Quarterly report, second quarter 2007

Very strong results with high income growth

- Group profit before tax: NOK 644 million (*NOK 514 million*).
- Return on equity capital after tax: 22.3% *(21.2%)*.
- Income growth: 18.5% *(7.9%)*
- Net interest income: NOK 605 million (*NOK 547 million*).
- Net commission and other income: NOK 408 million (*NOK 333 million*).
- Net return on investment securities: NOK 250 million (*NOK 186 million*).
- Growth in loans: 29.5% *(13.8%)* over last 12 months, which breaks down into 16.1% RM and 58.7% CM.
- Growth in deposits: 16.8% *(12.6%)* over last 12 months, which breaks down into 8.1% RM and 24.6% CM.
- Earnings per primary capital certificate: NOK 11.3 (*NOK 9.5*).

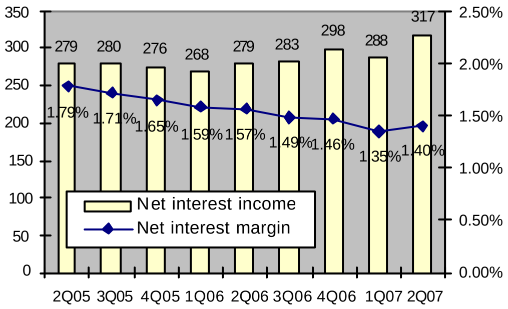
(Year-to-date results. Figures for corresponding period in 2006 are shown in parenthes es.)

Profit

SpareBank 1 SR-Bank Group achieved a profit before tax of NOK 644 million (NOK 514 million) for the first half of 2007. The return on equity after tax was 22.3% year to date, compared with 21.2% in the first half of 2006. Higher net interest income, strong growth in commission income and a high return on investment securities contributed to the earnings improvement compared with the first half of 2006. Profit after tax in the first half of 2007 was NOK 511 million (NOK 403 million). Profit after tax for the second quarter in isolation was NOK 288 million (NOK 203 million).

Net interest income

The group's net interest income in the first half of 2007 was NOK 605 million (*NOK 547 million*). This yields an interest margin of 1.37% *(1.58%)* measured against the average total assets. There is still pressure on the lending margin, but the effect of the higher volume and improved deposits margin compensates for this. In addition, there was a higher margin on equity as a result of the higher market interest rates. The following graph illustrates the quarterly performance (in isolation) of the net interest income and interest margin.



At the end of the second quarter 2007 the bank has transferred NOK 4.3 billion in home mortgage loans to SpareBank 1 Boligkreditt. The income from these loans is recognised as commission income, and this income totalled NOK 3 million in the first half of 2007.

Net commission and other income

The net commission income was NOK 264 million in the first half of 2007, which was an increase of NOK 63 million (31.3%) compared with the first half of 2006. It was the commission income from the savings and investment area in particular that contributed to the earnings improvement. This income totalled NOK 100 million in the first half of 2007, an increase of NOK 41 million (70.8%) from the corresponding period last year. NOK 25 million of this increase is attributed to the increased real estate project sales. Moreover, commission income of NOK 3 million *(NOK 0 million)* from SpareBank 1 Boligkreditt was recognised in the first half of 2007.

Other operating income totalled NOK 144 million in the first half of 2007, an increase of NOK 12 million (9.1%) from the corresponding period last year. This income is primarily from the group's real estate business. This income includes a gain of NOK 19 million from the sale of buildings in the first half of 2006, compared with a gain of NOK 2 million in the first half of 2007.

Net return on investment securities

The net return on investment securities was NOK 250 million (*NOK 186 million*) in the first half of 2007. The profit attributable to SpareBank 1 Gruppen AS accounts for NOK 118 million *(NOK 70 million)*, the net change in the value of financial assets assessed at fair value accounts for NOK 121 million *(NOK 106* million), and dividends account for NOK 11 million *(NOK 10 million)*.

Both the general insurance and life insurance companies in the SpareBank 1 Group and ODIN have achieved results year to date that are well above the corresponding period last year.

Of the net change in the value of financial assets assessed at fair value, NOK 79 million *(NOK 66 million)* refers to securities and NOK 42 million *(NOK 40 million)* refers to capital gains from currency and interest instruments.

Operating expenses

The group's operating expenses totalled NOK 634 million in the first half of 2007. This represents an increase of NOK 75 million (13.4%) over the first half of 2006. The cost growth can be attributed primarily to recruitment, competence development and business start-ups. The group's cost ratio was 50.2 *(52.4)* in the first half of 2007.

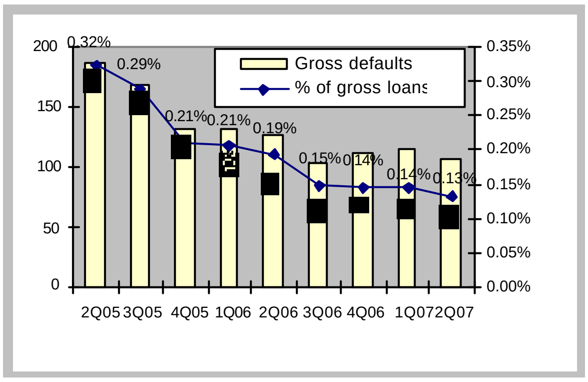
Personnel costs totalled NOK 345 million (*NOK 297 million*) in the first half of 2007. The increase from the corresponding period last year was 16.2%. At the end of the first half of 2007 the group employed 959 man-years, an increase of 79 man-years from the end of the first half of 2006.

Other operating expenses totalling NOK 289 million year to date increased by NOK 27 million (10.3%) compared with the first half of 2006. This increase is partly attributed to higher assignment costs related to real estate brokering and fees to external consultants.

Losses and defaults

In the first half of 2007 the group reported net recoveries on losses of NOK 15 million year to date *(net recoveries of NOK 7 million)*. Gross non-performing commitments totalled NOK 106 million at the end of the quarter (*NOK 126 million*), which corresponds to 0.13% of gross loans. The portfolio of performing problem loans totalled NOK 158 million (*NOK 291 million*) at the end of the first half of 2007. The loan loss provision ratio for non-performing and other problem loans was 34% and 35%, respectively, as of 30 June 2007.

