

Quarterly report for the fourth quarter of 2005

Historically good results – high recoveries on losses and high return on financial investments

- Group profit before taxes: NOK 1 096 million (*NOK 821 million*)
- Return on equity after tax: 24.1% (*20.3%*)
- Lending growth: +13.5% (*+11.3%*) last 12 months, of which RM: 12.4% and CM: 15.8%.
- Deposit growth: +13.5% (*+17.0 %*) last 12 months, of which RM: 4.0 % and CM: 23.3 %.
- Net recovered losses: NOK 70 million (*net losses NOK 81 million*)
- Net return on financial investments: NOK 349 million (*NOK 190 million*)
- Net commission income: NOK 377 million (*NOK 341 million*)
- Earnings per primary capital certificate: NOK 21.0 (*NOK 15.0*)
- The Board of Directors proposes a dividend of NOK 14 (*NOK 9.2*) per primary capital certificate.
- The Board of Directors proposes appropriating NOK 92 million (*NOK 60 million*) for the endowment fund.

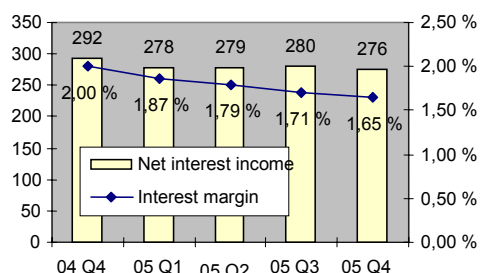
(Figures for corresponding period in 2004 are shown in brackets.)

Results

The SpareBank 1 SR-Bank group posted a profit before tax of NOK 1 096 million for 2005. This is NOK 275 million higher than the profit for 2004. Return on equity capital after tax was 24.1% in 2005, compared with 20.3% in 2004. The improved earnings compared with 2004 are largely due to net recoveries on losses and a high return on financial investments. Profit after tax amounted to NOK 856 million (NOK 612 million) in 2005.

Net interest income

The Group's net interest income in 2005 was NOK 1 113 million (*NOK 1 129 million*). Measured in relation to average total assets, this gives a net interest margin of 1.75% (*2.03%*). The following graph shows quarterly developments (in isolation) in net interest income and the interest margin.



The pressure on the interest margin is attributable primarily to lower lending margins in both the retail and the corporate divisions as a result of the low interest rate level, the competitive situation and improved portfolio quality.

Net commission income and other income

Net commission income in 2005 amounted to NOK 377 million, up NOK 36 million (10.6%) on 2004. Income from commission on saving/investment products and on guarantees contributed most to this improvement in earnings.

Other operating income in 2005 amounted to NOK 199 million (*190 million*). This income is largely attributable to real estate brokering.

Net return on financial investments

The net return on financial investments was NOK 349 million in 2005. This is an increase of NOK 159 million on 2004.

The net change of NOK 129 million (*NOK 68 million*) in the value of securities in 2005 includes an increase in the fair value assessment of the bank's ownership interest in Energivekst AS of NOK 21 million (a total of NOK 44 million including dividend). In addition, capital gains on foreign exchange and fixed income instruments in 2005 amounted to NOK 63 million (*NOK 63 million*). The bank's long-term shareholdings were transferred to the bank's new subsidiary, SR Invester AS, before the end of 2005.

The profit attributable to SpareBank 1 Gruppen AS increased from NOK 45 million in 2004 to NOK 119 million in 2005. Bank 1 Oslo AS, Odin Forvaltning AS, SpareBank 1 Skadeforsikring AS and SpareBank 1 Livsforsikring AS all report solid improvements in earnings. In April 2005, SpareBank 1 SR-Bank's ownership interest in SpareBank 1 Gruppen AS was increased from 15.46% to 17.63% through the purchase of one quarter of Sparebanken Vest's stake.

The profit for 2005 attributable to Sparebank 1 Gruppen AS, NOK 119 million, has been adjusted for the new ownership interest as at 1 January 2005.

Operating costs

Total operating costs for 2005 amounted to NOK 1 012 million, an increase of NOK 64 million (6.8%) on 2004.

Personnel costs in 2005 amounted to NOK 541 million, an increase of 3.6%. In the 4th quarter of 2005 an allocation of NOK 11 million was made for restructuring and expertise-building programmes, and in 2004 a similar allocation of NOK 18 million was made. Apart from these allocations and ordinary wage growth, the increase in personnel costs was mainly due to new recruitment to the pensions unit and increased resources for risk management.

Other operating costs for 2005 amounted to NOK 471 million, NOK 45 million higher than in 2004. The increase is attributable primarily to IT and marketing. Marketing costs included NOK 3 million of a sponsorship agreement for a total of NOK 12 million for Stavanger 2008 (Stavanger has been selected by the EU as a European Cultural Capital in 2008).

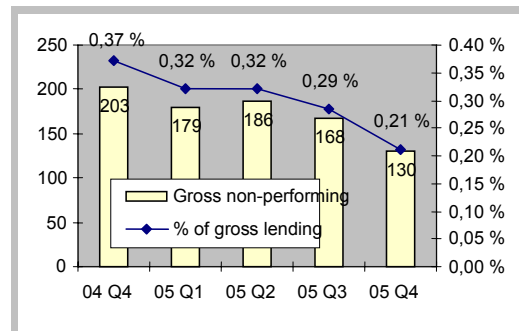
Total operating costs for the group amounted to 53.0% of operating income (excl. capital gains on securities) in 2005, compared with NOK 53.2% in 2004. The parent bank's NAS share of costs in 2005 was 48.4% (49.9 %).

