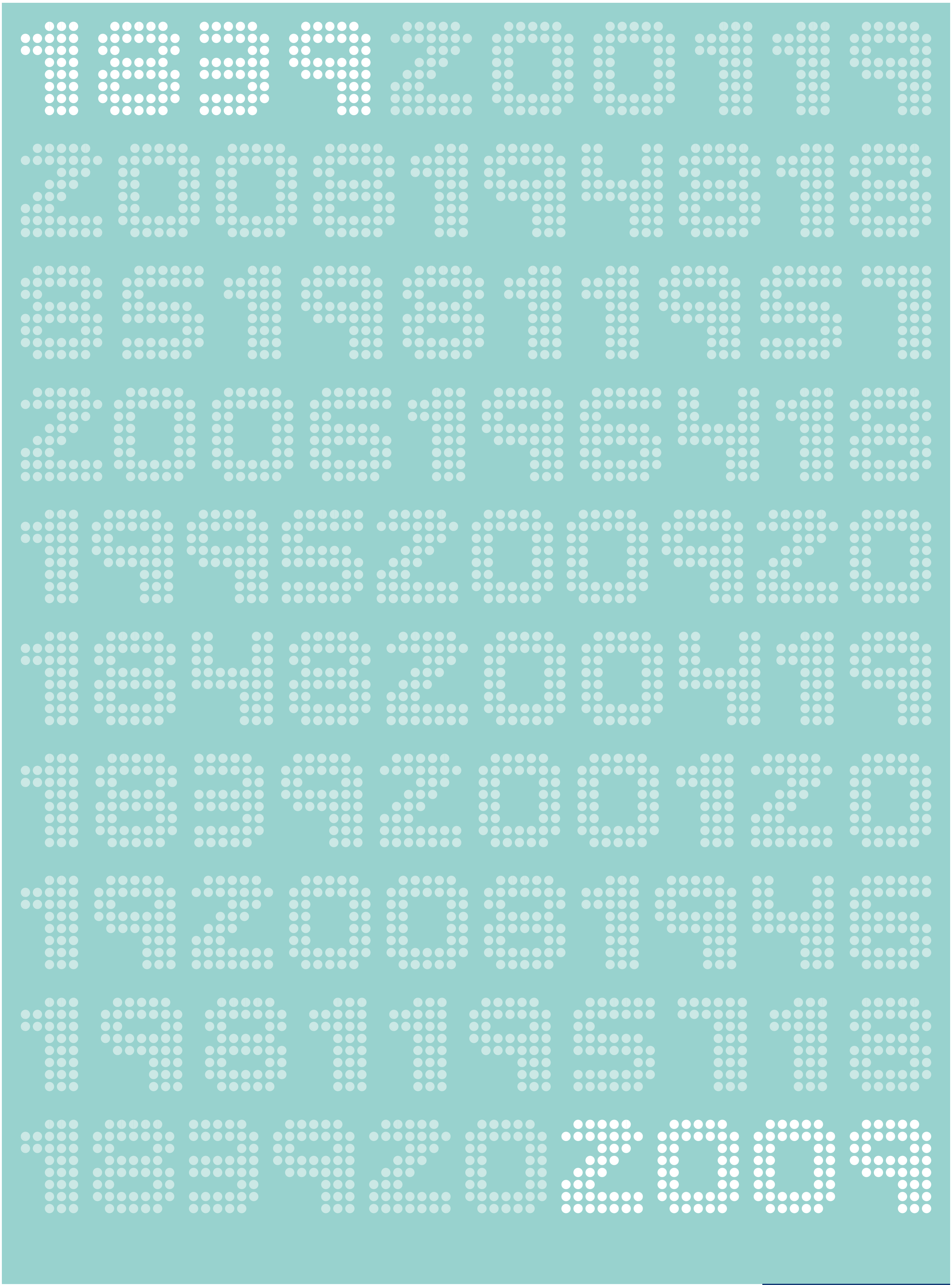

SpareBank 1
SR-BANK

INDEX

OVERVIEW OF OUR OFFICES

HORDALAND | ROGALAND | VEST-AGDER | AUST-AGDER

CENTRAL SWITCHBOARD:

+47 915 02002 for retail customers
+47 915 02008 for corporate customers

HEADOFFICE / ADMINISTRATION:

Bjergsted Terrasse 1,
P.b. 250, N-4066 Stavanger
E-mail: sparebank1@sr-bank.no
www.sr-bank.no

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MAIN FIGURES

(NOK million)	**2009**	2008	2007
Net interest income	**1 676**	1 644	1 340
Net other operating income	**1 703**	838	1 283
Total operating expenses	**1 579**	1 453	1 357
Profit before losses	**1 800**	1 029	1 266
Losses on loans and guarantees	**368**	386	10
Profit from ordinary activities before tax	**1 432**	643	1 256

KEY FIGURES

	2009	2008	2007
Total assets 31.12. (NOK million)	**124 909**	125 858	103 249
Net lending (NOK million)	**92 824**	99 497	88 199
Deposits from customers (NOK million)	**54 336**	53 050	50 276
Growth in loans including SpareBank 1 Boligkreditt	**5,3 %**	20,2 %	19,8 %
Growth in deposits	**2,4 %**	5,5 %	18,0 %
Capital adequacy ratio	**11,9**	9,8	9,8
Core capital ratio	**9,6**	6,4	7,4
Net subordinated loan capital(NOK million)	**10 029**	8 621	6 874
Return on equity (per cent)	**17,5**	8,0	19,4
Cost percentage	**46,7**	58,5	51,7
No. of man-years	**1 093**	1 117	1021
No. of offices	**51**	53	54
Market price at year-end [1]	**50,00**	27,08	55,21
Earnings per equity capital certificate [1]	**6,88**	3,00	6,54
Dividend per equity capital certificate [1]	**1,75**	0,83	3,96
Effective yield on the equity capital certificate	**87,70**	-43,77	3,19

Reference is made to page 94 for a complete list of key figures and definitions.

[1] Figures for 2008 and 2007 has been restated due to the bonus issue and split carried out in 2009.

05

GROUP PROFIT BEFORE TAX:
NOK 1,432 million (NOK 643 million)

RETURN ON EQUITY AFTER TAX:
17,5 per cent (8,0 per cent)

NET INTEREST INCOME:
NOK 1,676 million (NOK 1,644 million)

NET COMMISSION AND OTHER INCOME:
NOK 998 million (NOK 796 million)

NET YIELD ON FINANCIAL INVESTMENTS:
NOK 705 million (NOK 42 million)

GROWTH IN LENDING, GROSS LAST 12 MONTHS
INCLUDING SPAREBANK 1 BOLIGKREDITT:
5,3 per cent (20.2 per cent)

GROWTH IN DEPOSITS LAST 12 MONTHS:
2,4 per cent (5,5 per cent)

ALLOCATION TO ENDOWMENT FUND:
NOK 158 million (NOK 20 million)

WE HAVE BE
EN HERE THE
LAST 110 YE
ARS AND WE
WILL STILL
BE HERE TOM
ORROW

CONFIDENCE AND REPUTATION
AS A FOUNDATION FOR GROWTH AND VALUE CREATION.

SpareBank 1 SR-Bank aims to be a profitable and reliable financial group that is attractive to customers, the capital market, equity certificate holders, employees and the local community.

In 2009, SpareBank 1 SR-Bank's pre-tax profit amounted to NOK 1 432 million. Return on equity after tax was 17.5 per cent.

The international financial unrest, started in 2008, resulted in global turbulence in the financial markets. In Norway the internationally exposed industry in particular was affected by reduced orders and lower prices.The effect of the arrangements introduced by the authorities to counteract the economic setback has been good and economic growth in Norway is expected to pick up already in 2010.

The Norwegian banks were mainly affected by partial lack of external funding sources and the increased cost given the remaining funding sources.

The authorities' swap scheme, where banks could swap covered bonds (housing bonds) against Treasury bills, effectively contributed to ensuring market liquidity so that banks were able to maintain their normal lending activities.

Compared to the pre-turmoil period, the financial unrest resulted in a higher risk markup for loans for various purposes, than before. There are reasons to anticipate that a long time may pass before the situation is fully back to normal.

As a result of the financial unrest, Norwegian banks had to obtain more equity in order to maintain their credit ratings. SpareBank 1 SR-Bank chose to obtain more than NOK 1 200 million in new equity capital in the ordinary market rather than a capital injection from the Norwegian State Finance Fund. The significant interest shown in the issue is an indication of the confidence the capital market has in the bank.

Since the listing on the Stock Exchange in 1994, SpareBank 1 SR-Bank has emphasised having an investor friendly policy. The annual yield to the investor (appreciation and dividend) in this period has been in excess of 17 per cent on average. Confidence in the capital market has been extremely important for the group's growth and development. Against this backdrop, we are satisfied with the modernisation of the savings banks' equity capital instrument, the equity capital certificate, which the 2009 amendment to legislation opened up for.

In 2009, SpareBank 1 SR-Bank had a net acquisition of 15 000 new retail customers and more than 1 200 new corporate customers. Our ambition is to have customers experiencing us as a "decent" bank and to be recommended by our customers. We have registered that SpareBank 1 SR-Bank, with its basic values and culture, appears, in these uncertain times, to be increasingly attractive in the market. We are very pleased by the confidence that existing and new customers have shown us in 2009.

Results are created by people who work in value-adding and productivity-conscious teams. The financial industry is undergoing significant change. This implies that winning teams must master competence raising and changes while at the same time providing customers with high quality service. In 2009, our staff generated outstanding results and spent a great deal of time and resources in raising the level of competence. Through reorganization and adjustments during the year, manpower was reduced by 80 man-years, although the inflow of new customers was, at the same time, substantial. The working environment is good and sick-leave was reduced from 3.8 per cent to 3.7 per cent. This indicates that there is a significant correlation between job-satisfaction, the mastering of assignments and sick-leave. SpareBank 1 SR-Bank has a competent, motivated and service-minded organisation that makes the group very capable to face future challenges.

Terje Vareberg
CEO

SPAREBANK 1 SR-BANK

THE GROUP

HISTORY

On 19 November 2009 we celebrated that it was 170 years since the forerunner of SpareBank 1 SR-Bank, Egersund Sparebank, was established in Egersund 1839.
Another important milestone in the bank's history was reached on 1 October 1976 when 22 savings banks in Rogaland merged to form Norway's first regional savings bank, Sparebanken Rogaland. At that time, this was the most comprehensive merger that had been carried out among Norwegian savings banks. From the very beginning, the bank was the nation's second largest savings bank, with total assets of NOK 1.5 billion. The regional savings bank grew through active interaction with community and business development in Rogaland and this has been the guiding spirit ever since the establishment in 1839. The intention of the founders of the savings banks in the rural districts was to contribute to a positive development of the community by channelling value created locally back into the local community.

In 1996 the bank was a co-founder of SpareBank 1 Alliance, which is a banking and product alliance. By participating in the SpareBank 1 Alliance, the group is linked to and cooperates with the independent, locally anchored banks. In this way, we can combine efficient operations and economies of scale with the benefit of being close to our customers and the market. In March 2007, the bank formally changed its name from Sparebanken Rogaland to SpareBank 1 SR-Bank.

THE GROUP

At 31 December 2009, SpareBank 1 SR-Bank's permanent employees represented 1 062 fulltime equivalents. The group comprises the parent bank, SpareBank 1 SR-Bank, and the subsidiaries SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering AS, SR Forvaltning ASA, SpareBank 1 SR-Fondsforvaltning AS and Vågen Eiendomsforvaltning AS.

THE BANK

The group's market areas are Rogaland, Agder and Hordaland. Currently, the bank has 51 branch offices and total assets of NOK 125 billion. The registered head office is in Stavanger. The customer-oriented activity is organised in three divisions – the Retail Market Division, the Corporate Market Division and the Capital Market Division The bank provides products and services in the fields of financing, investments, money transfers, pensions and life and non-life insurance.