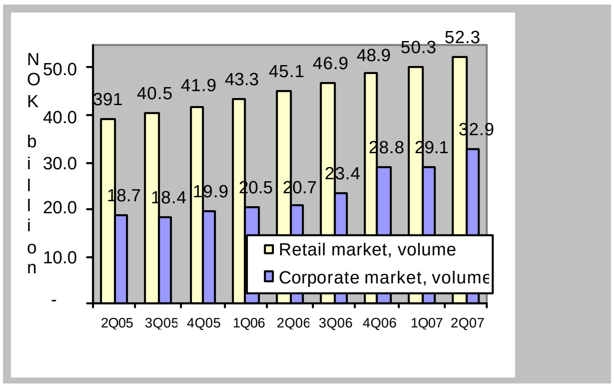
The following graph shows the development of gross non-performing loans in NOK and as a percentage of gross loans:



SpareBank 1 SR-Bank does not see any signs that this positive loss and default situation will change in the short term. This trend still reflects the economic expansion, interest rate level and satisfactory credit risk profile for the bank's loan portfolio.

Loans to and deposits from customers

Gross loans during the last 12 months increased by 29.5% to NOK 85.2 billion. This includes home mortgage loans (NOK 4.3 billion) transferred to SpareBank 1 Boligkreditt AS. The 12-month growth was 16.1% in the retail market and 58.7% in the corporate market. Annualised growth in the corporate market for the first half of 2007 was 28.0%, and loans to the corporate market totalled 38.6% of the group's total loans as of 30 June 2007.



The group's deposits from customers increased by 16.8% over the last 12 months to NOK 48.4 billion. The growth (12 months) was relatively stable in the retail market (8.1%) and stronger in the corporate market (24.6%). Deposits from the corporate market accounted for 56.1% of the group's total customer deposits as of 30 June 2007.

In addition to ordinary customer deposits, the group had NOK 13.6 billion under management, primarily through ODIN funds and SR-Forvaltning ASA, at the end of the first half of 2007. During the last 12 months these funds increased by NOK 3.0 billion (28.3%), NOK 1.6 billion of which was attributed to new subscriptions and NOK 1.4 billion of which was attributed to appreciation.

The deposit-to-loan ratio was 59.8% as of 30 June 2007. The deposit-to-loan ratio was 55.0% at the end of 2006. Norges Bank's liquidity indicator excluding drawing facilities was 102.8% *(92.9%)* at the end of the first half of 2007.

Business areas, subsidiaries and the SpareBank 1 Alliance

Retail Market Division

The second quarter showed a favourable development and was characterised by good balance sheet growth, continued pressure on margins, strong growth in other income and good cost control. The level of activity in the market has been high throughout the quarter.

The very positive trend in the savings and investment area continued throughout the second quarter and confirms that the increased focus over time is having an effect now. The investment area will be strengthened further in the future. Gross sales of savings and investment products in the first half of 2007 totalling NOK 2.0 billion were double the sales in the first half of 2006. A significant portion of the savings is continuous through more than 53,000 savings agreements. There is a good distribution among the various asset classes and the portfolios are robust. Over 80% of the portfolios are invested in instruments that provide a running portfolio income.

Growth in loans showed good growth in the second quarter despite very strong competition. The pressure on margins continued throughout the quarter due to strong competition combined with a price lag in relation to the market interest rate. There is reason to assume that the home mortgage loan margins will stabilise now in the short-term perspective.

Strong volume growth in payment transfers yielded good income growth. The credit card market initiative, which started up in the second quarter, has so far resulted in the sale of over 10,000 cards. Use of the bank's electronic services is showing good growth. The number of Internet bank customers increased by 9,700 over the last 12 months (10.6%) and the use of queries to the SMS mobile bank is increasing rapidly. It is important to SpareBank 1 SR-Bank that we can offer our customers secure and user-friendly payment solutions via the electronic channels. To reduce the risk of criminal attacks against our Internet bank, a continuous effort is made in cooperation with the other SpareBank 1 banks to maintain a high level of security in our electronic channels.

To strengthen our consulting competence further the SR Advisor School has been established. This school shall ensure that our advisors can always meet the customer's expectations of knowledge and skills and that we always operate in accordance with the regulations stipulated by the industry's own organisations.

Competition in the market is strong, especially in financing and general insurance, and a continuous effort is made to improve our offerings to customers. A favourable development is expected throughout the second half of the year.

Corporate Market Division

The favourable development in the Corporate Market Division continued in the second quarter of 2007, with offensive initiatives in several areas. Income growth year to date is around 40% compared with the first half of 2006. Growth in loans increased during the quarter. This is attributed to a continued high level of general activity and a few major individual transactions related to the long-term financing of real estate, acquisition financing and oil production. Growth in deposits is high, which reflects a deliberate focus in the market and good liquidity among the group's corporate customers. The corporate market still has a low level of defaults and net recoveries on losses. This reflects both the situation in the business community in our market area and the bank's deliberate risk profile.

Year to date the Corporate Market Division has acquired 400 new customers, and new surveys show that customer loyalty has increased. Several thousand customers have participated in a number of customer events the group has arranged so far this year.

Development of offerings to small and medium-sized enterprises has continued in 2007. The PRO concept was well received on the market and over 700 SME customers are linked to this concept now. The main content of the PRO concept is that small enterprises shall use the bank more efficiently.

The competition in all the markets is strong and this situation is expected to continue. The favourable development is expected to continue in the second half of the year.

EiendomsMegler 1 SR-Eiendom AS
There is still a high level of activity in the real estate market. The number of properties for sale and number of new residential projects are record high. The turnover period is short and there is still a positive price development for real estate. The company has a very strong market position in Rogaland, and this is being maintained despite the strong competition in the industry. In the Agder counties the company has a strong market position as the leading real estate broker in certain locations. In Bergen the development is as forecasted. EiendomsMegler 1 has been chosen as the broker for several major apartment projects, which will strengthen the company's market position significantly. The level of activity is also very high for commercial properties and the market for the sale and rental of commercial properties is very good.

Johannes Vold resigned from his position as the CEO on 30 June upon reaching retirement age. He has led the company since 1992 through an exceptional period of growth. Knut Sirevåg became the new CEO of the company on 1 July. He has long managerial experience from the group and comes from the position of CEO of SpareBank 1 SR-Finans AS. He has a degree in business and is a government-authorised estate agent.

At the end of the first half of 2007 real estate valued at NOK 7.2 billion had been sold, an increase of 36% over the same period in 2006. The number of new assignments increased by 35% in relation to last year.