Losses and defaults

At the end of the 4th quarter of 2005, the group had net recoveries on losses of NOK 70 million. This includes NOK 76 million in net recoveries as a result of the settlement with KPMG and Lloyds in the Finance Credit case. In 2004 the group posted net losses of NOK 81 million.

Gross non-performing loans at end-2005 amounted to NOK 130 million (*NOK 203 million*), corresponding to 0.21% of gross lending. At the end of 2005, the portfolio of doubtful but not non-performing loans amounted to NOK 331 million (*NOK 385 million*). The loan loss provision ratios for non-performing and other doubtful loans were 31% and 37% respectively at 31 December 2005.

The following graph shows developments in gross non-performing assets in NOK and as a percentage of gross lending:



SpareBank 1 SR-Bank sees no signs that the positive tendency in doubtful and non-performing assets will change in the short term. Developments reflect the economic upturn, the low interest rate level and the improved credit risk profile of the bank's lending portfolio.

The unspecified loan-loss allocations pursuant to Norwegian Accounting Standards (NAS) amounted to NOK 372 million at end-2004. In accordance with International Financial Reporting Standards (IFRS), the non-specific provisions have been reversed and replaced by write-downs on loan groups. At the end of 2005, these write-downs amounted to NOK 169 million. The difference is mainly taken into account in connection with the effects of the transition to IFRS.

Lending to and deposits from customers

During 2005, gross lending rose by 13.5%, to NOK 61 748 million, with 12.4% attributable to the retail market and 15.8% to the corporate market. Growth in both the retail and the corporate market picked up in the last quarter. Lending to the retail market accounts for 67.8% of the group's total lending.

The group's customer deposits increased by 13.5% in 2005, to NOK 37 530 million. The growth can be broken down into 4.0% from the retail market and 23.3% from the corporate market. The high corporate market growth is largely due to deposits from the public sector and finance companies and to property management. Deposits from the corporate market account for 53.5% of total customer deposits. In addition to ordinary customer deposits, the group had at end-2005 about NOK 9.0 billion under management, through the ODIN funds and SR-Forvaltning ASA, among others. In 2005 this capital increased by about NOK 3.3 billion.

The deposit-to-loan ratio was 60.8% at 31 December 2005. This is a reduction from 62.9% at the end of the 3rd quarter of 2005, but is unchanged in relation to year-end 2004.

Business areas and subsidiaries

Retail Market Division

Most of the division's business areas performed well in the 4th quarter. The risk-adjusted return after tax was 23.9%. Measures implemented in the 2nd quarter of 2005 to improve competitiveness were still having an effect in the 4th quarter.

Pressure on interest margins has continued as a result of the general competitive situation and the effect of Norges Bank's interest rate increases. Other income shows a stable, rising tendency. The performance of the savings and investment area was particularly positive in the 4th quarter. Pressure on prices in non-life insurance has been strong, and bonus payments because of a low loss ratio were lower than expected. This is attributable to heavy losses in parts of Norway following floods in the autumn.

Sales of new products launched in the 2nd quarter – car mortgage loans and a new concept for young people – have been brisker than expected. In the 4th quarter the bank launched "Reserve account", using our internet banking facility NettBank as a sales channel. The response was good, indicating that NettBank will be an important channel in the future. The division's introductory sales of occupational pensions to SME businesses started in earnest in September. The activity level has been high, and developments at the start of 2006 are proceeding according to plan.

The credit area continued to be particularly resource-demanding through the 4th quarter because of new tools and routines in connection with adaptation to the Basel II requirements. The possibility of improved portfolio management and a more strategic approach to the market, and thereby optimisation of capital consumption, will yield gains in the time ahead.

Activity and growth in Agder County, a focal area, have also been satisfactory. The work of establishing operations in Bergen in the 2nd quarter of 2006 is proceeding according to plan. Personnel appointments are largely in place, and there has been a plentiful supply of well qualified applicants.

It is expected that 2006 will be a good year for the division, with solid balance sheet growth, continued pressure on margins, further satisfactory growth in other income and continued cost control.

Corporate Market Division

The Corporate Market Division showed a solid improvement in earnings in the 4th quarter. The risk-adjusted return after tax was 20.3% for the year as a whole. The improved earnings are a result of solid balance sheet growth, continued satisfactory growth in other operating income, and net recovered losses. Other operating income in 2005 increased by 38.8% compared with 2004. Payment services, insurance and foreign exchange/fixed income showed a satisfactory increase. In addition, guarantee commission income increased. The overall risk profile of the lending portfolio has developed satisfactorily over time, and defaults and losses are at a historically low level.

The business sector in our market is enjoying a period of solid growth, and the bank is following this up with offensive marketing to strengthen the bank's positions. Due to the recently adopted pension reform, the bank is active in the market for sale of pension schemes, and over 250 of our corporate clients have already subscribed to pension insurance in SR-Bank.

Developments in the corporate market are expected to remain satisfactory in 2006. Competition in all markets is strong, and this, coupled with a continuation of a moderate risk profile, will exert further pressure on interest margins in the period ahead.

EiendomsMegler 1 Rogaland AS

Real estate broker EiendomsMegler 1 Rogaland AS had its best year ever in 2005, with a pre-tax profit of NOK 25.4 million (*NOK 23.7 million*) despite diminishing margins and strong competition. Total income was NOK 192.4 million (*NOK 181.9 million*). Sales in 2005 totalled over 5 100, with an overall value of NOK 8.3 billion.