Retail Market Division
SpareBank 1 SR-Bank is the leading retail customer bank in Rogaland, with 178 000 customers and a market share of about 40 per cent. In addition to the retail customers the division also serves 9 100 small business and agricultural customers and 2 800 clubs and associations.

Corporate Market Division
SpareBank 1 SR-Bank has some 7 300 customers in the business sector and the public sector. About 40 per cent of all businesses in the bank's traditional market list SpareBank 1 SR-Bank as their main bank. In addition, there are small businesses and agricultural customers being served by the Retail Market Division.

Capital Market Division
The Capital Market Division comprises the group's securities activities, SR-Markets and the subsidiaries that manage

Terje Vareberg
Chief Executive Officer

Glenn Sæther
Executive VP Business Support and development

Stian Helgøy
Executive VP Capital Market

customers' and the group's assets in the form of securities, securities funds and property. SR-Markets serve primarily the group's customers and selected customer in a separate market area and in the country as a whole.

EIENDOMSMEGLER 1 SR-EIENDOM AS

EiendomsMegler 1 SR-Eiendom AS is our region's market leader and the largest company in the nationwide EiendomsMegler 1 chain. This chain is the largest chain of real estate agents in Norway. In 2009, the company sold 5 900 properties from its 30 real estate offices in Rogaland, Agder and Hordaland. The activities cover commercial real estate, holiday homes, and new builds and used homes.

SPAREBANK 1 SR-FINANS AS

SpareBank 1 SR-Finans AS is Rogaland's leading leasing company with more than NOK 5 billion in total assets. Its main products are leasing to trade and industry and car loans to private customers. The leasing portfolio consists of a wide range of products and the company's customers span everything from sole proprietorships and small limited companies to large enterprises.

SR-FORVALTNING ASA

SR-Forvaltning ASA's objective is to be a local alternative with a high level of expertise in financial management. The company manages portfolios for SpareBank 1 SR-Bank and SpareBank 1 SR-Bank's pension fund, and portfolios for about 3 200 external customers. The external customer base is made up of pension funds, public and private enterprises and affluent private individuals. Total assets amount to approximately NOK 5.7 billion.

SPAREBANK 1 SR-FONDSFORVALTNING AS

Sparebank 1 SR-Fondsforvaltning AS manages securities funds that are subscribed to by private individuals, companies and foundations. The company manages three combination funds and a share fond and a bond fund that are used by the combination funds. The funds were launched in September 2009 and were well received by the market. At the end of 2009, 532 unit holders had subscribed to the funds, of which 362 had entered into monthly savings agreements. The managed assets totalled NOK 301 million.

SR-INVESTERING AS

SR-Investering AS' object is to contribute to long-term value creation by investing in trade and industry in the group's market area. The company invests primarily in private equity funds and companies in the SMB segment that need capital to develop and grow. At the end of 2009, the company had investments and commitments totalling NOK 195 million in 30 private equity funds and companies.

VÅGEN EIENDOMSFORVALTNING AS

Vågen Eiendomsforvaltning AS and the subsidiary Vågen Drift AS provide caretaker services, business management services, technical operations and the follow-up of tenants. The company manages 49 properties worth between NOK 4 billion and NOK 4.5 billion.

THE SPAREBANK 1 ALLIANCE

The purpose of the SpareBank 1 Alliance is for SpareBank 1 banks to develop, procure and supply competitive financial services and products and to exploit economies of scale in the form of lower costs and/or higher quality, so that customers get the best advice and the best services at

Thor-Christian Haugland
Executive VP Communication

Tore Medhus
Executive VP Corporate Market

Inge Reinertsen
CFO

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

SpareBank 1 Gruppen AS owns all of the shares in SpareBank 1 Livsforsikring AS (life insurance), SpareBank 1 Skadeforsikring AS (non-life insurance), ODIN Forvaltning AS (asset management) and SpareBank 1 Medlemskort (membership cards) and SpareBank 1 Gruppen Holding AS. The company also owns 73.25 per cent of Argo Securities AS. The banks that are part of SpareBank 1 Alliance also own SpareBank 1 Boligkreditt AS, EiendomsMegler 1 (chain), Alliansesamarbeidet SpareBank 1 DA, Bank 1 Oslo AS (spun off from SpareBank 1 Gruppen AS with effect from 1 January 2010), SpareBank1 Næringskreditt AS and BN Bank ASA.

THE OBJECT OF SPAREBANK 1 SR-BANK

SpareBank 1 SR-Bank's object is to create value for the region that we are a part of.

STRATEGY

SpareBank 1 SR-Bank shall become a larger and more complete operation through organic growth and as a result of innovation and the exploitation strategic opportunities.

SpareBank 1 SR-Bank shall have the industry's most attractive brand names in its market area and its hallmark shall be:

- The leading financial group in the region
- Having satisfied customers who recommend us to others
- Being best at creating values together with the customer
- Being one of the best in the savings and pension market
- Being best at attracting, challenging and developing the most competent employees
- Being one of the most profitable finance companies in the Nordic region

VISION "SpareBank 1 SR-Bank – the recommended bank"

Wenche Mikalsen
Executive VP HR

Rolf Aarsheim
Executive VP Retail Market

Frode Bø
Executive VP Head of Risk Management and Compliance

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THE SPAREBANK 1 SR-BANK GROUP

SpareBank 1 SR-Bank

- Eiendoms-Megler 1 SR-Eiendom AS 100%
- SpareBank 1 SR-Finans AS 100%
- SR-Forvaltning ASA 100%
- SR-Investering AS 100%
- SpareBank 1 Gruppen AS 19,5%
- SpareBank 1 Boligkreditt AS 33,8%
- Vågen Eiendoms-forvaltning AS 100%
- BN Bank ASA 23,5%
- SpareBank 1 SR-Fonds-forvaltning AS 100%
- SpareBank 1 Nærings-kreditt AS 23,5%

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ORGANISATIONAL CHART

Supervisory board

Auditor

Audit Committee

Internal Auditor

Board

CEO
Terje Vareberg

- Executive VP Corporate Market
  Tore Medhus
- Executive VP Retail Market
  Rolf Aarsheim
- Executive VP Capital Market
  Stian Helgøy
- Executive VP Business Support and development
  Glenn Sæther
- Executive VP Communication
  Thor-Christian Haugland
- Executive VP Head of Risk Management and Compliance
  Frode Bø
- Executive VP HR
  Wenche Mikalsen
- CFO
  Inge Reinertsen

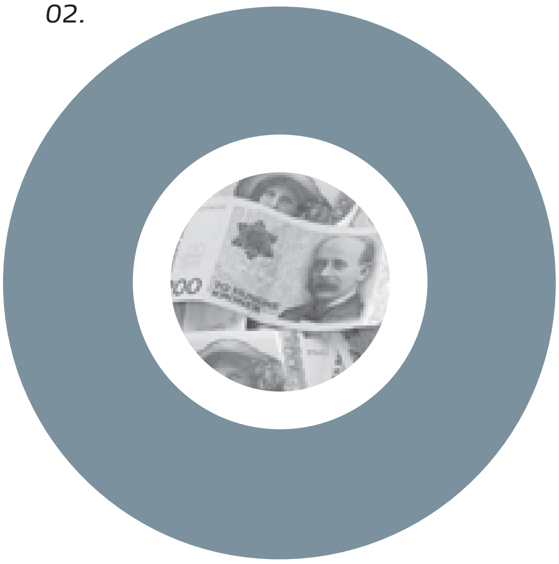
SIGNIFICANT EVENTS IN 2009

01.

SPAREBANK SR-BANK CELEBRATED ITS 170 YEARS ANNIVERSARY WITH THE BEST RESULTS THE BANK HAS EVER RECORDED

On 29 November 2009 we could celebrate that it was 170 years since the forerunner of SpareBank 1 SR-Bank, Egersund Sparebank, was established. The anniversary year, 2009, was characterised by financial unrest and uncertainty at the start of the year. However, by the end of the year, prospects had improved considerably, the results were record high, the group had been recapitalised and it was well positioned in dealing with the challenges 2010 will bring.

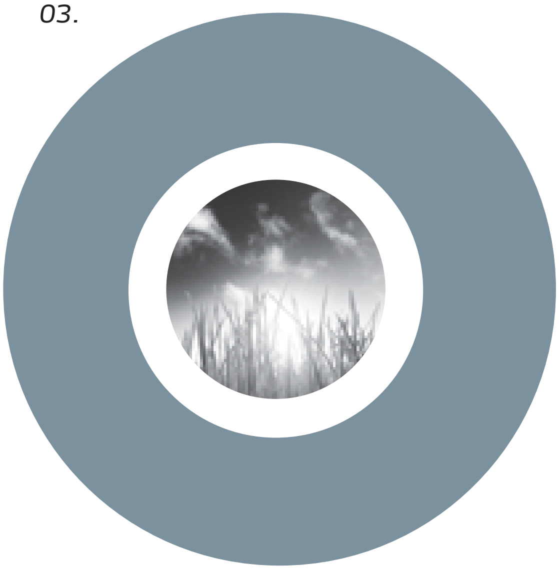
02.



CAPITAL ADEQUACY STRENGTHENED

SpareBank 1 SR-Bank's capital adequacy was significantly strengthened in 2009. New issues totalling NOK 1 228 million, the issue of a Tier 1 perpetual bond of NOK 800 million and the very good result contributed to the core capital adequacy ratio rising from 6.4 percent to 9.6 per cent in 2009.

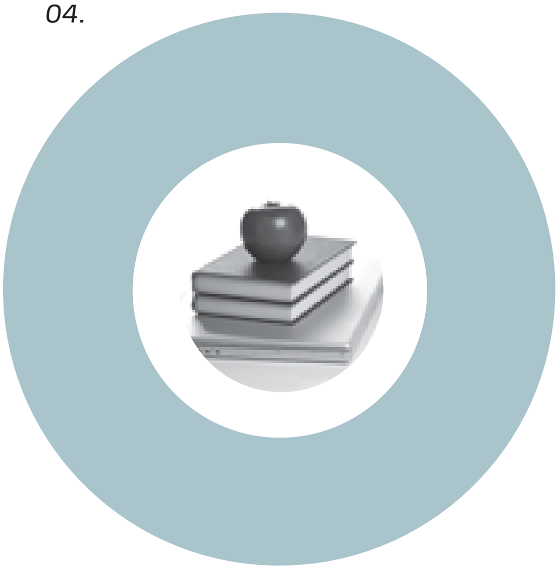
03.



MILD CRISIS

In 2009, economic development in Norway and abroad was better than many feared at the beginning of the year. The unrest in the financial markets reached a crest in March 2009, but improved as the year progressed when we saw indications that the trough had been passed. In Norway, the crisis was relatively mild, with unemployment rising from 2.0 per cent to 2.7 per cent (The Norwegian Labour and Welfare Administration - NAV).

04.



GREATER COMPETENCE

The group invests a great deal of resources in raising the level of expertise. In 2009, 50 of the retail market staff received their authorisations as financial advisers in line with the group's desire to offer products and services of the highest possible quality while at the same time being very much to the fore with regard to public authorisation schemes.

05.

EFFECTIVE AND FORWARD-LOOKING ORGANISATION

In the course of 2009, the number of employees was reduced by approximately 80 man-years. Simultaneoulsy, absence due to sickness was reduced. Lending rose by 5 per cent. On top of this, the group obtained 15 0000 new private customers and more than 1 200 new corporate customers. This shows that SpareBank 1 SR-Bank is an effective and forward-thinking organisation.

06.

GJENSIDIGE FORSIKRING BA BECOME THE LARGEST OWNER

Through private placements totalling NOK 866 million Gjensidige became the largest owner, holding 17.1 per cent of the equity capital certificates at the end of 2009.

07.

