



This is not an oil rig.
It's an investment.

Interim financial statements

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A good result, significantly affected by non-recurring effects

Q1 2014

- Pre-tax profit: NOK 787 million (NOK 501 million)
 - Net profit for the period: NOK 659 million (NOK 394 million)
 - Return on equity after tax: 18.4% (12.3%)
 - Earnings per share: NOK 2.58 (NOK 1.54)
 - Net interest income: NOK 547 million (NOK 451 million)
 - Net commissions and other income: NOK 480 million (NOK 404 million)
 - Net income from financial investments: NOK 319 million (NOK 161 million)
 - Operating costs: NOK 505 million (NOK 490 million)
 - Impairment losses on loans: NOK 54 million (NOK 25 million)
 - Total lending growth over last 12 months: 3.8% (7.4%)
 - Growth in deposits over the last 12 months: 8.5% (2.2%)
 - Common equity tier 1 capital ratio: 11.2% (10.1%)
 - Tier 1 capital ratio: 13.0% (12.2%)
- (Q1 2013 figures in brackets)

Financial performance - Q1 2014

The group's pre-tax profit was NOK 787 million (NOK 501 million), an improvement of NOK 113 million since the fourth quarter of 2013. The return on equity after tax for the quarter was 18.4% (12.3%) compared with 16.2% in the fourth quarter of 2013.

Net interest income totalled NOK 547 million (NOK 451 million) compared with NOK 574 million in the fourth quarter of 2013. The net interest margin (net interest income as a percentage of average total assets) was 1.40% in the first quarter of 2014 (1.27%) compared with 1.46% in the fourth quarter of 2013. The decrease in net interest income is primarily attributable to a lower net interest margin and fewer interest days than in the previous quarter.

Net commissions and other income was NOK 480 million (NOK 404 million) compared with NOK 489 million in the fourth quarter of 2013. Commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt amounted to NOK 165 million (NOK 126 million), almost unchanged from NOK 167 million in the fourth quarter of 2013.

Net income from financial investments was NOK 319 million (NOK 161 million) compared with NOK 195 million in the fourth quarter of 2013. The increase since the fourth quarter of 2013 is due to the NOK 202 million capital gain on the shares in Nets Holding AS due to the signed contract to sell the shares.

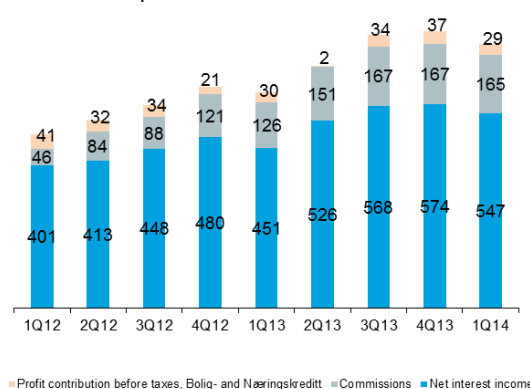
Operating costs totalled NOK 505 million (NOK 490 million) compared with NOK 534 million in the fourth quarter of 2013. Costs have been reduced by NOK 29

million since the fourth quarter of 2013; NOK 26 million of the reduction was due to lower costs from personnel related restructuring.

Impairment losses on loans were NOK 54 million (NOK 25 million) compared with NOK 50 million in the fourth quarter of 2013.

Net interest income

The group's net interest income in the first quarter of 2014 amounted to NOK 547 million (NOK 451 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 quarter of 2014 amounted to NOK 165 million (NOK 126 million), whilst profit contributions before tax amounted to NOK 29 million (NOK 30 million). Net interest income, commissions and profit contributions before tax increased by a total of NOK 134 million in the first quarter of 2014 compared with the first quarter of 2013.



The net interest margin was 1.40% in the first quarter of 2014 (1.27%) compared with 1.46% in the fourth quarter of 2013.

Net commissions and other income

Net commissions and other income in the first quarter of 2014 totalled NOK 480 million (NOK 404 million). The figure for the fourth quarter of 2013 was NOK 489 million.

Net commissions in the first quarter of 2014 totalled NOK 378 million (NOK 306 million). NOK 39 million of the NOK 72 million increase in relation to the first quarter of 2013 is attributable to higher commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt; see the comments under 'Net interest income'. Other commissions have increased by around 13% in relation to the first quarter of 2013.

Other operating income amounted to NOK 102 million in the first quarter of 2014 (NOK 98 million). Other operating income is mainly income from estate agency operations.

Net income from financial investments

Net income from financial investments in the first quarter of 2014 totalled NOK 319 million (NOK 161 million). Capital gains on securities amounted to NOK 205 million (capital losses of NOK 1 million) and capital gains on interest rate and currency trading amounted to NOK 15 million (capital gains of NOK 63 million). Furthermore, income from ownership interests totalled NOK 81 million (NOK 99 million) and dividends NOK 18 million (NOK 0 million).

Capital gains on securities of NOK 205 million in the first quarter of 2014 were derived from capital gains of NOK 220 million from the portfolio of shares and equity certificates, NOK 202 million of which is derived from the capital gain on the shares in Nets Holding AS, and capital losses of NOK 15 million from the interest portfolio. Sparebank 1 SR-Bank has agreed upon selling its 2.9 % shares in Nets Holding AS. This sale requires the approval of the governing authorities, and the process is expected finalised by second quarter of 2014.

Income from ownership interests in the first quarter of 2014 amounted to NOK 81 million (NOK 99 million). The share of the net profit from SpareBank 1 Gruppen amounted to NOK 44 million (NOK 60 million), from SpareBank 1 Boligkreditt it amounted

to NOK 12 million (NOK 20 million), and from SpareBank 1 Næringskreditt it amounted to NOK 9 million (NOK 2 million). The share of the net profit in BN Bank was NOK 17 million (NOK 15 million), while the share of the net result for SpareBank 1 Utvikling amounted to NOK -2 million (NOK 0 million).

Operating costs

The group's operating costs totalled NOK 505 million in the first quarter of 2014. This represents an increase of NOK 15 million (3.1%) since the first quarter of 2013. Personnel costs rose by NOK 2 million (0.7%) to NOK 294 million, while other costs increased by NOK 13 million (6.6%) to NOK 211 million. Personnel costs in the first quarter of 2014 were charged with non-recurring costs of NOK 7.5 million linked to pensions. Last year's costs were similarly affected by non-recurring costs of NOK 7.4 million linked to personnel-related restructuring in the first quarter of 2013.

The group's cost/income ratio, costs measured as a percentage of income, was 37.5% (48.2%) at the end of the first quarter of 2014. Adjusted for income of NOK 202 million linked to the capital gain on the shares in Nets Holding AS, the cost/income ratio for the group was 44.1% at the end of the first quarter of 2014.

Credit risk and portfolio development

The group's total lending portfolio¹ of NOK 166.6 billion is dominated by low risk commitments. 95.6% of the bank's loan exposure is to the low and lowest risk categories. Expected losses in this portion of the portfolio are very limited and calculated at 0.04%. The portfolio primarily consists of commitments of less than NOK 10 million. These account for 68.7% of loan exposure. Around 18.4% of the loan exposure is to customers with loans in excess of NOK 100 million. The credit quality in this portion of the portfolio is deemed better than in the rest of the corporate market portfolio.