The profit before tax was NOK 19.8 million year to date, compared with NOK 17.9 million for the same period in 2006. A continued positive development is expected for the rest of the year.

SpareBank 1 SR-Finans AS
The company's principal activities are lease financing and secured car loans. The business has showed a very favourable development with growth higher than the market growth in recent years. This can be attributed primarily to close interaction with the group's other businesses. An increasingly higher share of the leasing customers also have a customer relationship with the bank. Car loans are distributed primarily through the bank's branch network. The focus on car loans has been a success and the results help support the ambition of becoming a significant player in the car financing market. The share capital was increased by NOK 100 million in March 2007 through a private placing with SpareBank 1 SR-Bank to support the company's growth ambitions.

Inge Reinertsen will become the CEO in August 2007 after Knut Sirevåg resigned to become the CEO of EiendomsMegler 1 SR-Eiendom AS. Inge Reinertsen, MSc in Business, comes from the position of Regional Bank Manager for the retail market in Haugalandet in SpareBank 1 SR-Bank.

At the end of the second quarter of 2007 the total assets were NOK 3,112 million, an increase of 26.3% over the last 12 months. New sales have been very good for both leasing and car loans, and the new sales volume was 42.4% higher than the same period last year. The profit before tax for the first half of the year was NOK 19.1 million, compared with NOK 13.5 million for the same period in 2006. The strong profit growth is mainly due to strong volume growth and a stable interest rate margin. It is expected that the favourable development will continue throughout 2007.

SR-Forvaltning ASA
SR-Forvaltning ASA is a securities firm with an active investment management license. The profit before tax for the first half of 2007 was NOK 25.9 million *(NOK 18.2 million)*. The company managed capital of NOK 6.3 billion *(NOK 4.9 billion)* as of 30 June 2007, an increase of NOK 0.7 billion from the end of 2006.

SR-Investering AS
SR-Investering AS is the bank's investment company, which invests on a long-term basis in companies and private equity funds in the group's market area. The company's portfolio is performing well and the company reported a profit before tax for the first half of 2007 of NOK 41.1 million *(NOK 22.1 million)*. The company had investments of NOK 144.5 million and additional commitments of NOK 172.7 million as of 30 June 2007. The supply of new investment opportunities is good.

SpareBank 1 Boligkreditt AS
Since its establishment SpareBank 1 Boligkreditt AS has functioned as an ordinary mortgage company pending the adoption of legislation related to the issuance of bonds with pre-emptive rights. The formal resolution was passed on 1 June. The company will issue its first bond with pre-emptive rights in September 2007. The bond has been rated Aaa by Moody's and AAA by Fitch Ratings Ltd.

At the end of the second quarter of 2007 SpareBank 1 SR-Bank had an ownership interest of 26.4% in the company.

Capital adequacy ratio

The group's capital adequacy ratio was 10.2% *(10.0%)* at the end of the second quarter of 2007, and the core capital adequacy ratio was 7.2% *(7.7%)*. New deduction rules effective from 2007 have in particular had a negative impact on the core capital adequacy ratio. The group's objective is a capital adequacy ratio of 11% and a core capital adequacy ratio of 7%.
The calculation of the capital adequacy ratio does not include the year-to-date profit. Half of the group's year-to-date profit accounts for 0.4% of the calculation basis.

To finance the group's growth and exploitation of interesting business opportunities in the coming years, a public rights issue of NOK 548 million and a private placing of NOK 36 million with the groups employees were completed in March 2007. The amounts were paid in April 2007.

Bank's primary capital certificates

At the end of the second quarter of 2007 there were 11,334 *(11,053)* registered primary capital certificate holders. The percentage owned by foreigners was 8.8% *(18.0%)*, while 63.0% *(50.8%)* were owned by investors from Rogaland, the Agder counties and Hordaland. The 20 largest owners controlled 30.5% *(31.0%)* of the primary capital certificates at the end of the quarter. The bank's holdings of its own certificates was 91,599 as of 30 June 2007, and this is unchanged from the end of 2006. The following table lists the owners and percentages as of 30 June 2007:

20 largest primary capital certificate owners	Number	Stake
1. Spring Capital AS	2,654,272	10.0%
2. Romern AS	508,000	1.9%
3. Clipper AS	484,274	1.8%
4. Trygve Stangeland	478,369	1.8%
5. Frank Mohn AS	457,250	1.7%
6. State Street Bank & Trust, USA	414,311	1.6%
7. Tveteraas Finans AS	358,229	1.3%
8. Brown Brothers Harriman, USA	333,000	1.3%
9. Terra Utbytte Vpf	268,199	1.0%
10. Bjergsted Investering AS	262,343	1.0%
11. Otto B. Morcken	227,500	0.9%
12. Solvang Shipping AS	214,644	0.8%
13. Morgan Stanley & Co, UK	208,362	0.8%
14. Westco AS	208,204	0.8%
15. Forsand Muncipality	204,234	0.8%
16. Olav T. Stangeland	202,719	0.8%
17. Citigroup Global Markets, UK	163,271	0.6%
18. Credit Suisse Securities, UK	160,313	0.6%
19. Helland AS	155,021	0.6%
20. Ivar S Løge AS	155,000	0.6%
Total 20 largest owners	**8,117,515**	**30.5%**

Turnover of primary capital certificates in the second quarter of 2007 corresponds to 5.6% *(7.2%)* of the number of outstanding certificates. At the end of the second quarter of 2007, the price for the bank's primary capital certificates was NOK 164.5 *(NOK 173.7)*, and they have provided an effective rate of return, including the dividends paid, of -3.5% *(-15.7%)* for the first half of 2007.

As a result of the public rights issue of NOK 548 million and the private placing of NOK 36 million with employees, the number of outstanding primary capital certificates has increased by 3,999,131 in April 2007 to 26,613,716 certificates. The primary capital ratio increased from 51.0% to 57.5% as a result of the new issues. A weighted ratio of 55.9% is used for the profit allocation for 2007.