FOCUS ON THE CAPITAL MARKET DIVISION

The Capital Market Division continues to grow. SpareBank 1 Fondsforvaltning AS, which offers securities funds, was established in 2009. SR-Market's ambition is to be the largest securities firm in Norway, outside of Oslo. In line with this, the establishment of stock broking services and analysis is planned for 2010.

08.

NEW SAVINGS BANKS REGULATIONS

New regulations for the savings banks were passed in June 2009. These amendments imply, among other things, more flexibility regarding the allocation of the profit for the year (dividends and endowments) and in relation to changes in the savings bank sector's structure and corporate organisation. In light of these new regulations, SpareBank 1 SR-Bank amended its dividend policy in the 4th quarter of 2009.

REPORT OF THE BOARD OF DIRECTORS

In 2009, SpareBank 1 SR-Bank group achieved a pre-tax of NOK 1 432 million. This is a significant rise from NOK 643 million in 2008. Profit after tax amounted to NOK 1 111 million, compared with NOK 480 million in 2008. The after-tax return on equity totalled 17.5 per cent, compared with 8.0 per cent in 2008. The good development in banking operations and the positive trend in the financial markets contributed to the improvement in the result.

The Board of Directors is very satisfied with the 2009 result. The group has come out of a very demanding year stronger, as a result of the sound efforts of the staff, the good customer portfolio quality, close customer relationships and a positive trend in the financial markets. Our market position as the leading savings bank in the west of Norway was consolidated with a net increase in private customers of 15 000 and a net increase in corporate customers of 1200.

SpareBank 1 SR-Bank's solidity was substantially improved in 2009 through new issues totalling NOK 1 228 million and a Tier 1 perpetual bond issue in the amount of NOK 800 million, in addition to the very good result for the year. The capital injection was arranged in the private market, without using the State Finance Fund. The core capital ratio rose from 6.4 per cent to 9.6 per cent during the year. The increase in capital is in line with the Board's publicised goal of a core capital ratio of at least 9 per cent. The Board expects the solidity to continue to increase in 2010.

The growth in lending (including loans transferred to SpareBank 1 Boligkreditt AS) was 5.3 per cent in 2009. Deposits grew by 2.4 per cent. Deposits in terms of gross lending (excluding Boligkreditt) rose from 53.0 per cent to 58.1 per cent in 2009.

Net interest income totalled NOK 1 676 million in 2009, compared with NOK 1 644 million in the preceding year. In 2009, measured in terms of average total assets, net interest income amounted to 1.35 per cent, compared with 1.49 per cent in 2008. If commission income from Boligkreditt is taken into consideration, net interest in 2009 was at the same level as in 2008.

Net commission and other income totalled NOK 998 million in 2009. This is a 25 per cent more than in the preceding year. The increase is primarily ascribable to higher commission income derived from a rise in activity in real estate broking and higher commission income from loans transferred to Boligkreditt. The better performance in the stock market during the year contributed to net returns on investment securities rising sharply from NOK 42 million in 2008 to NOK 705 million in 2009. Other income (excluding capital gains on securities, dividends and income from ownership interests) totalled 41.5 per cent of total income in 2009, compared with 35.4 per cent in 2008.

The group's operating expense rose from NOK 1 453 million kroner in 2008 to NOK 1 579 million in 2009. The group's cost ratio (costs in terms of total income) fell from 58.5 per cent to 46.7 per cent.

Net loan losses aggregated NOK 368 million in 2009, against NOK 386 million in 2008.The total of gross non-performing commitment and problem loans was reduced from NOK 1 612 million to NOK 1 148 million during the year. This corresponds to 1.23 per cent of gross loans. The two items totalled NOK 395 million and NOK 753 million, or 0.42 percent and 0.81 per cent of gross lending at the end of 2009.

In 2009, profit available for distribution in the parent company amounted to NOK 883 mill kroner. The Board of Directors proposes that NOK 212 million shall be allocated to dividend (NOK 1.75 per cent per equity capital certificate), NOK 293 million be allocated to the dividend equalisation fund, NOK 158 million to the endowment fund and NOK 220 to the savings bank's reserve.

The annual accounts for the SpareBank 1 SR-Bank group and the parent company are prepared in accordance with IFRS.

THE NATURE OF THE OPERATIONS

The SpareBank 1 SR-Bank group comprises the parent bank, SpareBank 1 SR-Bank, and the subsidiaries: SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering AS, SR-Forvaltning ASA, Vågen Eiendomsforvaltning AS and SR-Fondsforvaltning AS. SR- Fondsforvaltning AS was granted a licence by the Financial Supervisory Authority of Norway in May 2009, and commenced customer-orientated operations in September 2009.

SpareBank 1 SR-Bank's registered head office is in Stavanger. The bank has 51 offices in the counties of Rogaland, Hordaland, Vest-Agder and Aust-Agder. The group's primary activities are sales and brokering of financial products and services as well as investments activities covered by current concessions, as well as leasing and real estate brokering.

THE GROUP'S DEVELOPMENT

In 2009, SpareBank 1 SR-Bank recorded good progress in all of the group's business areas. The group has further cemented its position as market leader in Rogaland in the retail and the corporate markets as well as real estate broking. The Capital

Market Division recorded good progress. The position in the real estate broking market has contributed to SpareBank 1 SR-Bank being the largest real estate agency chain in Norway. SpareBank 1 SR-Eiendom AS is market leader in Rogaland and it has strengthened its position in Hordaland and Agder in 2009.

The group's subsidiaries and its participation in the SpareBank 1 Alliance make significant contributions to SpareBank 1 SR-Bank's earnings. Among the subsidiaries, the level of activity in the real estate broking and financing companies in particular was high. The other companies also enjoyed good activity levels, including the investment company, the asset management company and the property management company. Cooperation and collaboration between the various business areas in the group were fruitful in 2009 and contribute to the group being able to present a broad range of products and services to its customers.

In 2009, the banking market was characterised by persistent tough competition for deposits. The low interest rate levels have put pressure on deposit margins. Margins on loans were raised somewhat to reflect the increase in risk and higher funding costs.

The stock and interest markets performed extremely well in 2009. The improvement contributed to a rise in the value of the group's securities portfolios. The result for SpareBank 1 Gruppen was also good.

Net commission and other income rose from 2008 to 2009. This was mainly due to higher commission income from real estate broking and Boligkreditt. The number of sold homes rose by 20 per cent from 2008 to 2009. Income from money transfer activities remained stable, but there was a slight decline in income from sales of savings and investment products.

Provisions for loan losses were lower in 2009 compared with 2008. Losses as a percentage of gross lending were reduced from 0.41 per cent to 0.38 per cent. The Board of Directors is satisfied with the quality of the loan portfolios and considers risk management to be good.

The Board believes that it is important to the region's business community that SpareBank 1 SR-Bank, as a sound, locally-based financial group is able to supply the capital that is necessary for growth and development in the group's market area. Again in 2009, several millions of kroner were awarded to commercial development measures by the five business development foundations in Dalane and Lister, Haugaland, Southern Norway, and the Bergen and Stavanger regions respectively. The object of these foundations is to contribute to business development that is beneficial to society at large by providing financial assistance and investments in businesses and business-promoting activities. The foundation for the Bergen region was established in 2009.

SpareBank 1 SR-Bank assumes a comprehensive social responsibility by supporting local initiatives in the fields of culture, sport, and research and education. This is done through actively using the endowment fund for public benefit. In 2009, in excess of NOK 20 million was allocated from this fund.

DEVELOPMENT IN THE GROUP'S MARKET AREAS

Financial unrest and weaker international economic development have led to a slowdown also in the Norwegian economy in 2009. Mainland-Norway's GDP declined by 1.5 per cent from 2008 to 2009. This is a moderate decline, compared with expectations at the beginning of the year and in particular compared with developments internationally.

Demographic development traits are of paramount importance to the group's framework conditions. For a long time now, the group's primary area has seen high population growth. The percentage of disabled is also lower than the national average. The population is relatively young in and around the regional centres and along the coast of Southern and Western Norway. This population growth trend has continued over the last few years. According to Statistics Norway, the country's population rose by 1.3 per cent in 2008 (2009 figures have not yet been published), whilst in Rogaland it was higher, namely 1.9 per cent. In Hordaland, the population grew by 1.5 per cent, 1.4 per cent in Vest-Agder and 1.2 per cent in Aust-Agder in 2008.

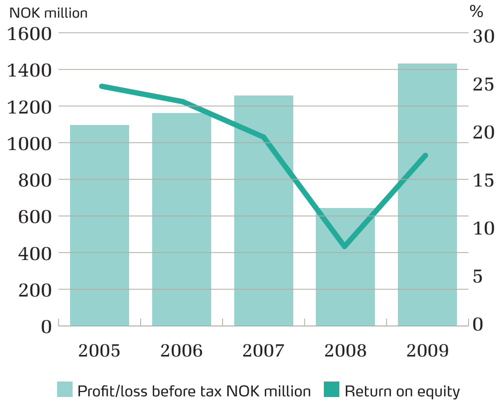
Figures from the Norwegian Labour and Welfare Organisation (NAV) show that unemployment in Norway as a whole was 2.7 per cent in December 2009. In Rogaland it was 2.0 per cent, in Hordaland 2.4 per cent and in Vest and Aust-Agder 2.8 per cent and 3.0 per cent respectively.

Housing prices have risen since the end of 2008 and the development in the second half of 2009 was stable. At the end of 2009, housing prices in the group's market area were almost 15 per cent higher than one year earlier.

Separate business surveys are published that deal with the economic activity in the group's market areas. According to these reports, companies in Rogaland, Hordaland and Agder expect, on the whole, positive development in 2010. The various companies in the counties have much the same expectations. Parts of industry and the building and construction field are more hesitant, whilst expectations otherwise indicate a positive trend for employment, profitability and investments in all counties. Half of the companies expect that they will increase sales in 2010 and about 45 per cent expect an improvement in profitability. Parts of the business community report that one consequence of the financial crisis is that access to capital is still limited. Companies in Rogaland expect employment to rise by 3.3 per cent, Hordaland expects 3 per cent and Agder expects a rise of 2.2 per cent.

PROFITS

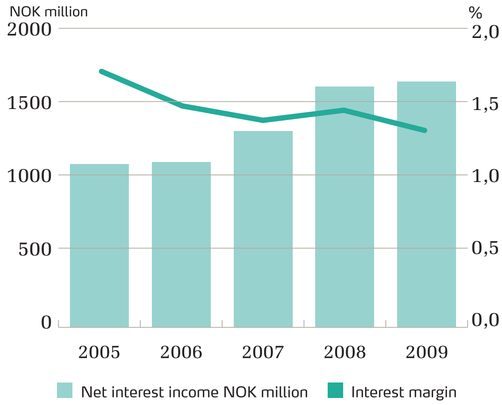
Profit before tax and return on equity



NET INTEREST INCOME

In 2009, the group's net interest income rose by NOK 32 million to NOK 1 676 million. This amounted to 1.35 per cent of average total assets, against 1.49 per cent in 2008. Lower margins on deposits contributed to the lower net interest income in 2009 compared with the preceding year, but this decline was offset somewhat by an increase in margins on lending. The development in net interest showed a positive trend in 2009. At year-end, net interest income as a percentage of total assets was on a par with the average for 2008.

Net interest income and interest margin



At the end of 2009, the bank had transferred NOK 25 billion in housing mortgage loans to SpareBank 1 Boligkreditt AS, against NOK 12 billion at the end of the preceding year. Income from these loans is recorded as commission income. Commission income has risen in step with the increase in the volume transferred. In 2009, this income totalled NOK 146 million, compared with NOK 32 million in 2008. The 2009 level represents 0.12 per cent of average total assets. If this is taken into consideration, net interest income in 2009 was at the same level as in 2008.