The quality of the corporate market portfolio is considered good. The risk profile has developed positively over time, largely due to the stronger risk profile of the existing customer base. 88.8% of the loan exposure now satisfies the criteria for low and the lowest risk. The property management portfolio represents the group's largest concentration in a

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

single sector and accounts for 15% of total loan exposure, including retail customers¹. A large portion of this portfolio consists of financing commercial properties for leasing. This portfolio is characterised by long-term leases as well as financially solid tenants, and the expected losses are assessed to be lower than in the rest of the corporate market portfolio.

The quality of the retail market portfolio is considered very good. 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 a mortgage. 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 98.2%.

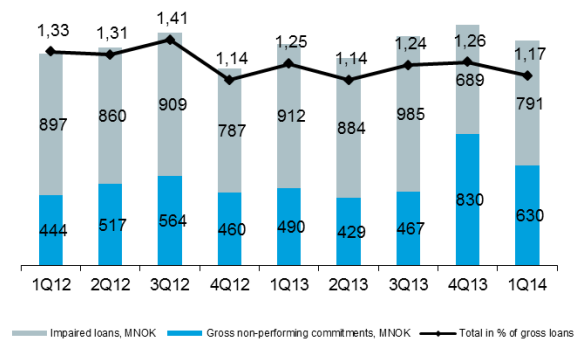
Impairment losses on loans and non-performance

In the first quarter of 2014, the group recognised net impairment losses on loans totalling NOK 54 million (NOK 25 million). This corresponds to impairments as a percentage of gross loans of 0.18% (0.09%). The rise in impairments in the first quarter of 2014 is primarily attributable to two larger corporate market commitments in which impairments totalling NOK 29 million were made. Impairments on groups of loans increased by NOK 2 million in the first quarter 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 aggregated NOK 630 million (NOK 490 million) at the end of the first quarter of 2014. This corresponds to 0.52% (0.44%) of gross loans. The portfolio of impaired (not non-performing) loans totalled NOK 791 million (NOK 912 million). This corresponds to 0.65% (0.81%) of gross loans. Total non-performing and impaired loans at the end of the first quarter of 2014 came to NOK 1,421 million (NOK 1,402 million). In terms of gross loans, this is a reduction over the last 12 months from 1.25% to 1.17%.

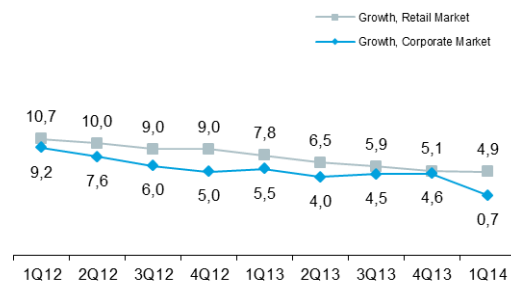
The loan loss provision ratios, measured as individual write-downs as a percentage of non-performing and impaired loans, were 23% (37%) and 30% (28%), respectively, at the end of the first quarter of 2014.



Loans to and deposits from customers

Gross loans at the end of the first quarter of 2014 amounted to NOK 121.7 billion (NOK 112.3 billion). Including loans totalling NOK 44.9 billion (NOK 48.1 billion) sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, gross loans amounted to NOK 166.6 billion (NOK 160.4 billion) at the end of the first quarter 2014. Gross lending growth in the last 12 months was 3.8% (7.4%) and this was in line with the group's aim of gradually reducing lending growth in order to satisfy the new, stricter capital requirements, among other things. Loans to the retail market accounted for 63.9% (63.0%) of total loans (including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at the end of the first quarter of 2014.

12 month lending growth (%)



Deposits from customers rose by 8.5% (2.2%) over the last 12 months to NOK 74.4 billion (NOK 68.6 billion). Deposits from the corporate market and public sector accounted for 50.6% (48.8%) of the group's customer deposits at the end of the first quarter 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 12.9 billion to NOK 14.8 billion at the end of the first quarter of 2014. This capital is primarily managed by SR-Forvaltning AS and ODIN Forvaltning AS.

At the end of the first quarter of 2014, the deposit-to-loan ratio was 61.2% (61.1%). 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 101% to 110.3% for the parent bank and from 101.1% to 107.7% 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 self-employed people), corporate market, capital market and subsidiaries of significant importance.

Retail market division²

The retail market division's contribution before impairment losses on loans was NOK 339 million at the end of the first quarter of 2014. The improvement of NOK 76 million from last year was due to higher net interest, an increase in commissions, and good cost management. Commissions from money transfers, insurance and investment services increased. In total, commissions grew by 8.0% in the first quarter of 2014, while the division's costs fell by 3.1%.

Over the last 12 months, the division's lending has increased by 5.0% and deposits by 5.2%. There was slightly less activity in the housing market in the first quarter of 2014 and lending growth fell slightly.

² 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.

Interest rates were lowered right after the end of the quarter in order to counter the greater competition.

The board adopted a new distribution strategy in the autumn of 2013 in response to major changes in customer behaviour. The consequences of the strategy include four of the smallest municipal branches being closed during 2014, while the opening hours of a number of other branches will be adjusted. The focus on digital channels will be further strengthened in the future.

The division gained 1,100 new customers aged 13 or older in the first quarter of 2014. The proportion of bank customers who use digital channels is very high and the growth in mobile bank users is good.

Impairment losses on loans remain low. The percentage of non-performing loans is 0.28% of total loans.

Corporate market division²³

The corporate market division's contribution before impairment losses on loans was NOK 269 million in the first quarter of 2014. This represents an improvement in the result of NOK 78 million in relation to the first quarter of 2013. The contribution from net interest income and other operating income has increased, while costs are NOK 8.5 million lower.

Over the last 12 months, the division's lending has increased by 0.8% and deposits by 9.3%. The division is actively working on across-the-board sales of the group's products. Commissions and other operating income have increased compared with last year, including when the amended policy on internal income recognition between the capital market division and the corporate market division is taken into account.

Net individual write-downs of NOK 54 million were recognised in the first quarter of 2014, compared with NOK 28 million in the corresponding period last year.

³ 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 as the effect on the accounts are considered to have an insignificant effect.

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

Capital market division³

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 quarter of 2014, SR-Bank Markets achieved an operating result before the allocation of customer income to other business areas of NOK 42.8 million. This represents an improvement of NOK 2.5 million. The pre-tax profit was NOK 19.6 million.

The bulk of this income comes 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 quarter of 2014. Income from sales of equities and bonds also increased.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company's pre-tax profit amounted to NOK 9.2 million in the first quarter of 2014 (NOK 7.8 million). The improvement in the result is due to lower operating costs.

In the first quarter of 2014, 1,772 (1,701) properties with a total value of around NOK 5.4 billion were sold. The supply of new assignments is good and the order book rose by 6% compared with the corresponding period last year.

There are significant differences in the regional markets, both with respect to price and turnover times. The housing market in the Bergen region is very good with short turnover times and a small increase in homes for sale. Prices fell in Kristiansand in 2013 and at the end of the first quarter 2014 are 5.1% lower than they were 12 months ago. The turnover time for used homes is, on average, three times longer than in Bergen. Prices in the Stavanger region at the end of the first quarter of 2014 were 2.7% lower than at the same time last year, while turnover time had increased to 37 days (19 days) in March 2014.

The level of new-building activity in the market area is high, but sales of new residential units were slightly lower in 2014 than in the year before. 294 planned homes were sold in the first quarter of 2014, a decrease of around 9% compared to the corresponding period last year. Activity in the commercial property market is good and primarily mirrors the level of activity within oil-related activities in the Stavanger region. However, there are indications of a slightly more subdued lease market and somewhat higher vacancy, especially for office premises that are a bit older.