BASEL II

The EU's new capital adequacy directive was implemented in Norway from 1 January 2007. Norway is the first country in Europe to implement the new regulations that are based on a new standard for capital adequacy calculations from the Bank for International Settlements (BIS). In accordance with the group's high risk management ambitions, SpareBank 1 SR-Bank has been granted approval by the Financial Supervisory Authority of Norway as one of five Norwegian banks to use an internal rating based approach for credit risk from 1 January 2007. For SpareBank 1 SR-Bank this means that the statutory minimum requirements for capital adequacy for credit risk will be based on the bank's internal risk assessments from 2007. This will make the statutory minimum capital adequacy requirement more risk sensitive, so that the capital requirement will correspond more closely with the risk inherent to the underlying portfolios. The implementation of the new rules will have a positive effect on the group's capital adequacy, even through the full effect will not be seen until 2010. For a transitional period, the intention is to set the minimum capital requirement in 2007 to no lower than 95% of the minimum requirement in accordance with the current regulations (Basel 1) from 2006. In 2008 and 2009 the corresponding restrictions are 90 and 80% of the minimum requirement respectively.

SpareBank 1 SR-Bank aims to use the standard method for the calculation of minimum capital adequacy for operational risk from 2007.

Accounting policies

SpareBank 1 SR-Bank prepares its consolidated accounts in accordance with the IFRS regulations. From the first quarter of 2007 it also became possible to prepare the bank's parent company accounts in accordance with the IFRS regulations. Reference is made to a separate note in the quarterly accounts concerning IFRS implementation in the parent company accounts.

As of 30 June 2007 the IFRS consolidated accounts show a profit after tax of NOK 511 million, while the IFRS parent company accounts show a profit after tax of NOK 404 million. Most of the items are treated identically in the parent company and consolidated accounts, but with one major difference. In the consolidated profit attributable to subsidiaries and associated companies is included in accordance with the equity method. This is the same practice that was used earlier in both the parent company and consolidated accounts in accordance with the NGAAP regulations. Use of the equity method is, however, not permitted in the IFRS parent company accounts. These ownership interests must be assessed at cost here. Dividends for 2006 from the bank's subsidiaries were recognised as income in the first quarter of 2007, and in the second quarter of 2007 dividends from the SpareBank 1 Group were recognised in the parent company accounts. It is the parent company profit as of 31 December 2007 that is the point of departure for allocation of the profit.

Reference is made to Note 1 for a more detailed description of the accounting policies applied in the parent company and consolidated accounts. The same accounting principles are used in both the quarterly and annual accounts. The quarterly accounts have not been audited.

Outlook

The outlook for the group’s market area is still good. The high level of activity in the business community is continuing on a broad basis. For many of the businesses, however, growth will eventually be limited by the lack of qualified manpower.

Unemployment is at a very low level. In Rogaland the unemployment rate was 1.2% at the end of June 2007, and in Hordaland and the Agder counties the rate was around 1.8%.

The Board of Directors is very satisfied with the group’s performance year to date in 2007. Based on the group’s initiatives and broad foundation the Board of Directors is expecting a good result for SpareBank 1 SR-Bank in 2007.

Stavanger, 7 August 2007
Board of SpareBank 1 SR-Bank

SpareBank 1 SR-Bank

Quarterly financial statements

Key figures SpareBank 1 SR-Bank Group

MAIN FIGURES	30.06.07 MNOK	%	30.06.06 MNOK	%	2006 MNOK	%
Net interest income	605	*1,37*	547	*1,58*	1 128	*1,52*
Net commission and other income	408	*0,93*	333	*0,96*	678	*0,92*
Net return on investment securities	250	*0,57*	186	*0,54*	441	*0,60*
Total income	**1 263**	***2,86***	**1 066**	***3,07***	**2 247**	***3,04***
Total operating expenses	**634**	***1,44***	**559**	***1,61***	**1 178**	***1,59***
Profit before losses	**629**	***1,43***	**507**	***1,46***	**1 069**	***1,44***
Impairment losses on loans and guarantees	-15	*-0,03*	-7	*-0,02*	-92	*-0,12*
Profit before tax and minority interests	**644**	***1,46***	**514**	***1,48***	**1 161**	***1,57***
Tax expense	127	*0,29*	107	*0,31*	237	*0,32*
Minority interests	6	*0,01*	4	*0,01*	10	*0,01*
Net profit	**511**	***1,16***	**403**	***1,16***	**914**	***1,24***

	30.06.07	30.06.06	2006
PROFITABILITY			
Return on equity [1)]	22,3 %	21,2 %	23,1 %
Cost percentage [2)]	50,2 %	52,4 %	52,4 %
BALANCE SHEET			
Gross loans to customers	80 949	65 737	77 297
Gross loans to customers incl. SpareBank 1 Boligkreditt	85 214	65 809	77 700
Deposits from customers	48 393	41 444	42 547
Deposit-to-loan ratio	59,8 %	63,0 %	55,0 %
Growth in loans	23,1 %	13,7 %	25,1 %
Growth in loans incl Boligkreditt	29,5 %	13,8 %	25,7 %
Growth in deposits	16,8 %	12,6 %	13,4 %
Average total assets	88 945	69 968	73 997
Total assets	93 767	72 780	85 035
LOSSES AND NON-PERFORMING COMMITMENTS			
Impairment losses ratio [3)]	-0,04	-0,02	-0,13
Non-performing commitments as a percentage of gross loar	0,13	0,19	0,14
Other doubtful commitments as a percentage of gross loans	0,20	0,44	0,27
SOLIDITY			
Capital adequacy ratio [4)]	10,18	10,01	10,56
Core capital ratio [4)]	7,22	7,68	7,39
Core capital [4)]	4 485	3 906	4 354
Net equity and subordinated loan capital [4)]	6 325	5 096	6 223
Total basis for calculation	62 124	50 883	58 939
BRANCHES AND STAFF			
Number of branches	53	52	52
Number of employees (annualised)	959	880	944

PRIMARY CAPITAL CERTIFICATES	30.06.07	2006	2005	2004	2003	2002
Primary capital ratio [5)]	57,7 %	51,0 %	53,0 %	56,3 %	58,4 %	60,2 %
Market price	164,5	182,4	222,0	139,0	103,9	57,9
Market capitalisation	4 378	4 274	5 201	3 257	2 436	1 357
Book equity per PCC (including dividends)	102,3	93,1	91,5	84,9	76,4	68,8
Earnings per PCC (annualised) [6)]	22,7	20,7	20,6	15,3	10,5	-0,9
Dividends per PCC	n.a.	11,6	13,5	8,9	6,5	3,2
Price/earnings per PCC	7,2	8,8	10,8	9,1	9,9	n.a.
Price/book equity	1,6	2,0	2,4	1,6	1,4	0,8