SpareBank 1 SR-Finans AS

The pre-tax profit of *SpareBank 1 SR-Finans AS* in 2005 was NOK 20.5 million (*NOK 20.8 million*). At 31 December 2005 the company had total assets of NOK 2 122 million, an increase of 18.3% on the same date in 2004.

SR-Forvaltning ASA

SR-Forvaltning ASA posted a pre-tax profit of NOK 24.7 million, an increase of NOK 11.5 million on 2004. At the end of the 4th quarter of 2005, the company managed capital of NOK 4 347 million, against NOK 2 964 million at 31 December 2004, representing an increase of 46.7%.

Capital adequacy

The group's capital adequacy ratio was 11.8% at the end of the 4th quarter 2005, and the core capital ratio was 9.0%. The group's goal is capital adequacy of 12%, and a core capital ratio of 8%. Capital adequacy calculations are based on group accounts according to NAS.

The bank's primary capital certificates

At the end of 2005, 10 361 owners of the bank's primary capital certificates were registered. This is an increase of 2 281 owners (28.2%) compared with end-2004. The share of primary capital certificates owned by non-residents was 19.4% (14.4%) while 44.8% (47.2%) were domiciled in Rogaland and Agder counties. The 20 largest owners controlled 32.1% (30.3%) of the capital represented by the primary capital certificates at year-end.

Turnover of primary capital certificates in 2005 was equivalent to 36.1% of the number of issued certificates. This is substantially higher than in 2004, when 27.2% of the number of issued certificates changed hands. At the end of 2005, the price of the bank's primary capital certificates was NOK 230, compared with NOK 144 at the end of 2004. The bank's primary capital certificates provided an effective rate of return, including dividend paid, of 66.1% in 2005. By way of comparison, the primary capital certificate index on the Oslo Stock Exchange (GFBX) rose by 47.4% in 2005.

On 1 April 2005, the primary capital certificates were split in two and this was followed by a capitalisation issue whereby four certificates entitled owners to one new (free) certificate. A total of 4 522 917 new primary capital certificates were thus issued, and NOK 226 145 850 was transferred from the equalisation fund to the primary capital. The total number of primary capital certificates after the split and subsequent capitalisation issue was 22 614 585.

During 2005 the bank made net purchases of 57 541 of its own primary capital certificates, and at 31 December 2005 held 58 976 certificates. In 2005 the bank again took advantage of its authorisation by the Supervisory Board to sell its own primary capital certificates (146 447 in all) at a discount to employees instead of increasing the primary capital through an issue to employees.

Earnings per primary capital certificate in 2005 amounted to NOK 21.0. In the light of the bank's dividend policy and other considerations, the Board of Directors proposes paying a dividend of NOK 14 per primary capital certificate for 2005. The RISK amount (adjustment of original cost of capital) as at 1 January 2005 was fixed at NOK 6.06 per primary capital certificate, while the amount as at 1 January 2006 was calculated to be NOK 1.79 per certificate.

The following table shows owners and shares as at 31 December 2005:

20 largest primary capital certificate owners	No.	%
1. Swedbank, Sweden	2 225 850	9.8 %
2. The Norwegian National Insurance Fund	1 028 300	4.5 %
3. State Street Bank & Trust, USA	805 341	3.6 %
4. Trygve Stangeland	300 940	1.3 %
5. Tvetraas Finans AS	300 010	1.3 %
6 Brown Brothers Harriman & Co, USA	288 914	1.3 %
7. Frank Mohn AS	280 205	1.2 %
8. Clipper AS	260 000	1.1 %
9. JP Morgan Chase Bank, UK	258 440	1.1 %
10. Otto B. Morcken	195 000	0.9 %
11. Audley AS	194 532	0.9 %
12. Solvang Shipping AS	180 000	0.8 %
13. Westco AS	162 650	0.7 %
14. Forsand Municipality	152 295	0.7 %
15. Trondheim Municipality	120 450	0.5 %
16. Arne B. Corneliussen Invest AS	120 000	0.5 %
17. Ringerikes Sparebank	102 400	0.5 %
18. MP Pensjon	99 900	0.4 %
19. Terra Utbytte	93 250	0.4 %
20. Olav T. Stangeland	90 000	0.4 %
Total 20 largest	7 258 477	32.1 %

BASEL II

The new Basel II international capital adequacy regulations are to be introduced in Norway from 2007. As part of the preparations for the introduction of these regulations, the SpareBank 1 SR-Bank group applied on 30 September 2005 to be able to use internal models as the basis for its capital adequacy ratio calculations, specifically IRB methods for calculating credit risk and the standardised method for calculating operational risk. The new capital adequacy regulations may result in lower capital costs for banks with sound risk management and efficient systems and processes. Lower capital costs will benefit both owners and customers.

Accounting policies

Sparebank 1 SR-Bank prepares its consolidated accounts in accordance with the IFRS regulations. Reference is made to the quarterly report of 31 March 2005 concerning the implementation of IFRS as from 1 January 2005. At present it is not permitted to use the IFRS for the bank's company accounts. Separate company accounts are prepared according to NAS. For the sake of comparison, pro forma company accounts have been prepared in accordance with IFRS and presented with the consolidated accounts.

As at 31 December 2005, the IFRS consolidated accounts show a profit after tax of NOK 856 million, while the NAS company accounts show a profit after tax of NOK 840 million. The difference is primarily associated with the ownership interest in SpareBank 1 Gruppen AS, fair value valuation of long-term shareholdings and changes in the way earnings on financial instruments are entered. The distribution of the profit as at 31 December 2005 will be based on the company profit according to NAS.