The company has further strengthened its market position over the last 12 months. It holds a very strong position in Rogaland with a market share for sold homes of more than 40%. Market shares are also developing positively in Agder and Hordaland.

The company expects activity in the property market to increase during the year, with a significant rise as early as the second quarter. Turnover times for used homes are expected to fall at the same time as prices are expected to stabilise.

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 6.5 billion.

The company achieved a pre-tax profit of NOK 35.6 million in the first quarter of 2014 (NOK 36.3 million). The lower result is due to the recognition of net losses amounting to NOK 0.9 million in the first quarter of 2014 (NOK -1.4 million). Profit before impairment and losses was NOK 36.5 million (NOK 34.9 million).

Net lending has increased by 3.7% in the last 12 months and at the end of the first quarter of 2014 it amounted to NOK 6,293 million (NOK 6,067 million). 1,595 new contracts have been established in the year-to-date (1,487 contracts). The company's total new sales in the quarter amounted to NOK 512 million (NOK 501 million). The market is highly competitive and new leasing sales are expected to fall slightly.

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 quarter of 2014 amounted to NOK 175.3 billion, NOK 44.2 billion (NOK 47.3 billion) of which were home mortgages bought from SpareBank 1 SR-Bank. The bank currently owns a 26.2% stake in the company. This is updated at the end of each year in line with the volume sold.

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

Funding

SpareBank 1 SR-Bank has good access to market funding. The risk premium the bank pays above the money market rate decreased during the first quarter. The funding cost difference between unsecured bonds and covered bonds decreased further during the quarter and the bank has, therefore, increased its proportion of long-term senior funding. SpareBank 1 SR-Bank is also planning to utilise the relative price change to substitute some covered bond funding with long-term senior funding in the second quarter in order to further strengthen the group's funding platform.

The financial markets remained relatively stable during the quarter. The markets absorbed the volatility linked to the unrest in Ukraine, but market players were reminded of the market's fragility. Growing optimism about the economic trend in Europe was reflected in the market through the ability of both state and financial institutions to obtain funding.

SpareBank 1 SR-Bank has good liquidity at the end of the first quarter 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 buffer⁴ amounted to NOK 18.6 billion at the end of the year. NOK 10.9 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 17.7 billion in home mortgages ready for covered bond funding.

Capital adequacy

At the end of the first quarter of 2014, the common equity tier 1 capital ratio was 11.2% (10.1%). At the same time, the group's tier 1 capital ratio was 13.0% (12.2%) and its capital ratio was 14.5% (12.9%). 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 will be 10.0% and the capital ratio requirement will be 13.5%.

There will be a requirement in Norway for a countercyclical capital buffer in the range of 0-2.5% in the form of common equity tier 1 capital. Based on advice from the Central Bank, the Ministry of Finance set the buffer at 1 percentage point from 30 June 2015. If SpareBank 1 SR-Bank in addition is defined as a systemically important bank, the total common equity tier 1 capital ratio requirement will increase to 13% from 30 June 2016⁵. The group is gradually adapting its operations to the new capital requirements.

With effect from 1 January 2014, the regulatory minimum requirement for the model parameter 'loss given default' (LGD) increased from 10% to 20% for banks that use internal models (IRB). As a consequence of the change the average risk-weighting for existing home mortgages in SpareBank 1 SR-Bank rose from 9.6% at year-end 2013 to 18.1% at the end of the first quarter of 2014. The

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

⁵ Assuming a countercyclical capital buffer of 1%.

Financial Supervisory Authority of Norway has also announced that the definition of the model parameter 'probability of default' (PD) will be tightened. SpareBank 1 SR-Bank wants the competitive conditions to be as equal as possible and supports the authorities' efforts to ensure these requirements apply to everyone who provides home mortgages in the Norwegian market, including branches of Nordic IRB banks.

The bank's shares

The share price for bank shares (SRBANK) was NOK 60.75 at the end of the first quarter of 2014. This represents an increase of 0.8% since year-end 2013. The Oslo Stock Exchange Main Index rose by 2.4% in the same period. 7.6% (7.6%) of outstanding SRBANK shares were traded in the first quarter of 2014.

There were 10,936 (11,870) shareholders of SRBANK at the end of the first quarter of 2014. The proportion owned by foreign companies and residents was 18.9%, whilst 49.2% were based or resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned 65.7% of the shares. The bank holds 407,645 own shares, while group employees owned 1.8%. The table below shows the 20 largest shareholders as of 31 March 2014:

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,32 %
Gjensidige Forsikring ASA	26.483	10,36 %
Morgan Stanley & Co, U.S.A.	10.744	4,20 %
Folketrygdfondet	9.848	3,85 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,43 %
Odin Norge	5.897	2,31 %
State Street Bank and Trust, U.S.A.	5.415	2,12 %
Frank Mohn AS	4.321	1,69 %
Skagen Global	3.815	1,49 %
Odin Norden	3.588	1,40 %
J.P. Morgan Chase Bank, U.K.	2.691	1,05 %
State Street Bank and Trust, U.S.A.	2.681	1,05 %
Goldman Sachs & Co, U.S.A.	2.626	1,03 %
Clipper AS	2.179	0,85 %
J.P. Morgan Chase Bank, U.K.	2.083	0,81 %
J.P. Morgan Chase Bank, Sverige	2.014	0,79 %
Westco AS	1.322	0,52 %
Skagen Global II	1.253	0,49 %
The Bank of New York Mellon, U.S.A	1.222	0,48 %
FLPS, U.S.A.	1.219	0,48 %
Total 20 largest	168.046	65,71 %

Accounting policies

Please refer to note 1 for a description of the accounting policies applied in the parent company

and consolidated financial statements. The same accounting policies are applied in interim and annual financial statements.

Events after the balance sheet date

No material events that have influence on the prepared interim financial statements have been recorded after 31 March 2014.

Outlook

Reports from the Central Bank state that the growth has slowed somewhat in the last year. An expectation of reduced growth in oil investments means that the Norwegian economy may become more dependent on growth stimuli from other industries going forward. Exports from mainland Norway may rise if international growth improves, but a high level of costs may make it challenging for Norwegian companies to participate in this upturn. How the NOK exchange rate develops will thus be important to the competitiveness of the export-oriented segment of industry.

The companies in the Central Bank's regional network reported in February 2014 that the growth in output was almost unchanged since autumn last year, and they expected it could rise slightly in the future. Companies in Rogaland draw 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 2014 as well. The board would like to stress that a certain level of uncertainty is associated with assessments of future conditions.

The competition for new home mortgage customers is intense and the interest rate for existing mortgages will be reduced by up to 0.25 percentage points with effect from 13 June 2014. The negative effect on the groups spreads on lending will partly be countered by the terms for deposits that will be regulated at the same time.

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 requirements. Good earnings from a diversified business model, efficient operations and a continued moderate level of dividends, makes the group well-positioned to implement the necessary build-up of capital, while ensuring continued competitiveness.