OTHER INCOME

Net commission income in 2009 totalled NOK 673 million, up from NOK 554 million in 2008. Income from money transfers was virtually unchanged, totalling NOK 189 million in 2009. Commission income from SpareBank 1 Boligkreditt AS rose to NOK 146 million in 2009 in step with the increase in the volume transferred.

Other operating income aggregated NOK 325 million in 2009 (NOK 242 million in 2008). Of this, the group's real estate broking contributed NOK 315 million, against NOK 232 million in 2008.

The positive development in the securities markets contributed to the net return on investment securities rising sharply, reaching NOK 705 million in 2009 compared with NOK 42 million in 2008. Income from ownership interests aggregated NOK 298 million, income from financial investments NOK 384 million and dividends NOK 23 million, compared with NOK 261 million, NOK –234 million and NOK 15 million respectively in 2008.

Income from ownership interests of NOK 298 million is made up of the group's share of the profits of SpareBank 1 Gruppen, BN Bank and SpareBank 1 Boligkreditt amounting to NOK 172 million, NOK 95 million and NOK 29 million (against NOK -158 million, NOK 421 million and NOK 8 million in 2008). Included in the share from BN Bank in 2009 is the share of the 2009 profit of BN Bank, NOK 29 million, badwill in the amount of NOK 44 million taken to income (the stake was increased from 20 per cent to 23.5 per cent) and amortisation of NOK 23 million.

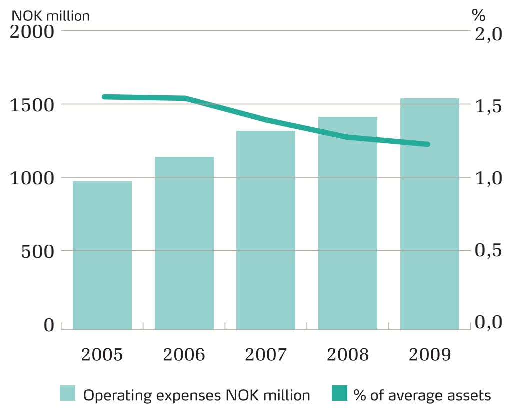
Gains on foreign exchange and interest instruments (primarily customer trading) totalled NOK 190 million and capital gains on securities totalled NOK 194 million of the income from financial investments in 2009.

Other income (excluding capital gains on securities, dividends and income from ownership interests) amounted to 41.5 per cent of total income in 2009, against 35.4 per cent in 2008.

OPERATING EXPENSES

The group's operating expenses amounted to NOK 1 579 million in 2009, an increase of 8.6 per cent from 2008. In 2009, the group's cost ratio was 46.7, while in 2008 it was 58.5.

Operating expenses



Personnel expenses amounted to NOK 881 million in 2009, up 13.5 per cent on the preceding year. This rise is primarily attributable to the increase in activities in real estate broking, higher pension costs and increased emphasis on Hordaland and Agder. At the end of 2009 the group employed 1 093 man-years on a permanent basis.

For a considerable period of time the group has had a high rise in activity levels and in employment. The financial crisis and the weaker economic development have, however, contributed to lower growth expectations also in the group's market areas. Accordingly, the group introduced measures in 2009 aimed at adjusting capacity. In 2009, the number of man-years was reduced (both permanent employees and contracted personnel) by about 80, representing a 7 per cent cut.

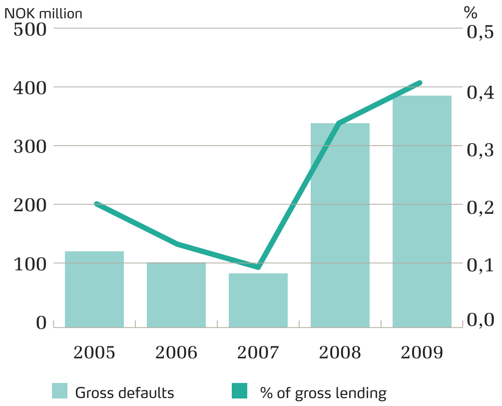
Other operating expenses totalled NOK 698 million in 2009. This is 3 per cent higher than in 2008. Other operating expenses had the highest relative growth and include inter alia project costs totalling NOK 36 million relating to the new head office. This project has been postponed indefinitely.

LOSSES AND DEFAULTS

In 2009, the group had net new loan loss provisions of NOK 368 million compared with loan losses of NOK 386 million in 2008. Of the loan loss provisions in 2009, NOK 90 million was write-downs on specific groups of loans. The corporate market recorded net loan loss provisions of NOK 360 million and the retail market NOK 8 million.

Write-downs on groups of loans (unspecified loan loss provisions) rose from NOK 229 million to NOK 320 million in 2009. At the end of 2009, specified and unspecified loan loss provisions aggregated NOK 649 million. Gross non-performing loans rose by NOK 47 million from 2008 to 2009 reaching NOK 395 million, or 0.42 per cent of gross loans. Problem loans were reduced by NOK 1 264 million to NOK 753 million in the course of 2009.

Gross defaults



BALANCE SHEET

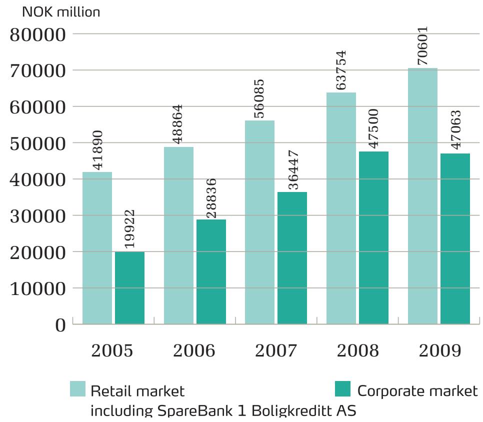
The group's total assets were stable in 2009, amounting to NOK 124.9 billion at year-end. Loans transferred to Boligkreditt are not included in total assets. In 2009, loans totalling NOK 13 billion were transferred to Boligkreditt. In all, loans totalling NOK 25 billion had been transferred at the end of the year.

Growth in lending (including Boligkreditt) in 2009 was 5.3 per cent and total lending at the end of 2009 was NOK 118.2 billion. Retail market lending rose by 10.4 per cent. At the end of 2009, housing mortgage loans totalling NOK 25 billion had been transferred to SpareBank 1 Boligkreditt AS. Lending to the corporate market and the public sector declined in volume by 1.6 per cent in 2009. The distribution between loans to the retail market (including Boligkreditt)

Gross lending, % growth, retail and corporate markets

and the corporate market/public sector was 59.8 per cent and 40.2 per cent respectively at the end of 2009, against 57.0 per cent and 43.0 per cent at the end of 2008.

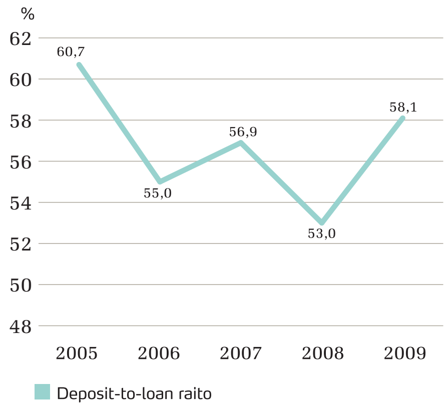
Gross lending, retail and corporate markets



Total deposits were NOK 54.3 billion at the end of 2009, up 2.4 per cent from the end of 2008. The growth in the retail and corporate market/public sector was 2.5 per cent and 2.4 per cent respectively.

The deposit-to-loan ratio stood at 58.1 per cent at the end of 2009, against 53.0 per cent at the end of the preceding year. Increased deposits and the reduction in gross lending due to the transfers to Boligkreditt have both contributed to this rise in the ratio. In a market experiencing tough competition the group has maintained a good deposit-to-loan ratio.

Deposit-to-loan ratio



RETAIL MARKET DIVISION

The Retail Market Division's income rose from NOK 1 170 million in 2008 to NOK 1 287 million in 2009. Net interest income rose by NOK 150 million, whilst other income was reduced somewhat. In 2009, costs were on a par with 2008. The increase in the number of customers shows that the group's market position has been strengthened. During the year, the group acquired 15 000 more retail market customers, of which 7 000 were new primary bank customers over the age of 18.

Growth in lending (including loans transferred to Boligkreditt) was fairly stable, reaching 10.4 per cent in 2009. The growth in lending was higher than the growth in lending in the market as a whole. Operations in the entire market area performed well, with good access to customers and a high level of activity in the housing market. The growth was greatest in the focus areas Hordaland and Agder. New offices in Åsane and Fana were opened in February 2009.

The loan portfolio's high quality, a good dialogue with customers and the low interest rate level contribute to very low loan loss provisions and to the scope of non-performing loans being extremely low. Deposits rose by 2.4 per cent in 2009. Competition for deposits became even tougher as a result of the financial crisis. Deposit margins fell sharply at the beginning of the year and stayed low throughout 2009, while lending margins rose from 2008 to 2009.

The development in net interest income was good in 2009. Other income declined as a result of reductions in money transfer fees and somewhat lower activity in the savings market. The division is focusing on offering a wide range of financial services and increasing the product coverage amongst customers. Important areas of concentration during the year have included a new loan concept that offers better interest rates to those who buy several products, the launching of an SMS (text message) service, and the expansion of automated services for handling cash transactions.

Over the last few years there has been considerable unrest in the financial markets and uncertainty surrounding future developments. The group has placed great emphasis on taking positive actions and being accessible to customers. Throughout the year, a fair number of customers have been in discussion with the group's financial advisers. The growth in customers in 2009 is a good indication of our customers' appreciation of the group's products and services.

At the beginning of 2010 we have seen a high level of activity in the Sparebank 1 SR-Bank's Retail Market Division. Low interest rates, low unemployment, rising housing prices and good activity in the housing market all play a positive role. Together with a competitive range of products and services, this gives grounds for anticipating good market conditions in 2010.

CORPORATE MARKET DIVISION

The Corporate Market Division's income was virtually unchanged from 2008, totalling NOK 755 million in 2009. Net interest income rose by 6 per cent to NOK 603 million in 2009. The dampened activity level in trade and industry brought about a slight reduction in other income in 2009. The bank acquired 1 200 new corporate customers during the year. The decline in credit demand and debt repayments resulted in no increase in lending in 2009.

Cyclical trends have an impact on credit quality. Throughout the first half of 2009 there was some weakening, but credit quality improved during the second half of 2009. This improvement was attributable to better market prospects and the effect of risk-reducing measures. A competent organisation, customer portfolios of good quality, and good, close contact with the customers have paved the way for solutions that are good for the customers and the group. The portion of loans that are classified as high risk has been reduced from 7.1 per cent at the end of 2008 to 5.9 per cent at the end of 2009. The group has deliberately targeted customers in the low risk and medium risk categories over the last few years. In 2009, net write-downs on loans were at the same level as in 2008. The loan loss level has normalised following several years with extremely low losses. The share of non-performing loans was stable in 2009.

The division has earmarked resources to ensure early management of risk inherent in high risk loans and in non-performing loans. Focus on risk-reducing measures will be important in the future as well. The Corporate Market Division has a competent staff with experience in dealing with uncertainty and risk. Close cooperation with the customers is paramount. The division emphasises flexibility, good communication and expertise so that one can arrive at effective solutions in association with the customers.

2009 was a demanding year for many companies. Even though challenges must be expected in some market segments in 2010, uncertainty surrounding future developments seems to be considerably less at the beginning of 2010 than it was one year earlier. The sound capital situation means that the Corporate Market Division is positioned to grasp good market opportunities in 2010.

CAPITAL MARKET DIVISION

The Capital Market Division was established as a separate division in 2007 and has developed well over the last couple of years. In 2009, the division made a significant profit contribution to the group. The division's income, excluding income from subsidiaries, totalled NOK 201 million in 2009. This is a sharp rise from the preceding year when income was affected negatively by the way the securities markets performed. A substantial part of the division's income relates to SR-Markets' trading in interest rates and foreign exchange. This income was more or less unchanged from 2008 and amounted to NOK 138 million in 2009. Profits from corporate finance services were stable in 2009. The division's expenses were virtually unchanged from 2008 to 2009.