For a detailed description of the accounting principles applied in the consolidated accounts, see Note 1, and for reconciliation of the balance sheet and profit as at 31 December 2004 from NAS to IFRS, see Notes 13 and 14. The same accounting principles are used in both quarterly and annual accounts. The quarterly accounts have not been audited.

Allocation of the profit for 2005

The Board of Directors proposes the following allocation of the profit for the 2005 accounting year:

	NOK m
Profit for the year	840
Reserve for valuation variances	0
Profit for the year	840
Dividend (NOK 14 per primary capital certificate)	317
Equalisation fund	156
Savings bank fund	275
Endowment fund	92
Total	840

Outlook

The economic outlook at the start of 2006 appears positive for most business areas, and the Board anticipates satisfactory activity and solid results for the business sector in 2006.

Competition in the financial market is increasing in most areas as a result of new participants and increased efforts from existing competitors. In the light of the bank's establishment of an office in Bergen, coupled with further investment in Agder, Rogaland, new business areas and expertise-building, the Board of Directors expects a strengthening of the group's position in 2006.

Stavanger, 2 February 2006
The Board of Directors of Sparebanken Rogaland

Quarterly financial statements

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Key figures SpareBank 1 SR-Bank Group

	31.12.05	31.12.05	31.12.04	31.12.04	Q4	Q4	Q4	Q4
	MNOK	% age of PC	MNOK	% age of PC	2005	2005	2004	2004
					MNOK	% age of PC	MNOK	% age of PC
MAIN FIGURES								
Net interest income	1.113	1,75	1.129	2,03	276	1,65	292	2,00
Net other operating income	925	1,46	721	1,29	252	1,50	201	1,38
Total income	2.038	3,21	1.850	3,32	528	3,15	493	3,38
Total operating expenses	1.012	1,59	948	1,70	272	1,62	242	1,66
Profit before losses	1.026	1,62	902	1,62	256	1,53	251	1,72
Impairment losses on loans and guarantees	-70	-0,11	81	0,15	-37	-0,22	0	0,00
Profit before tax and minority interests	1.096	1,73	821	1,47	293	1,75	251	1,72
Tax expense	234	0,37	206	0,37	62	0,37	54	0,37
Minority interests	6	0,01	3	0,01	2	0,01	1	0,01
Net profit	856	1,35	612	1,10	229	1,37	196	1,34
PROFITABILITY								
				Year-end				
				2004				
Return on equity ¹⁾	24,1			20,3				
Cost percentage parent bank NRS ²⁾	48,4			49,9				
Cost percentage Group IFRS ²⁾	53,0			53,2				
SOLIDITY								
Capital adequacy ratio ³⁾	11,84			11,57				
Core capital ratio ³⁾	8,98			9,08				
Net equity and subordinated loan capital ³⁾	5.338			4.411				
Impairment losses ratio ⁴⁾	-0,12			0,16				
Net impairment losses as a percentage of total loans	0,49			0,68				
LOANS AND DEPOSITS								
Gross loans to customers	61.748			54.418				
Deposits from customers	37.530			33.062				
Deposits from customers coverage	60,8			60,8				
Growth in loans	13,5 %			11,3 %				
Growth in deposits	13,5 %			17,0 %				
TOTAL ASSETS								
Average total assets	63.522			55.727				
Total assets	67.168			59.872				
BRANCHES AND STAFF								
Number of branches	50			50				
Number of employees (annualised)	845			813				
PRIMARY CAPITAL CERTIFICATES								
Profit per primary capital certificate ⁵⁾	21,0			15,0				
Market price at the close of the quarter	230			144				

¹⁾ Net profit as a percentage of average equity

²⁾ Total operating expenses as a percentage of total operating income (excluding capital gains/losses on securities)

³⁾ Key figures based on NGAAP as IFRS regulations not are stated

⁴⁾ Net losses expressed as a percentage of average gross lending year to date, annualized

⁵⁾ Net profit multiplied by the primary capital certificates percentage divided by the number of certificates outstanding

SpareBank 1 SR-Bank does not have any forward-cover contracts or other circumstances in which can dilute earning per PCC (primary capital certificate).

Income statement

Parent bank		Income statement (MNOK)	Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
2.081	2.225	Interest income	2.276	2.143
999	1.160	Interest expense	1.163	1.014
1.082	1.065	Net interest income	1.113	1.129
386	423	Commission income	453	405
-65	-76	Commission expenses	-76	-64
9	10	Other operating income	199	190
330	357	Net commission and other income	576	531
29	69	Dividend income	38	14
0	0	Income from investment in associates	119	45
25	0	Change in previous depreciation	0	0
131	192	Net gains/losses on financial instruments valued at fair value	192	131
185	261	Net return on investment securities	349	190
1.597	1.683	Total income	2.038	1.850
422	441	Personnel expenses	541	522
216	251	Administrative expenses	277	242
44	44	Capital losses on non-financial assets	48	49
83	82	Other operating expenses	146	135
765	818	Total operating expenses	1.012	948
832	865	Operating profit before losses	1.026	902
76	-70	Losses on loans and guarantees	-70	81
756	935	Operating profit before tax and minority interests	1.096	821
189	213	Tax expense	234	206
0	0	Minority interests	6	3
567	722	Net profit	856	612