Stavanger, 29 April 2014

The Board of Directors of SpareBank 1 SR-Bank ASA

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	01.01.14 - 31.03.14		01.01.13 - 31.03.13		2013	
	MNOK	%	MNOK	%	MNOK	%
Net interest income	547	1,40	451	1,27	2.119	1,42
Net commission and other income	480	1,23	404	1,14	1.824	1,22
Net income on financial investments	319	0,81	161	0,45	555	0,37
Total income	1.346	3,44	1.016	2,86	4.498	3,01
Total operating costs	505	1,29	490	1,38	2.019	1,35
Operating profit before impairment losses	841	2,15	526	1,48	2.479	1,66
Impairment losses on loans and guarantees	54	0,14	25	0,07	132	0,09
Pre-tax profit	787	2,01	501	1,41	2.347	1,57
Tax expense	128	0,33	107	0,30	487	0,33
Profit after tax	659	1,68	394	1,11	1.860	1,24

	31.03.14	31.03.13	2013
PROFITABILITY			
Return on equity ¹⁾	18,4 %	12,3 %	14,0 %
Cost ratio ²⁾	37,5 %	48,2 %	44,9 %
Combined weighted total average spread for lending and deposits	1,40 %	1,27 %	1,42 %
BALANCE SHEET			
Gross loans to customers	121.723	112.314	120.273
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	166.593	160.445	166.662
Growth in loans	8,4 %	11,8 %	9,8 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	3,8 %	7,4 %	5,3 %
Deposits from customers	74.440	68.605	71.667
Deposit-to-loan ratio	61,2 %	61,1 %	59,6 %
Growth in deposits	8,5 %	2,2 %	6,0 %
Total assets	157.752	146.124	156.985
Average total assets	158.867	144.265	149.554
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio, annualized ³⁾	0,18 %	0,09 %	0,11 %
Non-performing commitments as a percentage of gross loans	0,52 %	0,44 %	0,69 %
Other doubtful commitments as a percentage of gross loans	0,65 %	0,81 %	0,57 %
SOLIDITY			
Common equity Tier 1 capital ratio	11,2 %	10,1 %	11,1 %
Tier 1 capital ratio	13,0 %	12,2 %	12,8 %
Capital ratio	14,5 %	12,9 %	14,1 %
Tier 1 capital	14.691	13.673	14.511
Minimum primary capital requirement	9.073	8.956	9.046
Risk weighted balance	113.413	111.950	113.075
BRANCHES AND STAFF			
Number of branches	52	53	52
Number of employees (annualised)	1.148	1.214	1.165

SpareBank 1 SR-Bank share	31.03.14	31.12.13	31.12.12	31.12.11	31.12.10
Market price	60,75	60,25	37,20	40,70	57,00
Market capitalisation	15.537	15.409	9.514	5.182	7.257
Book equity per share(including dividends) (group)	57,45	55,00	49,48	48,75	47,45
Earnings per share	2,58	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	5,89	8,28	6,98	7,51	8,33
Price / Book equity (group)	1,06	1,10	0,75	0,83	1,20
Effective return ⁹⁾	0,8 %	66,0 %	-4,9 %	-23,8 %	17,5 %

¹⁾ See page 28 of the interim report for definition of key figures

Income statement

Parent bank				Note	Group		
2013	01.01.13 - 31.03.13	01.01.14 - 31.03.14	Income statement (MNOK)		01.01.14 - 31.03.14	01.01.13 - 31.03.13	2013
5.442	1.272	1.385	Interest income		1.438	1.321	5.644
3.535	871	891	Interest expense		891	870	3.525
1.907	401	494	Net interest income		547	451	2.119
1.409	313	382	Commission income		398	325	1.452
73	17	19	Commission expenses		20	19	72
12	1	2	Other operating income		102	98	444
1.348	297	365	Net commission and other income		480	404	1.824
33	0	15	Dividend income		18	0	33
412	0	0	Income from investment in associates		81	99	355
249	53	211	Net gains/losses on financial instruments		220	62	167
694	53	226	Net income on financial investments		319	161	555
3.949	751	1.085	Total income		1.346	1.016	4.498
906	226	224	Personnel expenses	14	294	292	1.196
381	88	93	Administrative expenses		106	101	432
251	65	70	Other operating costs		105	97	391
1.538	379	387	Total operating costs before impairment losses		505	490	2.019
2.411	372	698	Operating profit before impairment losses		841	526	2.479
116	27	53	Impairment losses on loans and guarantees	2, 3 and 4	54	25	132
2.295	345	645	Pre-tax profit	12	787	501	2.347
457	93	113	Tax expense		128	107	487
1.838	252	532	Profit after tax		659	394	1.860
			Other comprehensive income				
-67	-20	-80	Unrecognised actuarial gains and losses		-86	-22	-72
19	5	21	Deferred tax concerning changed estimates/pension plan changes		23	6	20
-1	0	0	Change in value of financial assets available for sale		0	0	-1
-49	-15	-59	Total items not reclassified through profit or loss		-63	-16	-53
-6	0	0	Tax change actuarial gains/losses		0	0	-6
0	0	0	Share of profit associated companies and joint ventures		15	-2	4
-6	0	0	Total items reclassified through profit or loss		15	-2	-2
-55	-15	-59	Other comprehensive income		-48	-18	-55
1.783	237	473	Total comprehensive income		611	376	1.805
			Earnings per share (group)		2,58	1,54	7,28

Balance sheet

Parent bank			Note	Group		
31.12.13	31.03.13	31.03.14		31.03.14	31.03.13	31.12.13
			Balance sheet (MNOK)			
1.265	802	770	Cash and balances with central banks	770	802	1.265
6.669	6.372	6.568	Balances with credit institutions	1.092	1.055	1.253
113.312	105.535	114.756	Net loans to customers	8	121.037	119.525
21.052	20.282	20.856	Certificates, bonds and other fixed-income securities	13	20.868	21.065
4.929	4.545	4.343	Financial derivatives	10	4.339	4.923
780	510	989	Shares, ownership stakes and other securities	17	1.154	938
84	332	84	Business available for sale		84	85
3.552	3.564	3.640	Investment in associates		4.910	4.710
950	809	926	Investment in subsidiaries		0	0
2.998	1.853	3.257	Other assets	5	3.498	3.221
155.591	144.604	156.189	Total assets	12	157.752	156.985
3.746	5.965	4.803	Balances with credit institutions		4.801	3.742
6.429	6.429	2.431	Public sector deposits regarding the covered bonds swap agreement		2.431	6.429
71.840	68.761	74.574	Deposits from customers	7	74.440	71.667
52.328	42.972	52.508	Listed debt securities	11	52.508	52.328
2.013	2.484	2.179	Financial derivatives	10	2.179	2.013
2.527	2.444	2.464	Other liabilities	6	2.659	2.746
4.004	4.027	4.065	Subordinated loan capital	11	4.065	4.004
142.887	133.082	143.024	Total liabilities		143.083	142.929
6.394	6.394	6.394	Share capital		6.394	6.394
1.587	1.587	1.587	Premium reserve		1.587	1.587
409	384	409	Proposed dividend		409	409
162	72	162	Fund for unrealised gains		162	162
4.152	2.833	4.081	Other equity		5.458	5.504
0	252	532	Profit/loss at period end		659	0
12.704	11.522	13.165	Total equity		14.669	14.056
155.591	144.604	156.189	Total liabilities and equity	12	157.752	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			659		659
Unrecognised actuarial gains and losses after tax			-63		-63
Change in value of financial assets available for sale					0
Share of profit associated companies and joint ventures			15		15
Total items not reclassified through profit or loss			611	0	611
Adjusted equity accosiates			15	0	15
Dividend 2012, resolved in 2013			0		0
Purchase/sale of own shares			-13		-13
Items reclassified through profit or loss	0	0	-13	0	-13
Equity as of 31.03.2014	6.394	1.587	6.526	162	14.669

