold 3 976 properties from its 30 real estate offices in Rogaland, Agder and Hordaland. The activities cover commercial real estate, holiday homes, housing rental and new-builds and used homes.

Financial performance

MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Interest income	1	1	1	1	1	2	3
Other income	128	100	108	101	128	228	224
Total income	129	101	109	102	129	230	227
Total operating expenses	102	92	105	95	105	194	195
Operating profit before losses	27	9	4	7	24	36	32
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	27	9	4	7	24	36	32

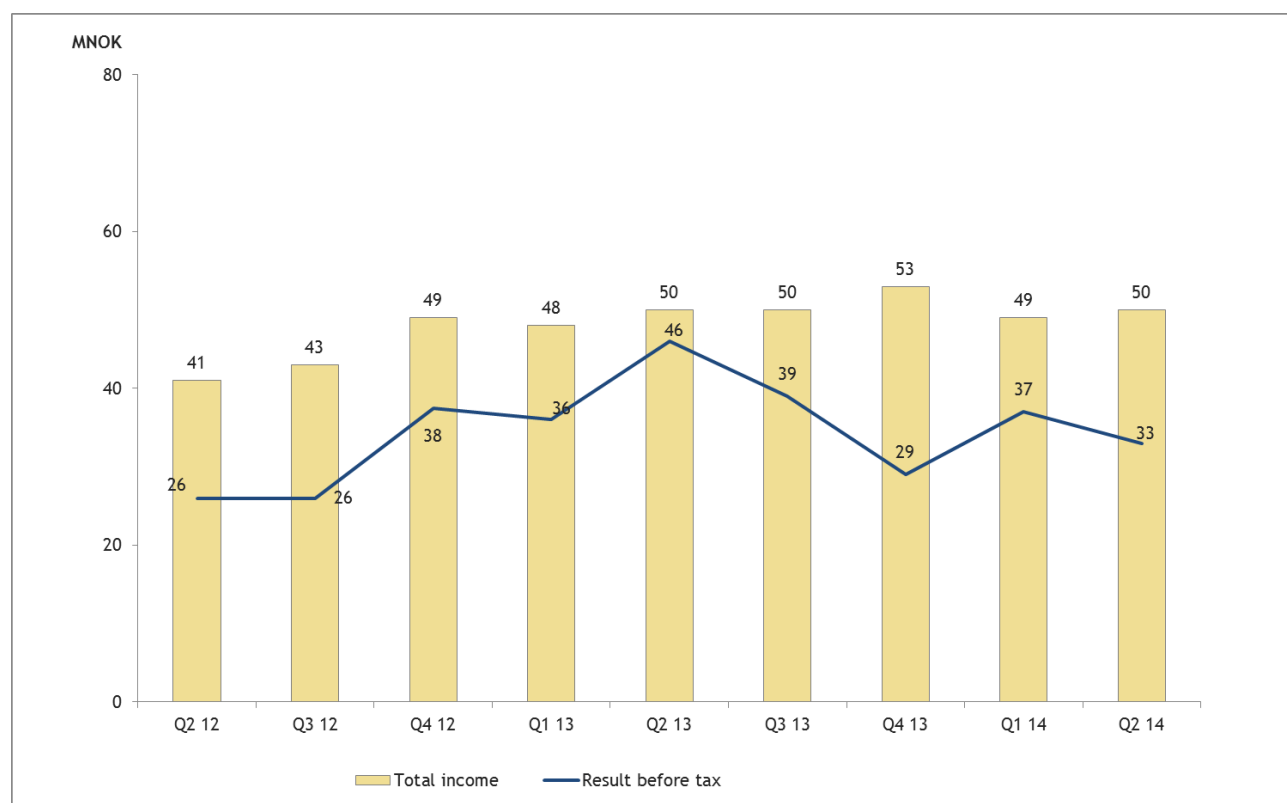


SpareBank 1 SR-Finans AS

SpareBank 1 SR-Finans AS is the leading leasing company in Rogaland with approximately NOK 6.4 billion in total assets. The company's principal activities are lease financing for corporate customers and secured car loans for retail customers.