Note: All figures in the parent bank's income statement, balance sheet, cash flow statement and notes are proforma IFRS figures. Currently, savings banks are not allowed to apply IFRS on their company financial statements. For comparability, a proforma IFRS financial statement for the company accounts of the parent bank has been prepared and included in the interim statements. Comparative information for earlier periods have been restated in accordance with IFRS. Reporting related to IAS 39 have not been restated as these are exempted from requirements on comparative information from previous periods. As far as SpareBank 1 SR-Bank is concerned, reporting under IAS 39 are loans to customers/losses, securities and other financial instruments. SpareBank 1 SR-Bank parent bank has prepared separate interim financial statements in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

Balance sheet

Parent bank			Group	
01.01.2005	31.12.2005	Balance sheet (MNOK)	31.12.2005	01.01.2005
942	351	Cash and balances with central banks	351	942
1.610	1.914	Balances with credit institutions	43	67
52.776	59.689	Gross loans to customers	61.748	54.418
-208	-154	- individually impairment losses on loans provisions	-163	-222
-164	-162	- collectively impairment losses on loans provisions	-169	-176
52.404	59.373	Net loans to customers	61.416	54.020
2.867	3.148	Certificates, bonds and other fixed-income securities	3.159	2.867
492	301	Gains/losses on derivatives held for hedging	301	492
8	1	Shares, ownership stakes and other securities at cost	1	8
383	384	Shares, ownership stakes and other securities at fair value	466	383
311	389	Investment in associates	498	301
155	266	Investment in subsidiaries	0	0
297	296	Tangible fixed assets	305	309
410	561	Other assets	628	483
59.879	66.984	Total assets	67.168	59.872
2.749	3.649	Balances with credit institutions	3.636	2.690
33.382	37.961	Deposits from customers	37.530	33.062
17.111	17.923	Listed debt securities	17.923	17.111
488	311	Gains/losses on derivatives held for hedging	311	488
1.104	1.144	Other liabilities	1.602	1.462
1.720	2.296	Subordinated loan capital	2.336	1.760
56.554	63.284	Total liabilities	63.338	56.573
905	1.131	Primary capital certificates	1.131	905
0	-3	Holding of own primary capital certificates	-3	0
20	21	Premium reserve	21	20
831	643	Dividend equalisation reserve	712	813
208	317	Proposed dividend	317	208
1.292	1.482	Savings bank's reserve	1.536	1.279
69	109	Endowment fund	109	69
0	0	Minority interests	7	5
3.325	3.700	Total equity	3.830	3.299
59.879	66.984	Total liabilities and equity	67.168	59.872

Note: All figures in the parent bank's income statement, balance sheet, cash flow statement and notes are proforma IFRS figures. Currently, savings banks are not allowed to apply IFRS on their company financial statements. For comparability, a proforma IFRS financial statement for the company accounts of the parent bank has been prepared and included in the interim statements. Comparative information for earlier periods have been restated in accordance with IFRS. Reporting related to IAS 39 have not been restated as these are exempted from requirements on comparative information from previous periods. As far as SpareBank 1 SR-Bank is concerned, reporting under IAS 39 are loans to customers/losses, securities and other financial instruments. SpareBank 1 SR-Bank parent bank has prepared separate interim financial statements in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

Cash flow statement

Parent bank		Cash flow statement	Group	
31.12.2004	31.12.2005		31.12.05	31.12.04
567	722	Operating profit	856	612
-208	-317	Dividend to owners of primary capital certificates	-317	-208
14	31	Dividends from subsidiaries	0	0
44	44	Write-down on non-financial assets	48	49
76	-70	Loss on loans	-70	81
493	410	Transferred from the years's activity	517	534
-5.473	-6.843	Change in gross loans to customers	-7.260	-5.626
-1.030	-328	Change in claims on credit institutions	-7	0
5.835	4.579	Change in deposits from customers	4.468	4.796
-2.179	900	Change in debt to credit institutions	946	-2.222
-493	-281	Change in certificates and bonds	-292	-493
-69	-41	Change in other claims	51	-233
-20	-176	Change in other short-term liabilities	-107	285
-2.936	-1.780	A Net cash flow from the activity	-1.684	-2.959
-27	-40	Change in fixed assets	-53	3
-64	-183	Change in shares and ownership stakes	-273	-65
-91	-223	B Net cash flow, investments	-326	-62
3.451	812	Change in debt established by issuance of securities	812	3.451
-115	576	Change in other long-term liabilities	576	-115
3.336	1.388	C Net cash flow, financing	1.388	3.336
309	-615	A+B+C Net cash flow during the year	-622	315
693	1.002	Cash and cash equivalents January 1st	1.009	693
1.002	387	Cash and cash equivalents December 31st	387	1.008
309	-615	Net cash flow during the year	-622	315

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.