Cash flow statement

Parent bank			Cash flow statement	Group		
2013	01.01.13 - 31.03.13	01.01.14 - 31.03.14		01.01.14 - 31.03.14	01.01.13 - 31.03.13	2013
-10.382	-2.689	-1.387	Change in gross lending to customers	-1.450	-2.801	-10.760
4.724	1.034	1.194	Interest receipts from lending to customers	1.251	1.104	5.116
4.084	1.005	2.734	Change in deposits from customers	2.773	1.011	4.073
-1.777	-137	-96	Interest payments on deposits from customers	-96	-134	-1.764
-2.220	179	-2.936	Change in receivables and debt from credit institutions	-2.874	262	-2.048
-327	-68	-53	Interest on receivables and debt to financial institutions	-93	-125	-501
-2.380	-1.610	196	Change in certificates and bonds	197	-1.609	-2.388
530	121	113	Interest receipts from commercial paper and bonds	113	121	530
893	174	625	Commission receipts	737	274	1.405
125	32	-3	Capital gains from sale of trading	-3	32	125
-1.376	-329	-389	Payments for operations	-506	-475	-1.837
-132	-31	-67	Taxes paid	-75	-76	-209
1.530	165	-635	Other accruals	-678	265	1.552
-6.708	-2.154	-704	A Net change in liquidity from operations	-704	-2.151	-6.706
-61	-14	-11	Investments in tangible fixed assets	-15	-16	-73
15	0	47	Receipts from sale of tangible fixed assets	47	0	15
-177	0	-88	Change in long-term investments in equities	-90	0	-203
338	0	15	Receipts from sales of long-term investments in equities	19	0	363
442	0	12	Dividends from long-term investments in equities	14	0	442
557	-14	-25	B Net cash flow, investments	-25	-16	544
15.830	4.248	4.067	Debt raised by issuance of securities	4.067	4.248	15.830
-8.330	-2.306	-3.432	Repayments - issuance of securities	-3.432	-2.306	-8.330
-820	-359	-503	Interest payments on securities issued	-503	-359	-820
499	0	44	Additional subordinated loan capital issued	44	0	499
-694	-231	0	Repayments - additional capital instruments	0	-231	-694
-220	-34	-38	Interest payments on subordinated loans	-38	-34	-220
0	0	0	Issue shares	0	0	0
-384	0	0	Dividend to share holders	0	0	-384
5.881	1.318	138	C Net cash flow, financing	138	1.318	5.881
-270	-850	-591	A+B+C Net cash flow during the period	-591	-849	-281
1.796	1.796	1.526	Cash and cash equivalents as at 1 January	1.542	1.823	1.823
1.526	946	935	Cash and cash equivalents as at 31 March	951	974	1.542
			Cash and cash equivalents specified			
1.265	802	770	Cash and balances with central banks	770	802	1.265
261	144	165	Balances with credit institutions	181	172	277
1.526	946	935	Cash and cash equivalents	951	974	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 - 31 March 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		
01.01.13 - 2013	01.01.13 - 31.03.13	01.01.14 - 31.03.14		01.01.14 - 31.03.14	01.01.13 - 31.03.13	2013
-31	14	-57	Change in individual impairment losses provisions for the period	-64	8	23
-40	0	0	Change in collective impairment loss provisions for the period	2	0	-30
11	1	1	Amortised cost	1	1	11
101	10	105	Actual loan losses on commitments for which provisions have been made	108	14	111
95	3	6	Actual loan losses on commitments for which no provision has been made	9	4	108
31	1	0	Change in assets taken over for the period	0	1	-30
-51	-2	-2	Recoveries on commitments previously written-off	-2	-3	-61
116	27	53	The period's net losses / (reversals) on loans and advances	54	25	132

Note 3 Provisions for impairment losses on loans and guarantees

Parent bank				Group		
31.12.13	31.03.13	31.03.14		31.03.14	31.03.13	31.12.13
436	436	405	Provisions for Individual impairment losses at start of period	446	423	423
130	12	26	Increases in previous provisions for individual impairment losses	27	12	131
-239	-21	-21	Reversal of provisions from previous periods	-32	-23	-183
179	33	44	New provisions for individual impairment losses	50	33	186
0	0	-2	Amortised cost	-2	0	0
-101	-10	-104	Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-107	-14	-111
405	450	348	Provisions for Individual impairment losses at period end	382	431	446
196	13	111	Net losses	117	18	219

Note 4 Non-performing and problem commitments

Parent bank				Group		
31.12.13	31.03.13	31.03.14		31.03.14	31.03.13	31.12.13
			Non-performing loans and advances			
804	445	601	Gross non-performing loans above 90 days	630	490	830
210	172	142	Provisions for Individual impairment losses	145	180	212
594	273	459	Net non-performing loans and advances	485	310	618
26 %	39 %	24 %	Loan loss provision ratio	23 %	37 %	26 %
			Other problem commitments			
628	947	734	Problem commitments	791	912	689
195	278	206	Provisions for Individual impairment losses	237	251	234
433	669	528	Net other problem commitments	554	661	455
31 %	29 %	28 %	Loan loss provision ratio	30 %	28 %	34 %

Note 5 Other assets

Parent bank				Group		
31.12.13	31.03.13	31.03.14		31.03.14	31.03.13	31.12.13
0	0	0	Intangible assets	39	43	39
336	345	285	Tangible fixed assets	313	361	362
847	490	557	Income earned but not received from SpareBank 1 Bolig- and Næringskredit	557	490	847
22	47	52	Prepaid expenses	57	53	24
35	35	35	Capital contribution SR-Pensjonskasse	35	35	35
1.758	936	2.328	Other assets including unsettled trades	2.497	1.100	1.914
2.998	1.853	3.257	Total other assets	3.498	2.082	3.221

Note 6 Other liabilities

Parent bank				Group		
31.12.13	31.03.13	31.03.14		31.03.14	31.03.13	31.12.13
309	191	291	Accrued expenses and prepaid revenue	373	280	391
707	591	685	Deferred tax	618	624	671
223	140	321	Pension liabilities	347	154	242
1	1	0	Other specified provisions	0	1	1
280	195	326	Taxes payable	427	243	377
1.007	1.326	841	Other liabilities including unsettled trades	894	1.357	1.064
2.527	2.444	2.464	Total other liabilities	2.659	2.659	2.746

Note 7 Customer deposits by sectors and industry

Parent bank				Group		
31.12.13	31.03.13	31.03.14		31.03.14	31.03.13	31.12.13
1.078	1.151	1.146	Agriculture/forestry	1.146	1.151	1.078
265	144	308	Fishing/Fish farming	308	144	265
1.513	789	1.738	Mining/extraction	1.738	789	1.513
1.527	976	1.157	Industry	1.157	976	1.527
1.915	1.418	1.666	Power and water supply/building and construction	1.666	1.418	1.915
1.963	1.836	1.788	Retail trade, hotels and restaurants	1.788	1.836	1.963
1.452	1.109	1.736	Foreign trade shipping, pipeline transport and other transport activities	1.736	1.109	1.452
4.954	5.936	5.138	Real estate	5.138	5.936	4.954
8.858	7.758	9.563	Service industry	9.429	7.758	8.685
12.122	12.529	13.573	Public sector and financial services	13.573	12.373	12.122
35.647	33.646	37.813	Total corporate sector	37.679	33.490	35.474
36.190	34.784	36.419	Retail customers	36.419	34.784	36.190
3	331	342	Accrued interests corporate sector and retail customers	342	331	3
71.840	68.761	74.574	Total deposits	74.440	68.605	71.667