Financial performance

MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Interest income	54	54	56	55	54	108	106
Other income	-4	-5	-3	-5	-4	-9	-7
Total income	50	49	53	50	50	99	99
Total operating expenses	14	13	12	13	13	27	26
Operating profit before losses	36	36	41	38	37	72	72
Change in individual write-downs in the period	0	1	2	-1	-8	-1	-10
Change in group write-downs in the period	-3	-2	10	0	0	-1	0
Operating profit before tax	39	37	29	39	45	74	82

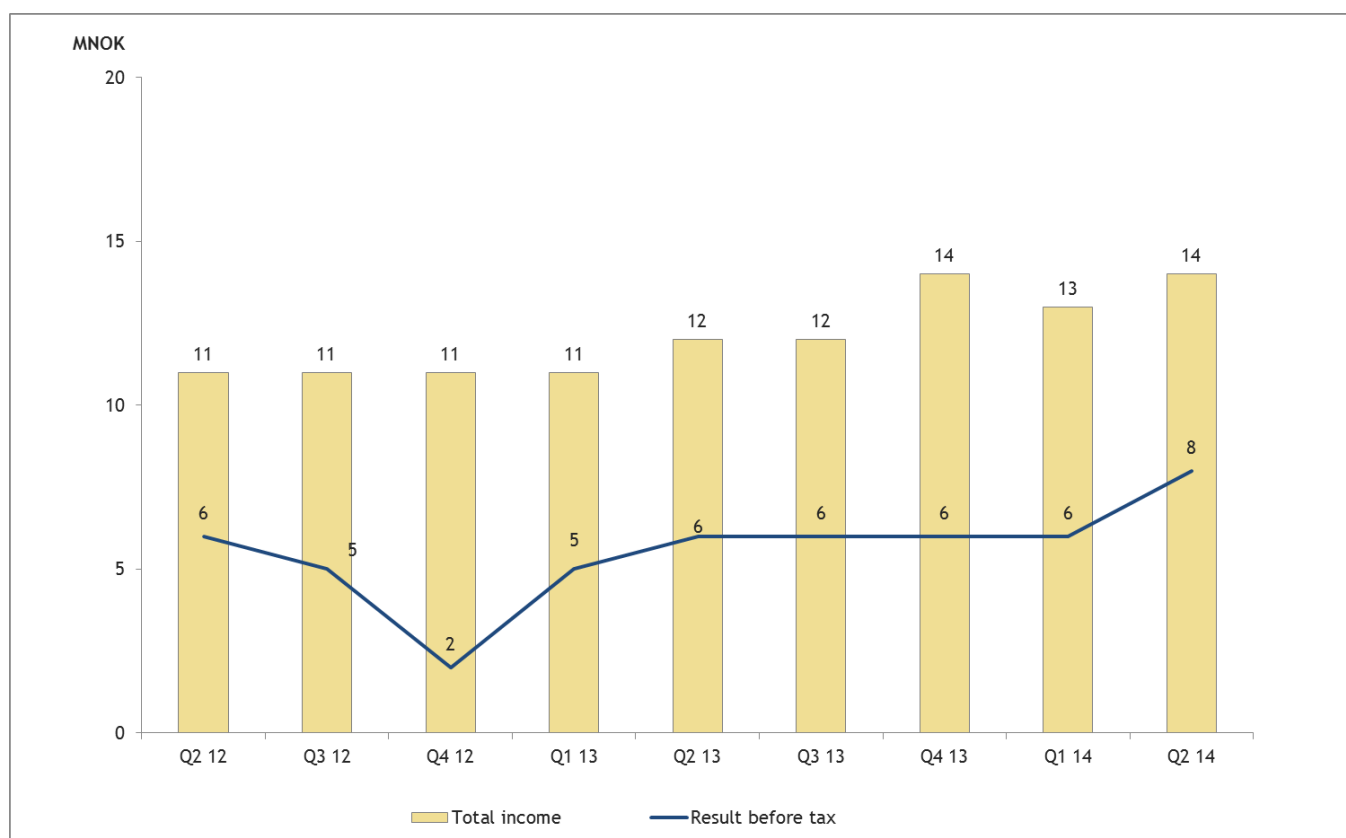


SR-Forvaltning AS

SR-Forvaltning AS is a securities firm with a licence to provide asset management services. The company's objective is to be a local alternative with a high level of expertise in financial management. The company manages portfolios for SpareBank 1 SR-Bank and SpareBank 1 SR-Bank's pension fund, in addition to portfolios for about 2,500 external customers. The external customer base is made up of pension funds, public and private enterprises and affluent private individuals. Total assets amount to approximately NOK 7.1 billion as at 30.06.2014. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Interest income	0	0	0	0	0	0	0
Other income	14	13	14	12	11	27	23
Total income	14	13	14	12	12	27	23
Total operating expenses	6	7	8	6	5	13	12
Operating profit before losses	8	6	6	6	6	14	11
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	8	6	6	6	6	14	11



SR-Investering AS

The company's objective is to contribute to long-term value creation, through investment in business in the group's market segment. The company invests primarily in private equity funds and small and medium-sized companies that need capital to develop and grow further. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	30.06 2014	30.06 2013
Interest income	0	0	0	0	0	0	0
Other income	-1	13	2	1	0	12	8
Total income	-1	13	2	2	0	12	8
Total operating expenses	0	0	1	0	0	0	0
Operating profit before losses	-1	13	2	2	0	12	8
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	-1	13	2	2	0	12	8