QUARTERLY INCOME STATEMENT

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SpareBank 1 SR-Bank Group, MNOK	2005	2005	2005	2005	2004	2004	2004	2004
Interest income	613	577	549	537	546	527	522	548
Interest expense	337	297	270	259	254	245	233	282
Net interest income	276	280	279	278	292	282	289	266
Commission income	124	119	108	102	110	101	101	93
Commission expenses	-21	-22	-18	-15	-15	-16	-17	-16
Other operating income	52	48	59	40	54	43	53	40
Net commission and other income	155	145	149	127	149	128	137	117
Dividend income	4	18	12	4	1	1	9	3
Income from investment in associates	56	29	20	14	19	9	8	9
Net gains/losses on financial instrument valued at fair value	37	50	74	31	32	24	24	51
Net return on investment securities	97	97	106	49	52	34	41	63
Total income	528	522	534	454	493	444	467	446
Personnel expenses	148	132	138	123	127	126	131	138
Administrative expenses	74	67	73	63	66	52	62	62
Capital losses on non-financial assets	13	12	11	12	13	11	12	13
Other operating expenses	37	35	41	33	36	33	34	32
Total operating expenses	272	246	263	231	242	222	239	245
Operating profit before impairment losses	256	276	271	223	251	222	228	201
Impairment losses on loans and guarantees	-37	-35	-1	3	0	19	27	35
Operating profit before tax and minority interests	293	311	272	220	251	203	201	166
Tax expense	62	65	53	54	54	55	53	44
Minority interests	2	1	2	1	1	1	0	1
Net profit	229	245	217	165	196	147	148	121

QUARTERLY BALANCE SHEET

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SpareBank 1 SR-Bank Group, MNOK	2005	2005	2005	2005	2004	2004	2004	2004
Deposits from customers	37.530	36.980	36.791	34.485	33.062	31.163	31.438	29.643
Gross loans to customers	61.748	58.773	57.679	55.608	54.418	52.349	51.179	49.819
Impairment losses on loans provisions	332	356	392	396	399	635	661	666
Net loans to customers	61.416	58.417	57.287	55.212	54.019	51.714	50.518	49.153
Total assets	67.168	65.832	64.050	60.686	59.872	56.139	55.867	54.219
Average total assets	66.500	64.941	62.368	60.279	58.006	56.003	55.043	53.379

NON-PERFORMING AND NON-ACCRUAL LOANS

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SpareBank 1 SR-Bank Group, MNOK	2005	2005	2005	2005	2004	2004	2004	2004
Gross non-performing loans	130	168	186	179	203	284	329	329
Individually impairment losses on loans provisions	-40	-71	-71	-73	-79	-103	-127	-115
Net non-performing loans	90	97	115	106	124	181	202	214
Gross non-accrual loans	89	107	121	119	136	159	177	192
Net non-accrual loans	53	55	65	68	71	85	88	115

CAPITAL ADEQUACY

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SpareBank 1 SR-Bank Group, MNOK	2005	2005	2005	2005	2004	2004	2004	2004
The Bank's reserves	1.614	1.323	1.324	1.331	1.281	1.059	1.060	1.067
Primary capital certificate capital	1.128	1.129	1.130	902	905	905	905	901
Other core capital	1.309	1.135	1.141	1.357	1.278	1.155	1.153	1.142
Core capital	4.051	3.587	3.595	3.590	3.464	3.119	3.118	3.110
Additional capital	1.830	1.793	2.027	2.015	1.308	1.407	1.875	1.867
Deductions	-543	-496	-435	-370	-361	-348	-344	-313
Net equity and subordinated loan capital	5.338	4.884	5.187	5.235	4.411	4.178	4.649	4.664
Total basis for calculation	45.098	42.718	41.354	39.389	38.136	36.643	35.930	34.876
Capital adequacy ratio	11,84 %	11,43 %	12,54 %	13,29 %	11,57 %	11,40 %	12,94 %	13,37 %

(Key figures based on NGAAP as IFRS regulations not are stated)

KEY FIGURES FOR 22 614 585 PRIMARY CAPITAL CERTIFICATES

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
SpareBank 1 SR-Bank	2005	2005	2005	2005	2004	2004	2004	2004
Market price at period end	230	200	186	159	144	132	110	103
Equity at book value per primary capital certificate	81	82	82	82	82	73	73	73
Primary capital certificate ratio	53,0	56,3	56,3	56,3	56,3	58,4	58,4	58,4

Notes to the financial statements

(in MNOK)

Note 1 Accounting principles

1.1 Basis of preparation

These December 2005 interim consolidated financial statements of Sparebank 1 SR-Bank ('the Group') are for the three months ended 31 Desember 2005. They have been prepared in accordance with IAS 34, Interim Financial Reporting, and are covered by IFRS 1, First time adoption of IFRS, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 December 2005. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The policies set out below have been consistently applied to all the periods presented except for those relating to the classification and measurement of financial instruments. The Group has made use of the exemption available under IFRS 1 to only apply IAS 32 and IAS 39 from 1 January 2005.

Sparebank 1 SR-Banks' consolidated financial statements were prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP) until 31 December 2004. NGAAP differs in some areas from IFRS. In preparing Sparebank 1 SR-Banks' 2005 consolidated interim financial statements, management has amended certain accounting and valuation methods applied in the NGAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments, except for the effects of implementing IAS 32 and IAS 39.

1.2 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment information is disclosed in a separate note.

1.3 Foreign currency transactions and balances

Foreign exchange gains and losses, resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except where hedge accounting is applied.

1.4 Tangible fixed assets

Tangible fixed assets comprises property, plant and equipment. All property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Alternatively could tangible fixed assets have been valued at fair value. This would have given an estimated added value of appr. MNOK 100. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. Parts of buildings which are leased out, are classified as investment property, but are otherwise treated the same way as other tangible fixed assets.

1.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

1.6 Shares, ownership stakes and other securities with variable return

The Group classifies its investments in the following categories:

- * Financial assets at fair value through profit or loss
- * Available-for-sale financial assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. For equity instruments classified as available for sale, the new book value will be deemed cost. For other instruments classified as available for sale, the impairment loss will be reversed through profit or loss when the basis for impairment is no longer present.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

1.7 Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of loans and deposits and of allocating the interest income or expense over the expected term to maturity. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. Once a financial asset or a group of similar assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.8 Gross loans to customers

Fixed rate loans to customers are carried at fair value. Gains and losses from changes in fair value are included in the income statement. Other loans and advances are carried at amortised cost using the effective interest method.