Note 8 Loans by sectors and industry

Parent bank				Group		
31.12.13	31.03.13	31.03.14		31.03.14	31.03.13	31.12.13
4.082	3.861	4.047	Agriculture/forestry	4.288	4.104	4.326
421	476	382	Fishing/Fish farming	510	589	541
2.741	2.509	2.928	Mining/extraction	3.072	2.572	2.829
2.674	2.076	2.347	Industry	3.000	2.820	3.403
2.260	2.824	2.315	Power and water supply/building and construction	3.151	3.662	3.100
2.429	2.541	2.307	Retail trade, hotels and restaurants	2.777	3.049	2.877
6.733	6.478	6.385	Foreign trade shipping, pipeline transport and other transport activities	6.917	6.995	7.297
25.575	24.299	25.644	Real estate	25.808	24.442	25.740
5.782	6.157	5.565	Service industry	7.174	7.948	7.545
2.277	1.889	2.103	Public sector and financial services	2.295	1.767	2.277
54.974	53.110	54.023	Total corporate sector	58.992	57.948	59.935
58.481	52.531	60.810	Retail customers	62.217	53.715	59.848
205	272	208	Unallocated (excess value fixed interest loans and amort. lending fees)	212	280	209
304	359	310	Accrued interests corporate sector and retail customers	302	371	281
113.964	106.272	115.351	Gross loans	121.723	112.314	120.273
-405	-450	-348	- Individual impairment losses provisions	-382	-431	-446
-247	-287	-247	- Collective impairment losses provisions	-304	-332	-302
113.312	105.535	114.756	Net loans	121.037	111.551	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	31.03.13	31.03.14		31.03.14	31.03.13	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	384	409	Allocated to dividend	409	384	409
162	72	162	Reserve for unrealised gains	162	72	162
4.152	2.833	4.081	Other equity	5.458	4.161	5.504
12.704	11.270	12.633	Total book equity	14.010	12.598	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	-384	-409	Deduction for allocated dividends	-409	-384	-409
-401	-468	-423	50% deduction for subordinated capital in other financial institutions	-131	-23	-104
-353	-274	-412	50% deduction for expected losses on IRB, net of write-downs	-432	-317	-356
0	0	0	50 % capital adequacy reserve	-611	-737	-587
0	126	266	Year-to-date profit included in core capital (50%)	330	197	0
1.823	2.262	1.823	Tier 1 capital instruments	1.976	2.395	1.954
13.364	12.531	13.478	Total Tier 1 capital	14.691	13.673	14.511
			Tier 2 capital			
0	0	0	Tier 2 capital - Tier 1 capital instruments in excess of 15%	0	0	0
2.100	1.644	2.143	Term subordinated loan capital	2.890	1.856	2.451
-401	-468	-423	50% deduction for investment in capital instruments in other financial institutions	-131	-23	-104
-353	-274	-412	50% deduction for expected losses on IRB, net of write-downs	-432	-317	-356
0	0	0	50 % capital adequacy reserve	-611	-737	-587
1.346	902	1.308	Total Tier 2 capital	1.716	779	1.404
14.710	13.433	14.786	Net primary capital	16.407	14.452	15.915
			Minimum requirements primary capital, Basel II			
2.254	2.275	2.321	Specialised lending exposure	2.321	2.275	2.254
2.179	2.354	2.105	Other corporations exposure	2.105	2.354	2.179
44	32	82	SME exposure	96	40	52
461	421	972	Retail mortgage exposure (properties)	1.646	838	857
53	44	75	Other retail exposure	83	47	61
662	619	714	Equity investments	0	0	0
5.653	5.745	6.269	Total credit risk IRB	6.251	5.554	5.403
183	194	207	Debt risk	191	176	167
54	45	55	Equity risk	55	45	54
0	0	0	Currency risk	0	0	0
202	209	200	Participations calculated after other market risk	309	285	294
379	379	381	Operational risk	499	457	457
0	0	0	Transitional scheme	255	907	1.159
432	424	428	Participations calculated using standard method	1.638	1.653	1.629
-64	-75	-68	Deductions	-125	-121	-117
6.839	6.921	7.472	Minimum requirements primary capital	9.073	8.956	9.046
17,21 %	15,53 %	15,83 %	Capital ratio	14,47 %	12,91 %	14,07 %
15,63 %	14,48 %	14,43 %	Tier 1 capital ratio	12,95 %	12,21 %	12,83 %
1,57 %	1,04 %	1,40 %	Tier 2 capital ratio	1,51 %	0,70 %	1,24 %
13,50 %	11,87 %	12,48 %	Common equity Tier 1 capital ratio	11,21 %	10,07 %	11,11 %
15,63 %	14,48 %	14,43 %	Tier 1 capital ratio, IRB	13,33 %	13,59 %	14,72 %
13,50 %	11,87 %	12,48 %	Common equity Tier 1 capital ratio, IRB	11,54 %	11,21 %	12,74 %

Note 10 Financial derivatives

At fair value through profit and loss	Contract amount	Fair value at 31.03.14	
	31.03.14	Assets	Liabilities
Currency instruments			
Currency forward contracts	4.258	45	31
Currency swaps	31.435	263	162
Currency options	64	1	0
Total currency instruments	35.757	309	193
Interest rate instruments			
Interest rate swaps(including cross-currency)	66.441	1.011	1.159
Other interest rate contracts	0	0	0
Total interest rate instruments	66.441	1.011	1.159
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	58.990	2.501	421
Total hedging / Interest rate instruments	58.990	2.501	421
Accrued interests			
Accrued interests		518	406
Total accrued interests		518	406
Total currency and interest rate instruments			
Total currency instruments	35.757	309	193
Total interest rate instruments	125.431	3.512	1.580
Total accrued interests		518	406
Total	161.188	4.339	2.179