The division developed well and the level of activity was high in 2009. SpareBank 1 Fondsforvaltning AS was granted a licence to manage security funds by the Financial Supervisory Authority of Norway and launched three new combination funds. These funds were well received by the group's customers and have developed positively. SR-Markets continues to enjoy a high level of activity and has an ambition to offer the group's customers share trading and analyses by establishing a new section for share trading in 2010.

SR-Markets serve customers in all of the group's market areas and intend to be the leading securities firm in Norway (outside of Oslo) measured in terms of turnover and profits. By creating added values for customers, SR-Markets want to be the customer's preferred supplier of capital market services and products.

The division's expertise outside of traditional banking services and has brought together the group's resources in security operations, asset management and product acquisition. The securities operation is organised in SR-Markets and comprises trading in interest rates and foreign exchange for own account and for account of customers, corporate finance services and settlement services as well as securities-related administrative services. Asset management is for the most part organised in separate subsidiaries and also comprises management of the bank's own investments in securities. Product acquisition is responsible for the group's development and acquisition of products in the savings and investments fields.

SUBSIDIARIES

Through their products and services, the subsidiaries allow the group to offer a broader range to customers and enhance the bank's earnings basis. Through good interaction and joint marketing, the group is a total supplier of financial services and products.

EiendomsMegler 1 SR-Eiendom AS is well represented throughout the group's entire market area and has 30 offices from Grimstad to Bergen. The company is the leading real estate broker in Rogaland and Vest-Agder and is gleaning market shares in Hordaland and Aust-Agder. In Bergen and in Agder, active steps have been taken to ensure market growth. This is showing results through a strengthening of the market position in Bergen and in Kristiansand.

In 2009, the company recorded a pre-tax profit of NOK 41 million (NOK 21.5 million in 2008). In 2009, the company sold properties for an aggregate NOK 13.5 billion. This is more than 20 per cent more than in 2008. Correspondingly, the number of properties sold rose by 1 000 units to 6 000 units. Access to new assignments is good, even though it was slightly down in the 4th quarter of 2009. The property market picked up significantly in 2009. At year-end consumers had renewed optimism and turnover was high in all of the group's market area. Prices rose in the first half of 2009 and remained stable in the second half of the year. Activity in the market for new buildings improved, and in Rogaland in particular the sales of projected homes are rising. Activity in the commercial property market was at a low level and few sales were finalised.

SpareBank 1 SR-Finans AS offers lease financing for trade and industry and secured car loans. In 2009, the company had a profit before tax of NOK 114.3 million (NOK 46.2 million in 2008). The improvement in the result is primarily due to higher margins. Provisions for loan losses were virtually unchanged from 2008 and totalled NOK 35 million in 2009. New sales were good in both leasing and car loans. New sales aggregated NOK 1 925 million compared with NOK 2 471 million in 2008. An increasing number of leasing customers also have a customer relationship with the bank. Total assets were stable throughout the year and totalled approximately NOK 5 billion at the end of 2009. In 2009, the company continued to be restrictive in offering financing in light of market prospects and is very deliberate in its customer selection and in pricing new and existing portfolios.

SR-Forvaltning ASA is a securities firm with a licence to provide asset management services. In 2009, the profit before tax was NOK 18.9 million, compared with NOK 46.8 million in 2008. The decline in profit was mainly due to an amended distribution agreement with Sparebank 1 SR-Bank. At the end of 2009 the company had NOK 5.7 billion under management. This is NOK 0.9 million higher than at the end of the preceding year. In 2009, total new sales amounted to NOK 120 million.

SR-Fondsforvaltning AS received a licence from the Financial Supervisory Authority of Norway (Finanstilsynet) in May 2009 to manage securities funds. It commenced its customer-related activities in September 2009, when it launched three securities funds. These funds have been well received in the market. At the end of 2009, 532 customers had purchased units, of which 362 had entered into monthly savings agreements. These funds had total assets of NOK 301 million. The respective markets in which these funds invest have had a positive development since start-up in September. All the funds reported better yields than their respective benchmarks in 2009.

SR-Investering AS' object is to contribute to long-term creation of added value through investments in trade and industry in the group's market area. The company primarily invests in private equity funds and companies in the SMB segment that have a need for capital if they are to develop and grow further. In 2009, the result before tax was a loss of NOK 8.1 million (NOK -29 million in 2008). The negative result in 2009 was mainly due to a loss on a single investment and the decline in value of certain private equity investments. At the end of 2009, SR-Investering AS had total investments of NOK 105.5 million, distributed between 30 companies and funds. The residual commitment relating to these investments is NOK 89.6 million. The activity and the development of values in the private equity segment and other corporate transactions are still limited but activity is expected to pick up in 2010.

Vågen Eiendom (Vågen Eiendomsforvaltning AS, Vågen Drift AS and Vågen Eiendomsmegling AS) is a competence centre for commercial properties. The objective is to create values for customers by way of active management, development and real estate broking. Vågen Eiendom returned a pre-tax profit of NOK 1.5 million in 2009. The management portfolio was stable in 2009. During the course of the year new contracts were entered into regarding management that will start up in the 1st quarter of 2010. The transaction volume is still low. Market surveys for Rogaland show that approximately 5 per cent of commercial properties are vacant. In the office segment, some 7 per cent of the space is vacant. There are indications that vacancies have stabilised at about these levels. An increasing number are taking contact regarding rental objects, but decision making remains lengthy.

SPAREBANK 1 BOLIGKREDITT AS

SpareBank 1 Boligkreditt AS is a mortgage company operating under a licence issued by the Financial Supervisory Authority of Norway (Finanstilsynet) and issues covered bonds with pre-emptive rights on mortgages transferred from the owner banks. The company is owned by savings banks that are part of the SpareBank 1 Alliance and contributes to the owner banks having access to stable and long-term funding at competitive rates. At the end of 2009 the company had made loans totalling NOK 74.4 billion, of which NOK 24.8 billion was housing loans transferred from SpareBank 1 SR-Bank. SpareBank 1 SR-Bank's share of the 2009 profit was NOK 28.5 million. At the end of 2009 SpareBank 1 SR-Bank owned 33.8 per cent of the company. Ownership stakes are adjusted annually in line with the volumes actually transferred. SpareBank 1 SR-Bank's stake will accordingly be adjusted to 33.29 per cent in the course of the 1st quarter of 2010.

SPAREBANK 1-ALLIANSEN

SpareBank 1 Alliance's object is to acquire and deliver competitive financial services and products and to exploit economies of scale in the form of lower costs and/or higher quality. Thus, the alliance contributes to private individuals and companies benefiting from local roots, expertise and a simpler everyday life. Moreover, the alliance is to help secure the banks' value creation to benefit their own region and the banks' owners.

The SpareBank 1 banks manage the alliance cooperation and development of the product companies through the jointly-owned holding company SpareBank 1 Grupppen AS.

SpareBank 1 Gruppen AS is owned by SpareBank 1 SR-Bank (19.5 per cent), SpareBank 1 Nord-Norge (19.5 per cent), SpareBank 1 SMN (19.5 per cent), Sparebanken Hedmark (12 per cent), Samarbeidende Sparebanker AS (19.5 per cent) (16 savings banks in Eastern and North-western Norway), together with the Norwegian Confederation of Trade Unions (LO)/trade unions affiliated to LO (10 per cent).

SpareBank 1 Gruppen AS owns SpareBank 1 Livsforsikring AS, SpareBank 1 Skadeforsikring AS, ODIN Forvaltning AS, SpareBank 1 Medlemskort AS, SpareBank 1 Gruppen Finans Holding AS, Bank 1 Oslo (see below) as well as 75 per cent of the shares in Argo Securities AS. SpareBank 1 Gruppen Finans Holding AS owns 100 per cent of the shares in Actor Fordringsforvaltning AS, 100 per cent of SpareBank 1 Factoring and 100 per cent of the shares in Actor Portefølje. With effect from 1 January 2010, Bank 1 Oslo was spun off from SpareBank 1 Gruppen. From that date, Bank 1 Oslo is owned directly by the banks with the same stakes as in SpareBank 1 Gruppen.

The positive stock market performance contributed to a sound profit for SpareBank 1 Gruppen in 2009. SpareBank 1 SR-Bank's share of the 2009 profit amounts to NOK 172 million, compared with a negative NOK 158 million in 2008.

SpareBank 1 Gruppen has administrative responsibility for the cooperation processes in the SpareBank 1 Alliance, where technology, brands, expertise, common processes/application of best practice and procurement are key elements. The alliance is also engaged in development work through three centres of excellence for Learning (Tromsø), for Payments (Trondheim) and for Credit models (Stavanger).

SpareBank 1 banks are heavily involved in the development work in the common arena. The most important projects within the SpareBank 1 Alliance in 2009 were the implementation of a new credit solution, the selection of a common CRM system and the further development of self-service solutions. In addition, the SpareBank 1 Alliance has put a great deal of energy into defining the target picture for system support within the relative channels.

BN BANK ASA

SpareBank 1 SR-Bank and the other savings banks in the SpareBank 1 Alliance acquired Glitnir Bank ASA and its subsidiary Glitnir Factoring in the 4th quarter of 2008. The name was changed to BN Bank ASA. SpareBank 1 SR-Bank's stake rose from 20 per cent to 23.5 per cent in the 4th quarter of 2009. In this connection, the group took to income badwill in the amount of NOK 44 million. SpareBank 1 SR-Bank's share of BN Bank's 2009 profit amounted to NOK 29 million. Furthermore, amortisation made a positive contribution of NOK 23 million. BN Bank's total contribution to the group was NOK 95 million.

ACCOUNTING PRINCIPLES

SpareBank 1 SR-Bank prepares its parent company and consolidated accounts in accordance with International Financial Reporting Standards (IFRS).

The description of the accounting principles in Note 2, page 33, sets out a more detailed account of important factors relating to the treatment for accounting purposes in accordance with IFRS.

CORPORATE GOVERNANCE

Corporate governance in SpareBank1 SR-Bank comprises the objectives and overriding principles according to which the group is governed and controlled to secure the interests of equity certificate holders, customers and other groups. Governance of the group's activities shall ensure prudent asset management and greater assurance that publicly declared goals and strategies are going to be reached and realised. SpareBank 1 SR-Bank's corporate governance principles are built on three primary pillars: openness, predictability and transparency.

The group has the following main corporate governance principles:

- Value creation for equity certificate holders and other interest groups
- A structure that ensures goal-oriented and independent management and control
- Systems that ensure measurability and accountability
- Effective risk management
- Well set-out, clear and timely information
- Equal treatment of equity certificate holders and a balanced relationship to other interest groups

- Compliance with legislation, regulations and ethical standards

The Norwegian Code of Practice for Corporate Governance has been followed when preparing SpareBank 1 SR-Bank's corporate governance policy. Further information on corporate governance can be found in a separate section of the annual report.

RISK MANAGEMENT
The banking industry's core activity is to create values by accepting recognised and acceptable risks. The group invests, therefore, significant recourses in developing risk management systems and processes that are in line with leading international practice.

Risk management in SpareBank 1 SR-Bank underpins the group's strategic development and achievement of its goals. Risk management ensures financial stability and prudent asset management.
This is achieved through:
- A strong organisational culture that is characterised by a high awareness of risk management
- A good understanding of which risks drive earnings
- Striving for optimal capital utilisation within the adopted business strategy
- Avoiding unexpected single events that can seriously damage the group's financial situation
- Exploiting synergies and diversification effects

The group's risk is quantified inter alia through calculations of expected losses and risk-adjusted capital to be able to uncover any unexpected losses. Expected losses describe the loss that statistically must be expected over a 12-month period. Risk-adjusted capital describes how much capital the group believes it needs to cover the real risk that the group has assumed.