Impairment of gross loans carried at amortised cost

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

Impairment of loans carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets carried at fair value is impaired. Impairment losses are included in the income statement in the period in which they arise.

1.9 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of the fair value of recognised liabilities. Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

1.10 Pension obligations

Group companies operate various pensions schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of an defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rate of Norwegian government bonds with adjustments made for differences in terms to maturity.

1.11 Borrowing

Borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.12 Dividend

Dividend on primary capital certificates are recognised in equity in the period in which they are approved by the bank's meeting of representatives.

Note 2 Losses on loans and guarantees

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
-91	-54	The period's change in individual impairment losses provisions	-58	-94
0	-7	The period's change in collective impairment loss provisions	-8	-3
0	-5	Amortised cost	-5	0
180	60	Actual loan losses on commitments for which provisions have been made	62	186
5	18	Actual loan losses on commitments for which no provision has been made	22	12
-18	-82	Recoveries on commitments previously written-off	-83	-20
76	-70	= The period's net losses / (reversals) on loans and advances	-70	81

Note 3 Provisions for impairment losses on loans

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
299	208	Provisions for Individual impairment losses at start of period	222	316
54	13	+ Increases in previous provisions for individual impairment losses	13	57
-66	-41	- Reversal of provisions from previous periods	-43	-66
101	34	+ New provisions for individual impairment losses	34	101
-180	-60	- Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-63	-186
208	154	Provisions for Individual impairment losses at period end	163	222
185	80	Net losses	86	198

Note 4 Non-performing and problem commitments

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
Non-performing loans and advances				
192	120	Gross non-performing loans above 90 days	130	203
71	35	- Provisions for Individual impairment losses	40	79
121	85	Net non-performing loans and advances	90	124
37 %	29 %	Loan loss provision ratio	31 %	39 %
Other problem commitments				
377	325	Problem commitments	331	385
137	119	- Provisions for Individual impairment losses	123	143
240	206	Net other problem commitments	208	242
36 %	37 %	Loan loss provision ratio	37 %	37 %

Note 5 Other assets

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
8	8	Intangible assets	12	12
97	21	Deferred tax assets	41	150
305	532	Other assets	575	321
410	561	Total other assets	628	483

Note 6 Other liabilities

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
283	282	Accrued expenses and prepaid revenue	339	344
360	412	Provision for accrued expenses and liabilities	451	389
461	450	Other liabilities	812	729
1.104	1.144	Total other liabilities	1.602	1.462

Note 7 Customer deposits by sectors and industry

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
663	712	Agriculture/forestry	712	663
68	55	Fishing/Fish farming	55	68
368	619	Mining/extraction	619	368
1.037	1.441	Industry	1.441	1.037
1.105	1.387	Power and water supply/building and construction	1.387	1.105
1.141	1.383	Commodity trade, hotel and restaurant business	1.383	1.141
1.160	1.273	Foreign trade shipping, pipeline transport and other transport activities	1.273	1.160
1.539	2.172	Real estate business	2.172	1.539
2.965	2.999	Service industry	2.568	2.645
6.549	8.456	Public sector and financial services	8.456	6.549
16.595	20.497	Total corporate sector	20.066	16.275
16.787	17.464	Retail customers	17.464	16.787
33.382	37.961	Total deposits	37.530	33.062

Note 8 Loans by sectors and industry

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
1.783	1.790	Agriculture/forestry	2.006	1.933
363	270	Fishing/Fish farming	270	411
438	332	Mining/extraction	388	499
1.467	1.628	Industry	1.876	1.650
845	904	Power and water supply/building and construction	1.263	1.068
1.276	1.419	Commodity trade, hotel and restaurant business	1.553	1.403
1.861	1.394	Foreign trade shipping, pipeline transport and other transport activities	1.394	2.048
5.312	7.591	Real estate business	7.821	5.457
1.431	1.770	Service industry	2.323	1.787
743	799	Public sector and financial services	964	898
15.519	17.897	Total corporate sector	19.858	17.154
37.257	41.792	Retail customers	41.890	37.264
52.776	59.689	Gross Loans	61.748	54.418
-208	-154	- Individual impairment losses provisions	-163	-222
-164	-162	- Collective impairment losses provisions	-169	-176
52.404	59.373	Net loans	61.416	54.020

Note 9 Capital adequacy

Parent bank			Group	
31.12.2004	31.12.2005		31.12.2005	31.12.2004
3.488	4.059	Core capital	4.051	3.464
1.268	1.790	Supplementary capital	1.830	1.308
-314	-494	- Subordinated loan capital in other financial institutions	-34	-15
0	0	- Capital adequacy reserve	-509	-346
4.442	5.355	Subordinated loan capital	5.338	4.411
37.405	44.063	Basis for calculation	45.098	38.136
9,32 %	9,21 %	Core capital ratio	8,98 %	9,08 %
11,88 %	12,15 %	Capital adequacy ratio	11,84 %	11,57 %

(Key figures based on NGAAP as IFRS regulations not are stated)

Note 10 Derivative financial instruments

	notional amount 31.12.05	Fair values 31.12.05	
		Assets	Liabilities
Derivatives held for trading			
Currency forwards	2.671	32	22
Interest rate derivatives	11.080	162	121
Total derivatives held for trading	13.751	194	143
Derivatives held for hedging			
Derivatives designated as fair value hedges	21.194	470	163
Derivatives designated as cash flow hedges	0	0	0
Total derivatives held for hedging	21.194	470	163