[1)] *Net profit as a percentage of average equity*
[2)] *Total operating expenses as a percentage of total operating income*
[3)] *Net losses expressed as a percentage of average gross lending year to date, annualized*
[4)] *New regulations in place from 1.1.2007. See note 9 for further details.*
[5)] *Core capital ratio used for 2007 has increased from 51,0% to 55,9%. Due to the primary capital issue comming into effect from the 2nd. quarter 2007.*
[6)] *Net profit multiplied by the primary capital certificate percentage divided by the average number of certificates outstanding.*

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

Income statement

Parent bank						Group				
2006	Q2 06	Q2 07	30.06.06	30.06.07	**Income statement (MNOK)**	30.06.07	30.06.06	Q2 07	Q2 06	2006
2 934	677	1 143	1 302	2 161	Interest income	2 196	1 329	1 160	691	2 995
1 874	414	847	785	1 597	Interest expense	1 591	782	843	412	1 867
1 060	263	296	517	**564**	**Net interest income**	**605**	547	317	279	1 128
464	104	142	212	273	Commission income	306	235	159	116	511
-77	-19	-22	-34	-41	Commission expenses	-42	-34	-22	-19	-75
25	20	1	22	4	Other operating income	144	132	81	80	242
412	105	121	200	**236**	**Net commission and other income**	**408**	333	218	177	678
20	6	25	19	103	Dividend income	11	10	7	7	12
0	0	0	0	0	Income from investment in associates	118	70	70	49	189
200	19	36	82	79	Net gains/losses on financial instruments	121	106	69	29	240
220	25	61	101	**182**	**Net return on investment securities**	**250**	186	146	85	441
1 692	393	478	818	**982**	**Total income**	**1 263**	1 066	681	541	2 247
499	121	135	233	261	Personnel expenses	345	297	181	153	634
296	74	72	146	148	Administrative expenses	167	161	82	83	329
144	32	40	65	75	Other operating expenses	122	101	65	51	215
939	227	247	444	**484**	**Total operating expenses**	**634**	559	328	287	1 178
753	166	231	374	**498**	**Operating profit before losses**	**629**	507	353	254	1 069
-90	-7	-3	-7	-15	Losses on loans and guarantees	-15	-7	-4	-9	-92
843	173	234	381	**513**	**Operating profit before tax and minority**	**644**	514	357	263	1 161
208	48	55	92	109	Tax expense	127	107	66	58	237
0	0	0	0	0	Minority interests	6	4	3	2	10
635	125	179	289	**404**	**Net profit**	**511**	403	288	203	914

Balance sheet

Parent bank				Group		
01.01.07	30.06.06	30.06.07	Balance sheet (MNOK)	30.06.07	30.06.06	31.12.06
834	380	1 526	Cash and balances with central banks	1 526	380	834
2 585	3 363	8 167	Balances with credit institutions	5 469	1 182	170
74 656	63 355	77 882	Gross loans to customers	80 949	65 737	77 297
-99	-144	-80	- individual impairment losses on loans	-88	-155	-107
-123	-162	-123	- collective impairment losses on loans	-131	-169	-131
74 434	63 049	77 679	Net loans to customers	80 730	65 413	77 059
3 526	3 391	3 122	Certificates, bonds and other fixed-income securities	3 140	3 399	3 558
478	543	367	Financial derivative	364	544	478
565	376	486	Shares, ownership stakes and other securities	626	433	582
649	484	649	Investment in associates	947	538	793
310	295	410	Investment in subsidiaries	0	0	0
0	0	0	Business available for sale	0	0	579
896	764	855	Other assets	965	891	982
84 277	72 645	**93 261**	**Total assets**	**93 767**	72 780	85 035
6 060	1 280	2 614	Balances with credit institutions	2 612	1 246	6 028
43 143	42 466	49 374	Deposits from customers	48 393	41 444	42 547
26 057	21 368	31 087	Listed debt securities	31 087	21 368	26 057
435	336	678	Financial derivative	678	337	435
1 594	1 344	1 932	Other liabilities	2 965	2 307	2 152
0	0	0	Business available for sale	0	0	524
2 952	2 143	2 865	Subordinated loan capital	2 905	2 183	2 992
80 241	68 937	**88 550**	**Total liabilities**	**88 640**	68 885	80 735
1 131	1 131	1 331	Primary capital certificates	1 331	1 131	1 131
-5	-1	-5	Holding of own primary capital certificates	-5	-1	-5
18	18	380	Premium reserve	380	18	18
721	647	721	Dividend equalisation reserve	721	647	757
271	0	0	Proposed dividend	0	0	271
1 707	1 479	1 707	Savings bank's reserve	1 707	1 479	1 738
90	94	70	Endowment fund	70	94	90
0	0	0	Reserve for valuation variances	0	0	72
103	51	103	Fund for unrealised gains	110	51	110
0	0	0	Other equity	293	66	106
0	289	404	Profit/loss at period end	511	403	0
0	0	0	Minority interests	9	7	12
4 036	3 708	**4 711**	**Total equity**	**5 127**	3 895	4 300
84 277	72 645	**93 261**	**Total liabilities and equity**	**93 767**	72 780	85 035

Cash flow statement

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007	Cash flow statement	30.06.2007	30.06.2006	31.12.2006
635	289	**404**	Operating profit	**511**	404	914
-271	0	**0**	Dividend to owners of primary capital certificates	**0**	0	-271
10	10	**0**	Dividends from subsidiaries	**0**	0	0
49	20	**23**	Write-down on non-financial assets	**26**	23	54
-90	-7	**-15**	Losses on loans	**-15**	-7	-92
333	312	**412**	**Transferred from the years's activity**	**522**	420	605
-14 813	-3 595	**-3 226**	Change in gross loans to customers	**-3 652**	-3 919	-15 395
-544	-1 328	**-5 372**	Change in claims on credit institutions	**-5 089**	-1 018	0
5 182	4 506	**6 231**	Change in deposits from customers	**5 846**	3 914	5 018
2 411	-2 370	**-3 446**	Change in debt to credit institutions	**-3 416**	-2 390	2 392
-377	-243	**404**	Change in certificates and bonds	**418**	-240	-398
-93	-150	**41**	Change in other claims	**17**	-199	-66
53	-4	**965**	Change in other short-term liabilities	**961**	457	820
-7 848	-2 872	**-3 991**	**A Net cash flow from the activity**	**-4 393**	-2 975	-7 024
-40	-29	**-29**	Change in fixed assets	**-29**	-32	-40
-165	-114	**-21**	Change in shares and ownership stakes	**381**	-8	-989
-205	-143	**-50**	**B Net cash flow, investments**	**352**	-40	-1 029
8 007	3 317	**5 030**	Change in debt established by issuance of securities	**5 030**	3 317	8 007
656	-153	**-87**	Change in other long-term liabilities	**-87**	-153	656
8 663	3 164	**4 943**	**C Net cash flow, financing**	**4 943**	3 164	8 663
610	149	**902**	**A+B+C Net cash flow during the year**	**902**	149	610
387	387	997	Cash and cash equivalents at 1 January	997	387	387
997	536	1 899	Cash and cash equivalents at 31 December	1 899	536	997
610	149	**902**	**Net cash flow during the year**	**902**	149	610

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.