The most important risks the group assumes are the credit risk, market risk, liquidity risk, operational risk and ownership risk. These risks are described in more detail below.

CREDIT RISK
The group has a moderate risk profile. Defaults and losses showed a positive trend in 2009 in step with the improvement in the economy. The downturn in the Norwegian economy has been limited. The low interest rate level has contributed to an increase in the level of activity and rising housing prices. Unemployment in the group's market area remains low. These development trends contribute to the credit quality of the group's portfolios being good.

The quality of the corporate market loan portfolio is considered to be good. Credit quality improved in the second half of 2009. This improvement is the result of considerable internal focus on risk-reducing measures and better market prospects. Growth in lending was low as a result of a lack of investment will and credit demand from trade and industry. Growth in lending is expected to rise gradually but will still be moderate in the coming year.

The quality of the retail market portfolio is considered to be extremely good and we have seen stable development. Low interest rates, low unemployment and rising housing prices have a positive impact on the portfolio by maintaining the customers' ability to service their loans while, at the same time, the value of the collateral rises. Most of the portfolio is secured by way of mortgages on properties. So long as the value of collateral does not fall significantly, the level of security held indicates only a limited credit risk.

MARKET RISK
Management of market risk is based on conservative limits for positions in interest instruments and currencies, as well as investments in shares and bonds. The limits are reviewed and approved annually.

Part of the group's market risk is linked to investments in bonds and certificates. In the course of 2009, the group increased its liquid assets in the form of bonds by NOK 13.5 billion. NOK 7.7 billion of this is covered bonds eligible for use in the authorities' swap scheme. When quantifying risk linked to impairment in the value of the liquidity portfolio, SpareBank 1 SR-Bank distinguishes between systematic risk (market risk) and unsystematic risk (default risk). Default risk associated with the portfolio mentioned is quantified as credit risk.

Risk activities relating to trading in foreign exchange, interest rates and securities occurs within limits that are adopted at any time, authorities and credit lines for counterparties. SpareBank 1 SR-Bank takes to a limited extent the interest rate and foreign exchange risk in conjunction with the trading activities. As far as possible, income from operations is created in the form of customer margins in order to ensure stability and reliability of earnings.

The group's exposure to market risk is considered to be moderate.

LIQUIDITY RISK
In the liquidity strategy for 2009, the Board of Directors adopted to alter the formulation of goals for liquidity management in a more conservative direction. The change entails inter alia a decision to increase the group's portfolio of liquid assets which qualify for loans from Norges Bank. An increased liquidity buffer improves the group's ability to survive periods without access to external funding. The liquidity management builds on conservative limits and reflects the group's moderate risk profile. The group's lending is primarily funded through customer deposits and long-term securities debt. The liquidity risk is mitigated through diversification of markets, funding sources, instruments and maturity periods.

The unrest that arose in the financial markets affected the group's access to liquidity in 2009. In Norway, the authorities' swap scheme helped improve access to liquidity and thus reduced the banks' liquidity risk. SpareBank 1 SR-Bank obtained liquidity (by swapping covered bonds with Treasury bills that could be sold in the market) for a total of NOK 7.4 billion in 2009. Thus, the swap scheme contributed to the group having a satisfactory liquidity situation throughout the year. The group's most important funding source is customer deposits. For the group as a whole, deposits rose by NOK 1.3 billion from the end of 2008 to the end of 2009. As a result of transferring NOK 13 billion of housing loans to Boligkreditt, the group's lending (excluding Boligkreditt) was reduced by NOK 6.5 billion in the same period. The deposit-to-loan ratio rose from 53.0 to 58.1 in 2009.

The transfer of highly-secured mortgage loans to SpareBank 1 Boligkreditt helped dampen the need for funding and thus SpareBank 1 SR-Bank's liquidity risk. During 2009, the group transferred highly-secured loans of NOK 13 billion.
The group's securities debt is evenly distributed between international and domestic capital sources.

OPERATIONAL RISK

The processes for management of operational risk in SpareBank 1 SR-Bank shall, as far as possible, ensure that no single event caused by operational risk is able to seriously damage the group's financial position.

The group maintains a strong focus on quality and continuous improvement. This will ensure that SpareBank 1 SR-Bank remains an effective organisation in the long-term, by giving priority to continuous improvement of the organisation's overall innovation and achievements. The group is using a separate system for registering and monitoring improvement measures. In addition, the group has a system for reporting and monitoring undesirable events.

In general, operational risk is rising in society and SpareBank 1 SR-Bank is making every effort to increase its expertise in this area in collaboration with the academic environment. The group has therefore entered into an agreement with the University of Stavanger in 2006. In extension of this work, the group and the University of Stavanger took the initiative for an R&D project in partnership with SpareBank 1 Alliance and DnB NOR. Through this collaboration, SpareBank 1 SR-Bank has gained access to new methods and expertise in the work of managing operational risk.

OWNERSHIP RISK

Ownership risk is the risk that SpareBank 1 SR-Bank carries of incurring negative results from stakes in strategically-owned companies and/or the need to inject fresh capital into these companies. Ownership is defined as companies in which SpareBank SR-Bank has a significant stake and influence.
In principal, Sparebank 1 SR-Bank bears ownership risk through its stakes in SpareBank 1 Gruppen (19.5 per cent), SpareBank 1 Boligkreditt AS (33.8 per cent) and BN Bank ASA (23.5 per cent).

COMPLIANCE

SpareBank 1 SR-Bank is very cognisant of the need to have good processes to ensure compliance with legislation and regulations.

Over the last few years, it is particularly the introduction of the new Securities Trading Act that has received attention in the group, with a view to ensuring investor protection, which is demanded for customer protection as regards product complexity and the demands for expertise among our own employees. A complete plan has been prepared to systematic control of this area. Plans have also been prepared for the authorisation of advisers in SpareBank 1 SR-Bank in accordance with the "Authorisation Scheme", in order to ensure further competence and investor protection.

SpareBank 1 SR-Bank, in association with SpareBank 1 Alliance has carried out a project to satisfy the legal requirements laid down in the new Money Laundering Act. Furthermore, attention is given in all parts of the group to compliance with laws and regulations.

CAPITAL MANAGEMENT

- An effective capital acquisition and capital application in relation to the group's strategic objectives and adopted business strategy
- Competitive return
- Satisfactory capital adequacy on the basis of the adopted risk profile and the regulations issued by the authorities and the demands of market players at any time
- Competitive terms and ample access to long-term funding from the capital markets
- That the group maintains current international ratings
- Exploitation of growth opportunities in the group's defined market area
- That no single event is able to seriously damage the group's financial position

Every year a capital plan is drawn up to secure long-term and effective capital management. These projections take into account both expected developments in the coming year and a situation involving a serious economic recession over several years. An important tool for analysing a situation with a serious recession is the use of stress tests. Stress tests are carried out of both individual factors and scenario analyses where the group is exposed to a number of different macro-economic events over several years. In addition, SpareBank 1 SR-Bank has prepared contingency plans to be able to deal with such crises as effectively as possible should they nevertheless arise.

At the end of 2009, the group's capital adequacy was 11.9 per cent and the core capital adequacy was 9.6 per cent. On the basis of the increased uncertainty over the last few years in Norwegian and international economies and a general recapitalisation of banks internationally, SpareBank 1 SR-Bank raised its core capital adequacy target in 2009.
The current goal is to that the group's core capital adequacy shall be no less than 9 per cent.

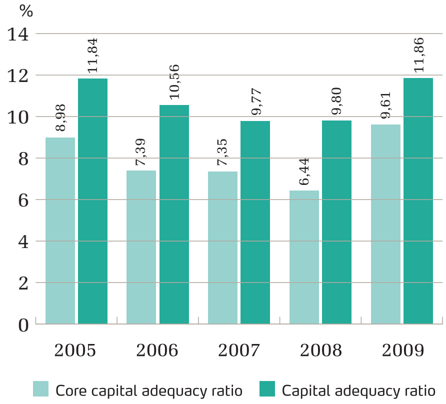
SpareBank 1 SR-Bank's core capital was strengthened in the 4th quarter of 2009 by NOK 2 028 million by way of equity capital issues and a Tier 1 perpetual bond issue. This included a private placement with Gjensidige Forsikring BA totalling NOK 866 million, a rights issue totalling NOK 331 million, a private placement with the employees totalling NOK 31 million and a Tier 1 perpetual bond issue amounting to NOK 800 million. This strengthening of the capital implies that there is no need for any capital injection from the State Finance Fund, and the application has been withdrawn.

AUDIT

External audit

The group's external auditor is PricewaterhouseCoopers AS.

Core capital and capital adequacy ratio



Internal audit
The internal audit is carried out by Ernst & Young AS. The internal auditors report directly to the group's Board of Directors.

EMPLOYEES, WORKING ENVIRONMENT AND SICK-LEAVE

The working environment in SpareBank 1 SR-Bank is characterised by effective employees, low sick-leave and a high level of job satisfaction.

At the turn of the year 2009/2010 the group had permanent staff equivalent to 1 062 man-years. Due to lower growth expectations in the group's market area, the number of permanent employees and contracted staff was reduced in 2009 by a total of approximately 80 man-years. This improves the group's competitiveness.

In 2009, the group has also carried out organisation and working environment surveys that show that employees thrive and in general have a good relationship with the company as an employer. The group boasts employees who have the right sales approach, are flexible and enthusiastic and who want to further develop their expertise and skills. Absence due to sickness in 2009 was 3.7 per cent (3.8 per cent in 2008). This reduction is due to deliberate efforts involving a number of preventive measures aimed particularly at long-term sick leave. Through the group's participation in the "Inclusive workplace" scheme and effective follow-up by managers we are continually striving to keep sick-leave at a minimum. Focus on preventive measures was strengthened further in 2009. The goal is to have absence due to sickness down to 3 per cent by the end of 2010. This involves better management of following up individuals, focus on the cause of absence and concrete measures aimed at influencing the culture by way of information on and a better understanding of training and diets.

Work is being actively undertaken within health, safety and the environment, including a continuous strengthening of the bank's safety programme.

The Board of Directors considers the climate of collaboration between the group's management, employees and elected representatives to be excellent.

Development of the group's overall expertise
The group has focus on continuous development of the expertise of all its employees and between 5 and 10 per cent of all working hours are used for updating and developing expertise. Competence is seen as the interaction between knowledge, skills and attitudes and all staff training is based on the group's definition of competence. In 2009, much of the organisation successfully raised the level of competence. Advisers and managers in the retail market and the corporate market attend consultancy classes and in a range of management programmes. Focus is primarily on providing customers with good advice and for managers focus is on systematic development of subordinates. The group has come far in the work of authorising financial advisers and has also initiated training measures in the real estate broking field in order to satisfy the demands the new Act relating to Estate Agency presents relating to expertise. A project was started in 2009 aimed at ascertaining future demands for expertise on the various business areas. This will provide the group with a good basis on which to make decisions relating to strategic competence development in order to meet the future demands from customers and those set by framework conditions in general.

At the beginning of 2010, the group has about 35 employees attending university or college courses.

In 2009, approximately NOK 12 million was used in competence-building measures in addition to internal resources corresponding to 5-6 man-years.

Life phase policy
SpareBank 1 SR-Bank has adopted a life phase policy that is intended, amongst other things, to encourage older employees to continue working longer. The group's goal is to see the average retirement age rise to 63 years. Individual adaptation, flexibility and health-promoting measures are key elements if this goal is to be achieved. In 2009, the average retirement age was 61.4 years (60.5 years in 2008). There is a positive tendency for people with contractual pensions to remain in work longer than previously. A working group will be set up in 2010 with members from management and elected trade union representatives with a view to revising the Life phase document so that it satisfies the future needs of the individual and the organisation alike.