Note 11 Segment reporting

	Sparebank 1 SR-Bank Group 31.12.05						Sparebank 1 SR-Bank Group 31.12.04					
	Retail Market	Corporate Market	EM1	SR- Finans	Not alloc.	Total	Retail Market	Corporate Market	EM1	SR- Finans	Not alloc.	Total
Income statement (in MNOK)												
Net interest income	762	251	2	43	55	1.113	795	257	2	46	29	1.129
Net commission and other income	292	104	190	-2	-8	576	271	75	180	0	5	531
Net return on investment securities	0	0	0	0	349	349	0	0	0	0	190	190
Total income	1.054	355	192	41	396	2.038	1.066	332	182	46	224	1.850
Personnel expenses	201	36	82	12	210	541	202	33	82	11	194	522
Administrativ expenses	80	7	10	3	177	277	85	8	9	4	136	242
Capital loss on non-financial assets	3	0	4	1	40	48	3	0	6	1	39	49
Other operating expenses	31	4	71	5	35	146	26	7	61	5	36	135
Total operating expenses	315	47	167	21	462	1.012	316	48	158	21	405	948
Operating profit before losses	739	308	25	20	-66	1.026	750	284	24	25	-181	902
Losses and loans and guarantees	8	-70	0	0	-8	-70	3	73	0	5	0	81
Operating profit before tax and minority interests	731	378	25	20	-58	1.096	747	211	24	20	-181	821

Note 12 Movements in equity capital

SpareBank 1 SR-Bank Group (Amounts in NOK million)	Q4 2005	Q4 2004
Equity capital as of 1 january	3.106	2.811
IFRS postings against eq. 1.1.	193	-76
Dividend	-211	-152
Correction	-1	-1
Reduction in endowment fund	-51	-28
Sale, purchase and capital gains/losses on ow	-10	11
Net profit	861	614
Unrecognized effect of change in estimates	-57	-73
Equity capital as of 31 december	3.830	3.106

Note 13 Balance reconciliation from NGAAP to IFRS 31.12.04
(all figures are group amounts in NOK million)

Reconciliation 31.12.04 - IFRS OPENING BALANCE 1.1.05:	Balance at 31.12.04 in accordance with NGAAP	IFRS postings against Eq. 1.1.04 (ex. Div.)	Reclass. dividend	Correction fin.instr.	Correction loans/ losses	Impact from owner- share Sparebank 1 Group	Unrecognized effect of change in estimates	Differences on P/L 2004 NGAAP/IFRS	IFRS balance 1.1.05
Cash and balances with central banks	942								942
Balances with credit institutions	67								67
Gross loans to customers	54.433				-15				54.418
impairment	-222								-222
impairment	-372				196				-176
Net loans to customers	53.839								54.020
Certificates, bonds and other fixed-income securities	2.867								2.867
Gains/losses on derivatives held for hedging	0			492					492
Shares, ownership stakes and other securities with variable return	347			44					392
Investment in associates	314	-43				9		20	300
Investment in subsidiaries	0								0
Tangible fixed assets	309								309
Other assets	513	-60		-4	9		29	-3	483
Total assets	59.198	-103	0	532	190	9	29	17	59.872
Balances with credit institutions	2.690								2.690
Deposits from customers	33.062								33.062
Listed debt securities	17.111								17.111
Gains/losses on derivatives held for hedging	0			488					488
Other liabilities	1.408	125	-211	-9	59		102	-12	1.462
Subordinated loan capital	1.760								1.760
Total liabilities	56.031								56.573
Primary capital certificates	905								905
Holding of own primary capital certificates	0								0
Premium reserve	20								20
Dividend equalisation reserve *)	858	-128		30	73	5	-41	16	813
Proposed dividend	0		208						208
Savings bank's reserve *)	1.313	-100		23	58	4	-32	13	1.279
Endowment fund	69								69
Profit/loss at period end	0								0
Minority interests	2		3						5
Total equity	3.167								3.299
Total liabilities and equity	59.198	-103	0	532	190	9	29	17	59.872

*) The fraction used for equity adjustment at 31.12.03 and 31.12.04 is 56,32% for dividend equalisation reserve and 43,68% for Savings bank's reserve.

Note 14 Income statement reconciliation from NGAAP to IFRS 31.12..04

(all figures are group amounts in NOK million)

	Income at 31.12.04 in accordance with NGAAP	Pension	Goodwill	Ownershare SpareBank 1 Group	Tax effects	Income at 31.12.04 in accordance with IFRS
Reconciliation 31.12.04:						
Interest income	2.143					2.143
Interest expense	1.014					1.014
Net interest income	1.129					1.129
Commission income	405					405
Commission expenses	64					64
Other operating income	190					190
Net commission and other income	531					531
Dividend income	14					14
Income from investment in associates	25			20		45
Net gains/losses on financial instruments valued at fair value	131					131
Net return on investment securities	170					190
Total income	1.830					1.850
Personnel expenses	527	-5				522
Administrative expenses	242					242
Capital losses on non-financial assets	57		-8			49
Other operating expenses	135					135
Total operating expenses	961					948
Operating profit before losses	869					901
Losses on loans and guarantees	81					81
Operating profit before tax and minority interests	788					820
Tax expense	202				4	206
Minority interests	3					3
Net profit	583					612