SpareBank 1 SR-Bank

QUARTERLY INCOME STATEMENT **SpareBank 1 SR-Bank Group,** MNOK	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Interest income	1 160	1 036	892	774	691	638	613	577	549
Interest expense	843	748	594	491	412	370	337	297	270
Net interest income	**317**	**288**	**298**	**283**	**279**	**268**	**276**	**280**	**279**
Commission income	159	147	150	126	116	119	124	119	108
Commission expenses	-22	-20	-20	-21	-19	-15	-21	-22	-18
Other operating income	81	63	54	56	80	52	52	48	59
Net commission and other income	**218**	**190**	**184**	**161**	**177**	**156**	**155**	**145**	**149**
Dividend income	7	4	1	1	7	3	4	18	12
Income from investment in associates	70	48	76	43	49	21	56	29	20
Net gains/losses on financial instrument valued at fair value	69	52	114	20	29	77	37	50	74
Net return on investment securities	**146**	**104**	**191**	**64**	**85**	**101**	**97**	**97**	**106**
Total income	**681**	**582**	**673**	**508**	**541**	**525**	**528**	**522**	**534**
Personnel expenses	181	164	177	160	153	144	148	132	138
Administrative expenses	82	85	94	74	83	78	74	67	73
Other operating expenses	65	57	60	54	51	50	50	47	52
Total operating expenses	**328**	**306**	**331**	**288**	**287**	**272**	**272**	**246**	**263**
Operating profit before impairment losses	**353**	**276**	**342**	**220**	**254**	**253**	**256**	**276**	**271**
Impairment losses on loans and guarantees	-4	-11	-50	-35	-9	2	-37	-35	-1
Operating profit before tax and minority interests	**357**	**287**	**392**	**255**	**263**	**251**	**293**	**311**	**272**
Tax expense	66	61	71	59	58	49	62	65	53
Minority interests	3	3	3	3	2	2	2	1	2
Net profit	**288**	**223**	**318**	**193**	**203**	**200**	**229**	**245**	**217**

Profitability

Return on equity per quarter	24,5 %	20,8 %	30,4 %	19,4 %	21,5 %	21,3 %	24,4 %	27,4 %	26,0 %
Cost percentage	48,2 %	52,6 %	49,2 %	56,7 %	53,0 %	51,8 %	51,5 %	47,1 %	49,3 %

Balance sheet figures from quarterly accounts

Gross loans to customers	80 949	79 023	77 297	70 134	65 737	63 863	61 812	58 862	57 813
Deposits from customers	48 393	44 857	42 547	41 643	41 444	39 588	37 530	36 980	36 791
Total assets	93 767	88 033	85 035	77 427	72 780	69 886	67 237	65 862	64 040
Average total assets	90 900	86 534	80 987	75 104	71 333	68 562	66 550	64 951	62 358
Growth in loans over last 12 months	23,1 %	23,7 %	25,1 %	19,1 %	13,7 %	14,6 %	13,6 %	12,4 %	13,0 %
Growth in deposits over last 12 months	16,8 %	13,3 %	13,4 %	12,6 %	12,6 %	14,8 %	13,5 %	18,7 %	17,0 %

Losses and non-performing commitments

Impairment losses ratio	-0,04	-0,06	-0,13	-0,08	-0,02	0,01	-0,12	-0,08	0,01
Non-performing commitments as a percentage of total loans	0,13	0,14	0,14	0,15	0,19	0,15	0,21	0,29	0,32
Other doubtful commitments as a percentage of total loans	0.20	0.26	0.27	0.38	0.44	0.52	0.54	0.53	0.69

Solidity

Capital adequacy ratio	10,18	10,06	10,56	9,38	10,01	11,03	11,84	11,43	12,54
Core capital ratio	7,22	6,85	7,39	7,36	7,68	8,40	8,98	8,40	8,69
Core capital	4 485	3 990	4 354	3 909	3 906	3 986	4 051	3 587	3 595
Net equity and subordinated loan capital	6 325	5 860	6 223	4 979	5 096	5 238	5 338	4 884	5 187
Total basis for calculation	62 124	58 223	58 939	53 108	50 883	47 472	45 098	42 718	41 354

Primary capital certificates

Market price at end of quarter	164,5	178,0	182,4	178,6	173,7	195,9	222,0	193,0	179,5
Number of certificates issued, millions	26,6	22,6	22,6	22,6	22,6	22,6	22,6	22,6	22,6
Book equity per PCC, NOK	102,3	84,7	93,1	89,8	85,8	82,1	91,5	94,1	88,4
Earnings per PCC, NOK (annualised)	22,7	19,5	20,7	18,0	18,3	18,1	20,6	20,1	18,4
Price/earnings per PCC	7,2	9,1	8,8	9,9	9,5	10,8	10,8	9,6	9,8
Price/book equity	1,6	2,1	2,0	2,0	2,0	2,4	2,4	2,1	2,0

SpareBank 1 SR-Bank

Notes to the financial statements

(in MNOK)

Note 1 *Accounting principles*

1.1 Basis of preparation

The 2nd quarter 2007 interim financial statements of Sparebank 1 SR-Bank are for the six months ended 30 June 2007. They have been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements have been prepared in accordance with current IFRS standards and IFRIC interpretations. The consolidated reports for the group have been prepared according to IFRS regulations since 1 January 2005. Parent Banks have until recently been unable to use IFRS. By the end of March, however, the Ministry of Finance gave Parent Banks the option of preparing the 1st quarter statements according to IFRS regulations. From the 2nd quarter this will be mandatory for banks quoted on the Stock Exchange. In order to have a uniform reporting throughout the year, Sparebank 1 SR-Bank has chosen to report the 1st quarter statements for the Parent Bank according to the IFRS regulations. Comparative figures for 2006 have been restated according to the IFRS standards. For further information on the IFRS implementation, see separate note.