Counterparty risk associated with derivatives is reduced via ISDA agreements and CSA supplements. The CSA supplement regulates the counterparty risk through payments of margins in relation to exposure limits. The contract sum and effect of reinvestment costs covered by offsetting agreements amounted to NOK 116,6 billion and NOK 1.3 billion as of the first 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	31.03.14	Balance as at				
		31.03.13	31.12.13			
Bonds, nominal amount	49.548	40.291	49.387			
Adjustments	2.507	2.290	2.261			
Accrued interests	453	391	680			
Total debt raised through issuance of securities	52.508	42.972	52.328			
Change in debt raised through issuance of securities	Balance as at 31.03.14	Issued/ sale own 2014	Past due/ redeemed 2014	FX rate- and other changes 2014	31.12.13	
Bonds, nominal amount	49.548	4.067	-3.432	-474	49.387	
Adjustments	2.507	0	0	246	2.261	
Accrued interests	453	0	0	-227	680	
Total debt raised through issuance of securities	52.508	4.067	-3.432	-455	52.328	
Additional Tier 1 and Tier 2 capital instruments	31.03.14				31.03.13	31.12.13
Term subordinated loan capital, nominal amount	2.142				1.644	2.100
Perpetual subordinated loan capital, nominal amount	0				0	0
Tier 1 capital instruments, nominal amount	1.825				2.262	1.823
Adjustments	61				74	60
Accrued interests	37				47	21
Total additional Tier 1 and Tier 2 capital instruments	4.065				4.027	4.004
Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 31.03.14	Issued/ sale own 2014	Past due/ redeemed 2014	FX rate- and other changes 2014		31.12.13
Term subordinated loan capital, nominal amount	2.142	44	0	-2		2.100
Perpetual subordinated loan capital, nominal amount	0	0	0	0		0
Tier 1 capital instruments, nominal amount	1.825	0	0	2		1.823
Adjustments	61	0	0	1		60
Accrued interests	37	0	0	16		21
Total additional Tier 1 and Tier 2 capital instruments	4.065	44	0	17		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 - 31.03.14									
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Staff/support parent bank	Eiendoms-Megler 1	SR-Finans	Other activities	Eliminations	Total
Interest income	483	378	259	265	3	96	0	-46	1.438
Interest expense	265	147	248	231	2	42	0	-44	891
Net interest income *	218	231	11	34	1	54	0	-2	547
Commission income *	276	91	16	-1	0	1	25	-10	398
Commission expenses	10	6	2	1	0	5	6	-10	20
Other operating income	0	0	0	2	100	0	0	0	102
Net commission and other income	266	85	14	0	100	-4	19	0	480
Dividend income	0	0	0	16	0	0	2	0	18
Income from investment in associates	0	0	0	0	0	0	0	81	81
Net gains/losses on financial instruments *	2	10	15	184	0	0	10	0	220
Net income on investment securities	2	10	15	200	0	0	12	81	319
Personnel expenses	98	46	14	66	56	8	8	-2	294
Administrative expenses	24	4	4	61	9	2	2	0	106
Other operating expenses	25	7	2	37	27	3	2	3	105
Total operating expenses	147	57	20	164	92	13	12	1	505
Operating profit before losses	339	269	20	70	9	37	19	78	841
Change in individual write-downs in the period	-1	54	0	0	0	-1	0	0	52
Change in group write-downs in the period	0	0	0	0	0	2	0	0	2
Pre-tax profit	340	215	20	70	9	36	19	78	787
									0
Net interest income *									
External net interest income	218	231	11	34	-2	-42	0	97	547
Internal net interest income	0	0	0	0	3	96	0	-99	0
Net interest income	218	231	11	34	1	54	0	-2	547
									0
Balance sheet (MNOK)									
									0
Loans to customers	64.400	48.274	472	2.205	0	6.384	0	-12	121.723
Individual loss provisions	-53	-295	0	0	0	-34	0	0	-382
Group loss provisions	-34	-213	0	0	0	-57	0	0	-304
Other assets	75	15	5.074	36.269	181	160	401	-5.460	36.715
Total assets	64.388	47.781	5.546	38.474	181	6.453	401	-5.472	157.752
									0
Deposits from customers	41.901	28.601	1.896	2.176	0	0	0	-134	74.440
Other debt and equity ¹⁾	22.487	19.180	3.650	36.298	181	6.453	401	-5.338	83.312
Total debt and equity	64.388	47.781	5.546	38.474	181	6.453	401	-5.472	157.752
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	44.183	687							44.870

SpareBank 1 SR-Bank Group 01.01.13 - 31.03.13

Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Staff/support parent bank	Eiendoms-Megler 1	SR-Finans	Other activities	Eliminations	Total
Interest income	441	339	208	283	4	94	1	-49	1.321
Interest expense	248	149	196	278	2	43	1	-47	870
Net interest income	193	190	12	5	2	51	0	-2	451
Commission income	229	70	15	-1	0	1	19	-8	325
Commission expenses	9	6	2	1	0	4	5	-8	19
Other operating income	0	0	0	2	96	0	0	0	98
Net commission and other income	220	64	13	0	96	-3	14	0	404
Dividend income	0	0	0	0	0	0	0	0	0
Income from investment in associates	0	0	0	0	0	0	0	99	99
Net gains/losses on financial instruments	2	2	30	19	0	0	9	0	62
Net income on investment securities	2	2	30	19	0	0	9	99	161
Personnel expenses	106	52	14	53	55	8	6	-2	292
Administrative expenses	25	6	3	54	9	2	2	0	101
Other operating expenses	21	7	1	37	26	3	2	0	97
Total operating expenses	152	65	18	144	90	13	10	-2	490
Operating profit before losses	263	191	37	-120	8	35	13	99	526
Change in individual write-downs in the period	-2	28	0	0	0	-1	0	0	25
Change in group write-downs in the period	0	0	0	0	0	0	0	0	0
Pre-tax profit	265	163	37	-120	8	36	13	99	501
Net interest income*									
External net interest income	193	190	12	5	-2	-43	-1	97	451
Internal net interest income	0	0	0	0	4	94	1	-99	0
Net interest income	193	190	12	5	5	51	0	-5	451
Balance sheet (MNOK)									
Loans to customers	56.179	47.771	508	1.814	0	6.169	0	-127	112.314
Individual loss provisions	-95	-354	0	0	0	-57	0	75	-431
Group loss provisions	-23	-264	0	0	0	-45	0	0	-332
Other assets	85	0	5.107	33.876	200	75	273	-5.043	34.573
Total assets	56.146	47.153	5.615	35.690	200	6.142	273	-5.095	146.124
						0			
Deposits from customers	39.831	26.163	473	2.293	0	0	0	-155	68.605
Other debt and equity ¹⁾	16.315	20.990	5.142	33.397	200	6.142	273	-4.940	77.519
Total debt and equity	56.146	47.153	5.615	35.690	200	6.142	273	-5.095	146.124
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	47.331	800							48.131

*) 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.

¹⁾ 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. In the year to date, the group's real financing cost has been higher than the interest on intercompany receivables, principally due to the falling NIBOR.

Note 13 Reclassification of financial assets

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

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

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

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

As at 1.7.2008				
Group				
Certificates and bonds recognised as:	Book value	Amortising as interest	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 31.12.2013				
Group				
Certificates and bonds recognised as:	Book value	Amortising as interest	Reclassification effect	Fair value
At fair value through profit and loss	18.127	0	0	18.127
Held to maturity	41	0	0	41
Covered Bonds ²⁾	2.572	0	0	2.572
Accrued interests	128	0	0	128
Total certificates and bonds	20.868	0	0	20.868

Group			
Bonds reclassified as receivable and hold to maturity	31.12.13	31.03.13	31.03.14
Book value	41	147	41
Nominal value	42	149	42
Observable market value	41	148	41

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

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

2) Receivables includes 2.572 million NOK of covered bonds used in the swap agreement with the Ministry of Finance. Remaining economic life of the covered bonds is approximately equal to remaining economic life of the swap agreement.

Note 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 31.12.13	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers			10.880	10.880
Commercial paper and bonds at fair value	11.971	6.156		6.156
Financial derivatives		4.339		4.339
Equities, units and other equity interests	180	291	675	966
Operations that will be sold			84	84
Liabilities				
Financial derivatives		2.179		2.179

Fair value 31.12.12	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers			12.427	12.427
Commercial paper and bonds at fair value	8.677	4.565		4.565
Financial derivatives		4.536		4.536
Equities, units and other equity interests	61	306	306	612
Operations that will be sold			85	85
Liabilities				
Financial derivatives		2.481		2.481

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	100	0	0
Disposals	-841	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⁾	2	202	0
Balance 31.03	10.682	675	84
Nominal value/cost price	10.399	312	84
Fair value adjustment	481	363	-
Balance 31.03	10.880	675	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 alliance banks. A contract for the sale of the stakes in Nets Holding was signed in the first quarter of 2014 but the sale has yet to receive final approval. The value according to the sales contract is used in the interim financial statements, which entailed income of NOK 202 million in the first quarter of 2014. 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

No material events that have influence on the prepared interim financial statements have been recorded after 31 March 2014.