Equal opportunities
Gender equality is of paramount importance to SpareBank 1 SR-Bank and provisions are made to ensure that men and women have the same opportunities with respect to development, pay and other benefits. Every effort is made to find flexible arrangements that make it possible to combine a career with family life.

I 2009 women accounted for 56 per cent of the man-years in the bank and 41 per cent of management. The group's goal is to have at least 40 per cent of management positions held by women. The proportion of female managers has risen sharply since 2000 when it was 14 per cent.

Group management consists of nine people: eight men and one woman.

The following measures have been implemented in recent years to promote gender equality:

- Adoption of the objective of increasing the percentage of women in management to at least 40 per cent
- Diversity and equal opportunity are the subjects of management development programmes and management groups
- All vacant positions are advertised internally
- Schemes are available with flexible working hours
- Participation in FUTURA or other management training programmes for talented women in the financial industry.

At the end of 2009, the average salary for bank employees was NOK 444 000 per man-year. The average salary for women was NOK 384 000 and for men NOK 524 000. The main reasons are that more women than men work part-time and that more men have managerial positions.

183 people (14 men and 169 women) worked reduced hours. This represents 127.6 man-years.

Discrimination
The purpose of the Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights and prevent discrimination based on ethnicity, national origin, descent, skin colour, language, religion or belief. The group works actively, deliberately and systematically to promote the purpose of the act within our organisation. The activities include, among other things, recruitment, pay and working conditions, promotions, development opportunities and the prevention of harassment.

The group's goal is to be a workplace where no discrimination arises on the basis of functional disability. The group works actively, deliberately and systematically to design and arrange the physical conditions so that the activity's various functions can be used by as many as possible. For employees and job-seekers with disabilities individual measures are taken to adjust the workstation and the job assignments.

The environment
The group uses no input factors or production methods that have any significant impact on the environment. The group's impact on the external environment is limited to the materials and energy necessary for the group to carry on its business. A continuous effort is being made to switch to electronic communication internally and externally, which also helps to reduce paper consumption. In the opinion of the Board of Directors, the activities pollute the external environment only to a very limited extent.

SpareBank 1 SR-Bank wants to help increase awareness of environmental issues, in its own business and in the local communities it is part of. As bank and a financial player the primary contribution is to find solutions to environmental challenges linked to product development and to ensure that our house is in order as regards the environment.

The group will at all times focus on minimising the group's negative impact on the environment by reducing its consumption of paper and energy, efficient waste sorting, increasing the level of recycling of electronic waste, and by reducing travel activities. The environmental impact that the group's activities have shall be reported openly and honestly. The group follows a "look before you leap" policy for all environmental challenges, takes initiatives to promote the shouldering of more responsibility for the environment where possible, and encouraging the development and spread of environment-friendly technology.

The goal is to adopt an overriding environmental policy in 2010, and to prepare environmental accounts that report the group's footprint on the environment and certifies the group's operations pursuant to the requirements of Miljøfyrtårn (The Environmental Lighthouse Programme), and to establish guidelines, procedures and targets that contribute to realising the group's environmental policy.

BANK ADVISORY COUNCILS

SpareBank 1 SR-Bank has local bank advisory councils in all of the municipalities in which the group is represented. These advisory councils can help recognise opportunities and identify signals regarding the bank's activities in the local markets. They are made up of local resource persons and act as listening posts and advisers to the local offices in their marketing work. The bank advisory councils administer portions of the bank's endowment fund for public benefit and have committed themselves to ensuring that the funds are put to good use in the local community.

EQUITY CAPITAL CERTIFICATES

At the end of 2009 there were 12 219 registered holders of the bank's equity capital certificates, against 11 482 at the end of 2008. In connection with the issues in the 4th quarter of 2009, Gjensidige Forsikring BA became the largest holders, with 17.1 per cent of the certificates. The Odin Funds also became a significant owner in the 4th quarter. Coil Investment Group AS' stake was reduced in 2009. The holdings of the 20 largest holders rose from 24.9 per cent to 37.5 per cent in 2009.

The percentage held by people and companies from Rogaland, the Agder counties and Hordaland fell from 64.7 per cent to 47.2 per cent, while the percentage held by foreigners was 7.1 per cent (7.4 per cent in 2008). Employees held 3.7 per cent of the equity capital certificates at the end of 2009.

SpareBank 1 SR-Bank carried out placements with Gjensidige Forsikring BA, existing owners and employees in the 4th quarter of 2009. A total of 31 million new equity capital certificates were issued for an aggregate NOK 1 228 million, divided as follows: Gjensidige Forsikring BA NOK 867 million, existing holders NOK 330 million, and the employees NOK 31 million. 121 million equity capital certificates had been issued at the end of 2009. As a result of these new issues the equity capital certificate percentage rose from 56.1 to 62.9 in 2009 (taking into account the dividend of NOK 1.75 per equity capital certificate). When allocating profits, the yearly average equity capital certificate percentage is used. In 2009 it was 57.3 percent.

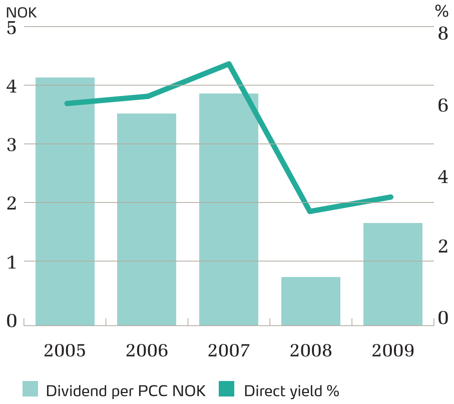
Trading in equity capital certificates in 2009 corresponded to 19.4 per cent (29.9 per cent in 2008) of the number of issued certificates. The price rose from NOK 27.1 to NOK 50.0 in

2009, or 85 per cent. Oslo Børs' Benchmark Index rose by just under 60 per cent.

The bank's own holding of its certificates totalled 353 116 at the end of 2009. A Christmas bonus of approximately 200 equity capital certificates per employee will be taken from this holding and distributed in the 1st quarter of 2010. This will reduce the bank's own holding by approximately 220 000 equity capital certificates.

Consolidated earnings per equity capital certificate were NOK 6.88 in 2009. The parent company's profit available for distribution forms the basis for dividend distribution. This was somewhat lower, at NOK 4.18 per certificate in 2009. On the basis of the bank's dividend policy, the Board of Directors proposes that a dividend of NOK 1.75 per equity capital certificate be paid for 2009. This corresponds to 41.9 per cent of the parent company's profit available for distribution. For the 2008 accounting year the dividend was NOK 0.83 (adjusted for the scrip issue).

Dividend per PCC and direct yield



ENDOWMENT FUND FOR PUBLIC BENEFIT

The regulations for savings banks were amended in 2009 so that the earlier limitation in the distribution of endowments was rescinded. The regulations allow that portion of the profit that is transferred to the savings bank's reserve that is distributed as gifts (and foundation for public benefit) to be as high as the share of the profit that is paid to the equity capital certificate holders as dividend. In 2009, SpareBank 1 SR-Bank amended its guidelines accordingly. For the accounting year, NOK 158 million was allocated to the endowment fund. These funds will be carried in the balance sheet until they are used. The Board is considering measures to ensure a stable and predictable ownership percentage over time. The Board of Directors will present its proposed solution to the Supervisory Board in the autumn of 2010.

GOING CONCERN

The group's financial soundness was strengthened in 2009. Earnings prospects and macro-economic framework conditions also appear to be relatively good. Together with implemented and planned measures, this contributes to good prospects of further progress in 2010. The annual accounts are prepared on the basis of a going concern assumption.

ALLOCATION OF PROFIT FOR THE YEAR/DIVIDEND

In the 4th quarter of 2009, SpareBank 1 SR-Bank's dividend policy was amended in accordance with the new savings banks regulations that were passed in June 2009. Pursuant to the dividend policy, about half of the equity capital certificate holders' profit is paid as dividend. When deciding on the dividend, consideration is given to financial strength, the development in the bank's earnings, the market situation, dividend stability and the need for core capital.
It is the parent's company available profit as at 31 December 2009 that is the point of departure for distribution of the dividend. The parent company's available profit for the 2009 accounting year was NOK 883 million or NOK 4.18 per equity certificate. In line with SpareBank 1 SR-Bank's dividend policy the various circumstances are taken into consideration when proposing a dividend, with special emphasis on capital strength and core capital adequacy. The Board of Directors of Sparebank 1 SR-Bank proposes a dividend of NOK 1.75 per equity certificate. This accounts for 41.9 per cent of the parent company's available profit per equity certificate.
As mentioned above, the Board is considering measures to ensure a stable and predictable ownership percentage over time. The Board of Directors will present its proposed solution to the Supervisory Board in the autumn of 2010.

The Board proposes the following allocation of the profit for 2009:

	NOK million
Profit for the year	883
Dividend (NOK 1.75 per equity capital certificate)	212
Dividend equalisation reserve	293
Savings bank's reserve	220
Endowment fund for public benefit	158
Total allocations	**883**

OUTLOOK FOR 2010

In 2009, the economic development in Norway and internationally was better than many feared at the beginning of the year. The beginning of 2009 was characterised by a high degree of uncertainty and a negative development in the financial markets. As the year progressed the mood changed in step with signs showing that the trough had been passed and the financial markets performed fairly well from the beginning of the 2nd quarter and throughout the rest of the year. At year-end growth could be seen in many western economies. The rise in unemployment in USA declined sharply and growth rates in Asia, especially China, continued to be steep.

Throughout 2009, powerful monetary and fiscal policy stimuli in many countries held stabilise the economies. Such measures are expensive and cannot continue over a long period. Some countries have started to reverse the measures and several have drawn up plans for such a reversal. The policy tightening will have an impact on development in several ways. Firstly, key policy rates will rise as growth gets deeper roots. Secondly nations with high budget deficits and rising central government debt will gradually have to balance their budgets. Both of these can hamper economic growth.

Norway's state finances are sound. At the beginning of 2010, Norway was among those countries in the world with the highest trade surplus, mainly due to the export of oil and gas. This contributes to an every–increasing petroleum fund and gives the country room to manoeuvre. The counter-cyclical measures that were relatively quickly introduced contributed, together with the expansive monetary policy, to the decline in the Norwegian economy being moderate, compared with many other countries. Norway is one of those countries where the key policy rate has been raised in the second half of 2009. At the end of 2009, the key policy rate was 1.75 per cent. Norges Bank's prognoses indicate a key policy rate of almost 3 per cent by the end of 2010. The rise in interest rates in 2009 was in step with the improvement in the economy and forward-looking indicators have shown a rise. In November 2009, companies in Norges Bank's regional network reported moderate future growth. Norway Statistics estimate that mainland Norway's GDP will rise from minus 1.5 per cent in 2009 to plus 2.0 per cent in 2010. Unemployment is expected to increase moderately from 3.1 per cent in 2009 to 3.5 per cent in 2010.

Credit growth in Norway was halved from 10 per cent to 5 per cent in the course of 2009. Credit growth to companies was slightly negative, but for households it was stable at about 7 per cent. There are grounds for believing that this trend will continue for some time, but will pick up somewhat as 2010 progresses.

Competition for bank deposits was tough in 2009. Together with the low interest rate levels, this contributed to considerably lower deposit margins. Lending margins rose to reflect higher funding costs and the somewhat higher risk. All in all, net interest fell as a result of the cyclical developments and high funding costs. There are grounds for believing that net interest income will gradually rise as markets are further normalised.

SpareBank 1 SR-Bank's primary markets are influenced to a great extent, directly and indirectly, by petroleum sector activity. This activity was high in 2009 as well, and oil prices have almost doubled from the low early in 2009. Some companies in the sector are reporting reductions in orders and poorer prospects. After a fairly long period with high growth, there will probably be a need for some companies to make capacity adjustments in a transitional phase. Generally, however, prospects appear to be fairly good for this sector's activity. Norges Bank's estimate for petroleum investments in the years to come indicates that the sound investment level will persist, with good field development and further development of fields in operation. This is also confirmed by Norway Statistic's latest prognoses.