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 the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the income statement, except where hedge accounting is applied

1.4 Tangible fixed assets

Tangible fixed assets comprise 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 tangible fixed assets could have been valued at fair value. This would have given an estimated added value. 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 the 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 benefits 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 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 the fair value is positive and as liabilities when the 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 a 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 Dividends

Dividends on primary capital certificates are recognised in equity in the period in which they are approved by the bank's Supervisory Board.

1.13 Ownership in subsidiaries and associated companies

According to the IFRS regulations, ownership in subsidiaries and associated companies are valued at cost in the financial statement of the parent bank. In the consolidated financial statements they are accounted for using the equity method: we recognise our share of the profit in associated companies in our income statement, and subsidiaries are consolidated into the financial statements of the group.

Note 2 *Losses on loans and guarantees*

Parent bank				Group		
31.12.2006	**30.06.2006**	**30.06.2007**		**30.06.2007**	**30.06.2006**	**31.12.2006**
-51	-8	**-17**	Change in individual impairment losses provisions for the period	**-18**	-8	-52
-39	0	**0**	Change in collective impairment loss provisions for the period	**0**	0	-38
1	0	**-1**	Amortised cost	**-1**	0	1
13	4	**5**	Actual loan losses on commitments for which provisions have been made	**7**	4	13
3	1	**0**	Actual loan losses on commitments for which no provision has been made	**0**	1	3
-17	-4	**-2**	Recoveries on commitments previously written-off	**-3**	-4	-19
-90	-7	**-15**	= The period's net losses / (reversals) on loans and advances	**-15**	-7	-92

SpareBank 1 SR-Bank

Note 3 *Provisions for impairment losses on loans*

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
154	152	**103**	Provisions for Individual impairment losses at start of period	**111**	163	163
4	1	**2**	+ Increases in previous provisions for individual impairment losses	**2**	1	5
-61	-16	**-27**	- Reversal of provisions from previous periods	**-27**	-16	-66
19	11	**13**	+ New provisions for individual impairment losses	**14**	11	22
0	0	**-2**	- Amortised cost	**-2**		
-13	-4	**-5**	- Actual loan losses during the period for which provisions for individual impairment losses have been made previously	**-7**	-4	-13
103	144	**84**	Provisions for Individual impairment losses at period end	**91**	155	111
16	4	**5**	Net losses	**5**	4	16

Note 4 *Non-performing and problem commitments*

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
			Non-performing loans and advances			
104	118	**101**	Gross non-performing loans above 90 days	**106**	126	111
29	35	**34**	- Provisions for Individual impairment losses	**36**	40	33
75	83	**67**	Net non-performing loans and advances	**70**	86	78
28 %	30 %	**34 %**	Loan loss provision ratio	**34 %**	32 %	30 %
			Other problem commitments			
203	278	**136**	Problem commitments	**158**	291	210
74	109	**50**	- Provisions for Individual impairment losses	**55**	115	78
129	169	**86**	Net other problem commitments	**103**	176	132
36 %	39 %	**37 %**	Loan loss provision ratio	**35 %**	40 %	37 %

Note 5 *Other assets*

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
0	8	**22**	Intangible assets	**26**	12	4
19	25	**16**	Deferred tax assets	**31**	41	24
302	304	**292**	Tangible fixed assets	**305**	314	299
575	427	**525**	Other assets	**603**	524	655
896	764	**855**	**Total other assets**	**965**	891	982

Note 6 *Other liabilities*

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
518	627	**930**	Accrued expenses and prepaid revenue	**1 044**	648	599
392	406	**382**	Provision for accrued expenses and liabilities	**435**	441	452
684	311	**620**	Other liabilities	**1 486**	1 218	1 101
1 594	1 344	**1 932**	**Total other liabilities**	**2 965**	2 307	2 152

Note 7 *Customer deposits by sectors and industry*

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
703	755	**822**	Agriculture/forestry	**822**	755	703
93	58	**126**	Fishing/Fish farming	**126**	58	93
471	670	**690**	Mining/extraction	**690**	670	471
1 546	1 503	**1 933**	Industry	**1 933**	1 503	1 546
1 364	1 586	**1 875**	Power and water supply/building and construction	**1 875**	1 586	1 364
1 544	1 450	**1 893**	Commodity trade, hotel and restaurant business	**1 893**	1 450	1 544
1 543	1 158	**1 640**	Foreign trade shipping, pipeline transport and other transport activities	**1 640**	1 158	1 543
2 856	2 760	**3 342**	Real estate business	**3 342**	2 760	2 856
4 451	3 384	**5 829**	Service industry	**4 848**	2 362	3 855
9 382	9 497	**9 996**	Pubilc sector and financial services	**9 996**	9 497	9 382
23 953	22 821	**28 146**	**Total corporate sector**	**27 165**	21 799	23 357
19 190	19 645	**21 228**	Retail customers	**21 228**	19 645	19 190
43 143	42 466	**49 374**	**Total deposits**	**48 393**	41 444	42 547

Note 8 *Loans by sectors and industry*

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
1 930	1 808	**1 976**	Agriculture/forestry	**2 194**	2 008	2 137
639	300	**536**	Fishing/Fish farming	**558**	334	666
1 523	322	**2 300**	Mining/extraction	**2 341**	385	1 580
2 162	1 895	**2 469**	Industry	**2 949**	2 211	2 561
952	796	**1 212**	Power and water supply/building and construction	**1 809**	1 219	1 455
1 676	1 513	**1 672**	Commodity trade, hotel and restaurant business	**1 864**	1 651	1 854
2 046	1 630	**2 086**	Foreign trade shipping, pipeline transport and other transport activities	**2 350**	1 880	2 306
11 379	8 103	**13 823**	Real estate business	**13 877**	8 269	11 429
3 084	2 062	**3 714**	Service industry	**4 224**	2 481	3 566
1 137	103	**598**	Pubilc sector and financial services	**771**	273	1 306
-24	-1	**-69**	Unallocated (excess value fixed interest loans	**-69**	-1	-24
26 504	18 531	**30 317**	**Total corporate sector**	**32 868**	20 710	28 836
48 152	44 824	**47 565**	Retail customers	**48 081**	45 027	48 461
74 656	63 355	**77 882**	**Gross Loans**	**80 949**	65 737	77 297
-99	-144	**-80**	- Individual impairment losses provisions	**-88**	-155	-107
-123	-162	**-123**	- Collective impairment losses provisions	**-131**	-169	-131
74 434	63 049	**77 679**	**Net loans**	**80 730**	65 413	77 059