QUARTERLY INCOME STATEMENT

SpareBank 1 SR-Bank Group, MNOK	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2014	2013	2013	2013	2013	2012	2012	2012	2012
Interest income	1.438	1.466	1.451	1.406	1.321	1.331	1.323	1.319	1.327
Interest expense	891	892	883	880	870	851	875	906	926
Net interest income	547	574	568	526	451	480	448	413	401
Commission income	398	392	386	349	325	330	280	273	222
Commission expenses	20	12	23	18	19	17	19	20	20
Other operating income	102	109	103	134	98	98	113	126	100
Net commission and other income	480	489	466	465	404	411	374	379	302
Dividend income	18	-2	3	32	0	0	1	21	3
Income from investment in associates	81	95	130	31	99	22	90	53	100
Net gains/losses on financial instrument	220	102	4	-1	62	75	101	13	99
Net income on financial investments	319	195	137	62	161	97	192	87	202
Total income	1.346	1.258	1.171	1.053	1.016	988	1.014	879	905
Personnel expenses	294	323	284	297	292	292	271	244	275
Administrative expenses	106	109	104	118	101	107	105	99	106
Other operating costs	105	102	90	102	97	105	90	97	97
Total operating cost	505	534	478	517	490	504	466	440	478
Operating profit before impairment losses	841	724	693	536	526	484	548	439	427
Impairment losses on loans and guarantees	54	50	32	25	25	26	43	34	34
Pre-tax profit	787	674	661	511	501	458	505	405	393
Tax expense	128	107	145	128	107	114	107	102	77
Profit after tax	659	567	516	383	394	344	398	303	316

Profitability

Return on equity per quarter	18,4 %	16,2 %	15,6 %	11,8 %	12,3 %	11,2 %	13,6 %	11,8 %	12,9 %
Cost percentage	37,5 %	42,4 %	40,8 %	49,1 %	48,2 %	51,0 %	46,0 %	50,1 %	52,8 %
Combined weighted total average spread for lending and deposits	1,40 %	1,46 %	1,49 %	1,43 %	1,27 %	1,36 %	1,28 %	1,22 %	1,21 %

Balance sheet figures from quarterly accounts

Gross loans to customers	121.723	120.273	116.720	115.214	112.314	109.513	104.521	105.428	100.463
Gross loans to customers including SB1 Boligkreditt og Næringskreditt	166.593	166.662	164.538	162.714	160.445	158.201	155.962	153.329	149.363
Growth in loans over last 12 months	8,4 %	-16,8 %	-11,2 %	-1,9 %	-8,7 %	8,0 %	0,6 %	-2,3 %	-4,1 %
Growth in loans incl SB1 Boligkreditt and Næringskreditt	3,8 %	5,3 %	5,5 %	6,1 %	7,4 %	7,8 %	8,5 %	9,3 %	10,3 %
Deposits from customers	74.440	71.667	70.714	73.281	68.605	67.594	69.195	71.285	67.108
Deposit-to-loan ratio	61,2 %	59,6 %	60,6 %	63,6 %	61,1 %	61,7 %	66,2 %	67,6 %	66,8 %
Growth in deposits over last 12 months	8,5 %	6,0 %	2,2 %	2,8 %	2,2 %	5,5 %	7,6 %	9,7 %	7,1 %
Total assets	157.752	156.985	153.639	151.110	146.124	141.543	138.663	139.615	134.683
Average total assets	158.867	155.489	151.683	147.331	144.265	140.555	139.002	136.674	132.949

Losses and non-performing commitments

Impairment losses ratio, annualized ²⁾	0,18	0,17	0,11	0,09	0,09	0,10	0,16	0,13	0,13
Non-performing commitments as a percentage of total loans	0,52	0,69	0,40	0,37	0,44	0,42	0,54	0,49	0,44
Other doubtful commitments as a percentage of total loans	0,65	0,57	0,84	0,77	0,81	0,72	0,87	0,82	0,89

Solidity

Common equity Tier 1 capital ratio	11,2	11,1	10,5	10,3	10,1	10,0	9,4	9,2	8,2
Tier 1 capital ratio	13,0	12,8	12,2	12,0	12,2	12,1	11,5	11,4	10,5
Capital ratio	14,5	14,1	13,1	12,9	12,9	13,1	12,0	11,9	11,0
Tier 1 capital	14.691	14.511	13.974	13.691	13.673	13.507	12.746	12.514	10.960
Net primary capital	16.407	15.915	15.034	14.721	14.452	14.568	13.273	13.041	11.425
Minimum primary capital requirement	9.073	9.046	9.203	9.135	8.956	8.897	8.856	8.797	8.333
Risk weighted balance	113.413	113.075	115.038	114.188	111.950	111.213	110.700	109.963	104.163

Se next page for definition of key figures

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SpareBank 1 SR-Bank share	2014	2013	2013	2013	2013	2012	2012	2012	2012
Market price at end of quarter	60,75	60,25	47,70	47,50	50,00	37,20	36,90	32,10	41,00
Market capitalisation	15.537	15.409	12.199	12.148	12.788	9.514	9.437	8.210	8.179
Number of shares issued, millions	255,75	255,75	255,75	255,75	255,75	255,75	255,75	255,75	199,49
Book equity per share(including dividends)	57,45	55,00	52,87	50,89	50,92	49,48	46,68	44,76	49,10
Earnings per share, NOK (annualised) ¹⁾	2,58	2,22	2,02	1,50	1,54	1,35	1,56	1,19	1,58
Price/earnings per share	5,89	6,78	5,90	7,92	8,12	6,89	5,91	6,74	6,49
Price / Book equity (group)	1,06	1,10	0,90	0,93	0,98	0,75	0,79	0,72	0,84
Annualised turnover rate in quarter ⁸⁾	7,6 %	6,3 %	3,1 %	5,0 %	7,6 %	4,2 %	3,1 %	3,5 %	9,0 %
Effective return ⁹⁾	0,8 %	26,3 %	0,4 %	-2,0 %	34,4 %	0,8 %	15,0 %	-18,0 %	0,7 %

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

⁵⁾ Minimum requirements primary capital divided on 8 %

⁶⁾ Number of shares rose from 199,489,669 to 255,751,082 in June 2012 due to a capital expansion

⁷⁾ From and including the second quarter of 2012, calculations of earnings per share figures are based on the new number of shares

⁸⁾ Annualised turnover of the share during the period, measured as a percentage of the number of outstanding shares

⁹⁾ Percentage change in the market price in the last period, including paid share dividend

Contact Information

Address

Bjergsted Terrasse 1
Postboks 250
N-4066 Stavanger

Tel. (+47) 915 02 002

www.sr-bank.no

Executive Management



Arne Austreid, CEO
Tel. (+47) 900 77 334
Email: arne.austreid@sr-bank.no



Inge Reinertsen, CFO
Tel. (+47) 909 95 033
Email: inge.reinertsen@sr-bank.no

Investor Relations



Vidar Torsøe, Investor Relations
Tel. (+47) 970 80 656
Email: vidar.torsoe@sr-bank.no

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