Note 9 *Capital adequacy*

New rules on capital adequacy were introduced in Norway from the 1 January 2007; Basel II – the EU's new directive regarding capital adequacy. SpareBank 1 SR-Bank has applied and got permission from Kredittilsynet to use internal rating methods (Internal Rating Based Approach – Foundation) on credit risk from 1 January 2007. This will make the statutory minimum-requirement regarding capital adequacy more risk-sensitive, and thus more in accordance with the risk in the underlying portfolios. Using IRB demands high standards regarding organisation, competence, risk-models and risk-management systems. Interim regulations have been issued by Kredittilsynet, giving IRB-banks full effect of the reduced capital requirements from 2010 and onwards. In 2007, a reduction of the risk-weighted basis of calculation of 5% is allowed.

Parent bank				Group		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
4 292	3 916	**4 803**	Core capital	**5 087**	3 906	4 354
		-422	-Deductions in core capital	**-602**		
2 479	1 675	**2 402**	Supplementary capital	**2 442**	1 715	2 519
		-422	-Deductions in supplementary capital	**-602**		
-599	-469		- Subordinated loan capital in other financial institutions		-33	-42
0	0		- Capital adequacy reserve		-492	-608
6 172	5 122	**6 361**	Subordinated loan capital	**6 325**	5 096	6 223
57 582	49 614	**62 428**	Basis for calculation - 100% *	**65 394**	50 883	58 939
		59 307	Basis for calculation IRB - 95% *	**62 124**		
7,45 %	7,89 %	**7,39 %**	Core capital ratio	**7,22 %**	7,68 %	7,39 %
10,72 %	10,32 %	**10,73 %**	Capital adequacy ratio	**10,18 %**	10,01 %	10,56 %

* 2007 figures calculated according to IRB

Note 10 *Derivative financial instruments*

	Contract/ notional amount 30.06.07	Fair values 30.06.07 Assets	Liabilities
Derivatives held for trading			
FX forwards	3 502	22	71
FX swaps	5 104	76	78
Interest rate swaps	16 914	84	14
Other OTC contracts	116	24	0
Total derivatives held for trading	25 636	206	163
Derivatives held for hedging			
Derivatives designated as fair value hedges	24 330	161	515
Derivatives designated as cash flow hedges	0	0	0
Total derivatives held for hedging	24 330	161	515

Note 11 *Segment reporting*

	Sparebank 1 SR-Bank Group 30.06.07								Sparebank 1 SR-Bank Group 30.06.06						
Income statement (in MNOK)	**Retail Market**	**Corporate Market**	**EM1**	**SR-Finans**	**SR-Forvaltning**	**Not alloc.**	**Total**		**Retail Market**	**Corporate Market**	**EM1**	**SR-Finans**	**SR-Forvaltning**	**Not alloc.**	**Total**
Net interest income	323	187	4	35	1	55	**605**		352	130	2	26	0	37	**547**
Net commission and other income	206	72	141	-1	31	-41	**408**		152	55	111	-1	24	-8	**333**
Net return on investment securities	0	0	0	0	0	250	**250**		0	0	0	0	0	186	**186**
Operating expenses	161	30	125	15	6	297	**634**		157	25	97	11	6	263	**559**
Operating profit before losses	368	229	20	19	26	-33	**629**		347	160	16	14	18	-48	**507**
Losses on loans and guarantees	-13	0	0	0	0	-2	**-15**		1	-7	-2	0	0	1	**-7**
Operating profit before tax	381	229	20	19	26	-31	**644**		346	167	18	14	18	-49	**514**
Loans to customers	47 565	30 317	0	3 066	0	1	**80 949**	0	44 824	18 531	0	2 382	0	0	**65 737**
Individual loss provisions	-42	-40	0	-7	0	1	**-88**	0	-66	-78	0	-11	0	0	**-155**
Gruop loss provisions	0	0	0	-8	0	-123	**-131**	0	0	0	0	-7	0	-162	**-169**
Other assets	0	0	960	60	43	11 974	**13 037**	0	0	0	937	98	33	6 299	**7 367**
Total assets	47 523	30 277	960	3 111	43	11 853	**93 767**	**0**	44 758	18 453	937	2 462	33	6 137	**72 780**
Deposits from customers	21 228	28 146	0	0	0	-981	**48 393**		19 645	22 821	0	0	0	-1 022	**41 444**
Other debt	0	0	944	2 845	36	36 422	**40 247**		0	0	925	2 309	26	24 181	**27 441**
Total debt	21 228	28 146	944	2 845	36	35 441	**88 640**		19 645	22 821	925	2 309	26	23 159	**68 885**
Equity	0	0	16	266	7	4 838	**5 127**		0	0	12	153	7	3 723	**3 895**
Total debt and equity	21 228	28 146	960	3 111	43	40 279	**93 767**		19 645	22 821	937	2 462	33	26 882	**72 780**

Note 12 *Movements in equity capital*

SpareBank 1 SR-Bank Group *(Amounts in NOK million)*	**Q2** **2007**	Q2 2006
Equity capital as of 1 january	4 300	3 830
Dividends	-281	-322
Correction related to equity adjustments in SB1 Group	43	0
Correction	6	-13
Reduction in endowment fund	-20	-15
Primary capital issue (net)	563	0
Sale, purchace and capital gains/losses on own primary capital certificates	-1	7
Net profit	517	408
Equity capital as of 30 June	5 127	3 895

Note 13 *IFRS implementation in Parent Bank*

(Amounts in NOK million)	
Equity in Parent Bank at 31.12.2006 in accordance with NGAAP	**3 798**
Implementation effect of transition to IFRS:	
Transition to fair value on long-term shares	103
Various effects related to financial instruments	-2
Transition to cost price on subsidiaries and associated companies	-61
Reversal of 2006 results from subsidiaries, taken as income through dividends in 2007	-73
Ordinary equity movement 1st and 2nd quarter 2007:	
Primary capital issue	584
Expenses related to primary capital issue	-22
Reduction in endowment fund	-20
Profit for the period	404
Equity in Parent Bank at 30.06.2007 in accordance with IFRS	**4 711**