The development in the group's market areas in 2010 is expected to reflect moderate growth in the Norwegian economy and stable petroleum investments. In light of this, a moderate rise in lending is expected, and the group's profits are expected to continue to improve, with loan losses on a par with the level seen in the last couple of years.

SpareBank 1 SR-Bank emphasises the need to have a flexible, effective and forward-looking organisation. This ensures competitiveness, and thus an ability to serve the customers in the best possible manner. The Board points out that the development in 2009 is in line with this. During the year, the number of man-years was reduced by about 7 per cent. At the same time, sick-leave was reduced. There was a good activity level throughout the year with lending growing by 5.3 per cent and net rises in the number of customers: 15 000 in the retail market and 1 200 in the corporate market. Participation in SpareBank 1 Alliance is also an important building block if we are to maintain and further develop the organisation's effectiveness and strenght.

Many banks, national and international, have recapitalised in 2009. SpareBank 1 SR-Bank's core capital adequacy was strengthened to 9.6 per cent though new issues and the Tier 1 perpetual bond issue in the 4th quarter of 2009. The good result for 2009 also helped strengthen the group's capital base. This strengthening is in line with the Board of Director's adopted goal of core capital adequacy of 9.0 per cent minimum. The group's capital strength and the liquidity situation seem, therefore, to be robust. The Board expects the capital strength to improve also in 2010.

The Board is of the opinion that the group is well positioned and prepared to exploit interesting business opportunities and growth as the level of activity gradually picks up. The Board expects the underlying operations to develop well and that in the course of 2010 it will consolidate its leading position and be recognised as a profitable and sound organisation that creates values for customers, owners, employees and the local community.

The Board of Directors would like to thank the group's employees and elected representatives for the excellent cooperation in 2009.

The interaction between inhabitants, the business community and the bank is important for the development of our region. In conjunction with this, the Board would like to thank the group's customers, owners and other partners fort their loyal support of SpareBank 1 SR-Bank in 2009 and will make every effort to ensure that this interaction continues in 2010.

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland
Deputy Chairman of the Board

Elin Rødder Gundersen

Tor Magne Lønnum

Sally Lund-Andersen
Employee representative

Einar Risa

Erik Edvard Tønnesen

Kåre Hansen
Deputy member

Terje Vareberg
Chief Executive Officer

THE BOARD OF DIRECTORS

Chairman of the Board
Kristian Eidesvik

Deputy Chairman of the Board
Gunn-Jane Håland

Tor Magne Lønnum

Elin Rødder Gundersen

Erik Edvard Tønnesen

Einar Risa

Birthe Cecilie Jørgensen

Sally Lund-Andersen

More information about the board members on www.sr-bank.no under Investor Relations.

ANNUAL ACCOUNTS
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INCOME STATEMENT

Parent company 2007	2008	2009	(figures in NOK million)	Note	Group 2009	2008	2007
5 023	7 293	**4 821**	Interest income	6	**5 015**	7 415	5 100
3 774	5 788	**3 346**	Interest expenses	6	**3 339**	5 771	3 760
1 249	1 505	**1 475**	**Net interest income**		**1 676**	1 644	1 340
601	564	**718**	Commission income	7	**760**	634	675
-83	-82	**-86**	Commission expenses	7	**-87**	-80	-81
26	10	**11**	Other operating income	7	**325**	242	301
544	492	**643**	**Net commission and other operating income**		**998**	796	895
11	14	**22**	Dividends	8	**23**	15	12
94	206	**244**	Income from ownership interests	8,15,42	**298**	261	234
89	-218	**390**	Income from financial investments	8	**384**	-234	142
194	2	**656**	**Net yield on financial investments**		**705**	42	388
1 987	1 999	**2 774**	**Total income**		**3 379**	2 482	2 623
570	608	**666**	Personnel expenses	9,10	**881**	776	751
301	351	**310**	Administration expenses	9	**346**	390	339
182	187	**250**	Other operating expenses	9	**352**	287	267
1 053	1 146	**1 226**	**Total operating expenses**		**1 579**	1 453	1 357
934	853	**1 548**	**Profit before losses**		**1 800**	1 029	1 266
6	353	**333**	Losses on loans and guarantees	21	**368**	386	10
928	500	**1 215**	**Profit before tax**		**1 432**	643	1 256
212	135	**273**	Taxes	11	**321**	163	249
716	365	**942**	**Profit after tax**		**1 111**	480	1 007
716	365	**942**	Majority interests		**1 109**	469	994
-	-	**-**	Minority interests		**2**	11	13
			Earnings per equity capital cert. (majority)				
4,72	2,33	**5,85**	Earnings per equity capital certificate [1)]		**6,88**	3,00	6,54
4,72	2,33	**5,85**	Diluted earnings per equity capital certificate		**6,88**	3,00	6,54

[1)] Earnings multiplied by equity capital certificate percentage divided by average number of outstanding certificates. (Earnings * 57.2 per cent / 92,168)

Parent company 2007	2008	2009	**Expanded accounts**	Group 2009	2008	2007
716	365	**942**	Profit before tax	**1 111**	480	1 007
134	-190	**-143**	Estimate deviations / pensions	**-139**	-217	146
-38	53	**40**	Tax effect estimate deviations / pensions	**39**	61	-41
3	-1	**-**	Change in value of financial assets held for sale	**-**	-1	3
-	-	**-**	Share of expanded profit in associates and joint venture	**-1**	-20	-
99	-138	**-103**	**Total profit items recorded against equity**	**-101**	-177	108
815	227	**839**	**Total profit**	**1 010**	303	1 115
			Distribution of total profit			
815	227	**839**	Majority interests	**1 008**	293	1 102
-	-	**-**	Minority interests	**2**	10	13

BALANCE SHEET

Parent company					Group		
2007	2008	**2009**	(figures in NOK million)	Note	**2009**	2008	2007
			Assets				
2 622	6 998	**781**	Cash and balances at central banks	30	**781**	6 998	2 622
6 489	5 920	**5 747**	Loans to and deposits with credit institutions	19	**1 301**	1 416	3 357
84 972	95 578	**88 883**	Gross loans to customers	20	**93 473**	100 071	88 428
-92	-320	**-295**	- Loan loss write-downs on individual loans	20	**-329**	-345	-98
-120	-206	**-287**	- Loan loss write-downs on groups of loans	20	**-320**	-229	-131
84 760	95 052	**88 301**	Net loans to customers	20	**92 824**	99 497	88 199
5 439	9 090	**22 558**	Certificates and bonds	17	**22 582**	9 131	5 477
1 007	5 053	**2 444**	Financial derivatives	18	**2 438**	5 047	1 007
449	289	**441**	Shares, units and other equity interests	16	**439**	404	589
-	127	**23**	Activities to be sold	40	**23**	638	43
788	1 204	**2 253**	Investments in ownership interests	15	**3 127**	1 953	1 345
430	481	**574**	Investments in group companies	15	**-**	-	-
-	-	**-**	Intangible assets	14	**40**	20	23
282	326	**309**	Fixed assets	13	**935**	337	294
265	384	**330**	Other assets	12	**419**	417	293
102 531	124 924	**123 761**	**Total assets**		**124 909**	125 858	103 249
			Liabilities				
5 828	11 172	**8 854**	Debt to credit institutions	19	**8 852**	11 170	5 827
-	1 436	**8 832**	Debt to Norwegian authorities relating to covered bonds swap scheme		**8 832**	1 436	-
51 057	53 683	**54 512**	Deposits from customers	22	**54 336**	53 050	50 276
36 043	46 229	**37 523**	Debt raised through issuance of securities	23	**37 523**	46 229	36 043
758	2 093	**1 576**	Financial derivatives	18	**1 576**	2 093	758
183	9	**221**	Taxes payable	11	**223**	22	211
13	71	**91**	Deferred tax	11	**162**	94	21
-	-	**-**	Activities to be sold	40	**-**	55	-
718	902	**1 210**	Other liabilities	25,26	**1 461**	1 541	1 426
2 846	4 202	**3 871**	Subordinated loan capital	24	**3 871**	4 202	2 846
97 446	119 797	**116 690**	**Total liabilities**		**116 836**	119 892	97 408
			Equity				
1 764	1 865	**3 014**	Equity capital	29	**3 014**	1 865	1 764
7	92	**458**	Premium reserve		**458**	92	7
777	838	**759**	Equalisation reserve		**759**	838	777
337	75	**212**	Allocated to dividend		**212**	75	337
1 970	2 066	**2 241**	Savings bank's reserve		**2 241**	2 066	1 970
-	-	**20**	Compensation fund		**20**	-	-
124	122	**240**	Endowment fund		**240**	122	124
106	69	**127**	Reserve for unrealised gains		**127**	69	139
-	-	**-**	Other equity		**1 002**	827	707
-	-	**-**	Minority interests		**-**	12	16
5 085	5 127	**7 071**	**Total equity**		**8 073**	5 966	5 841
102 531	124 924	**123 761**	**Total liabilities and equity**		**124 909**	125 858	103 249

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Employee representative

Einar Risa

Erik Edvard Tønnesen

Kåre Hansen
Deputy member

Terje Vareberg
Chief Executive Officer

CHANGES IN EQUITY

(figures in NOK million)

Parent company	Paid-in equity				Earned equity				
	Equity capital certificate equity	Premium reserve	Compensation fund	Savings bank's reserve	Endowment fund	Equalisation reserve	Reserve for unrealised gains	Other equity	Total equity
Equity as at 1.1.2007	1 126	18	-	1 707	90	992	103	-	4 036
Private placement	200	368	-	-	-	-	-	-	568
Split and transfer	443	-379	-	-	-	-64	-	-	-
Grants from endowment fund	-	-	-	-	-61	-	-	-	-61
Turnover of own equity capital certificates	-5	-	-	-	-	2	-	-	-3
Dividend for 2006, finally resolved in 2007	-	-	-	-	-	-271	-	-	-271
Total profit	-	-	-	263	95	455	3	-	816
Equity as at 31.12.2007	1 764	7	-	1 970	124	1 114	106	-	5 085
Adjusted value repurchased equity capital certificates	3	-	-	-	-	-3	-	-	-
Dividend issue	92	82	-	-	-	-	-	-	174
Private placement with employees	6	3	-	-	-	-	-	-	9
Grants from endowment fund	-	-	-	-	-22	-	-	-	-22
Price adjustment own equity capital certificates	-	-	-	-	-	-10	-	-	-10
Dividend 2007, finally resolved in 2008	-	-	-	-	-	-336	-	-	-336
Total profit	-	-	-	96	20	148	-37	-	227
Equity as at 31.12.2008	1 865	92	-	2 066	122	913	69	-	5 127
Bonus issue	373	-50	-	-	-	-323	-	-	-
Private placement	776	432	20	-	-	-	-	-	1 228
Cost of issue	-	-16	-	-	-	-	-	-	-16
Grants from endowment fund	-	-	-	-	-41	-	-	-	-41
Price adjustment own equity capital certificates	-	-	-	-	-	8	-	-	8
Dividend 2008, finally resolved in 2009	-	-	-	-	-	-75	-	-	-75
Total profit	-	-	-	175	159	448	58	-	840
Equity as at 31.12.2009	**3 014**	**458**	**20**	**2 241**	**240**	**971**	**127**	**-**	**7 071**

Group	Majority's share									
	Paid-in equity				Earned equity					
	Equity capital certificate equity	Premium reserve	Compensation fund	Savings bank's reserve	Endowment fund	Equalisation reserve	Reserve for unrealised gains	Other equity	Total equity	Equity capital certificate equity
Equity as at 1.1.2007	1 126	18	-	1 707	90	993	110	252	12	4 308
Private placement	200	368	-	-	-	-	-	-	-	568
Split and transfer	443	-379	-	-	-	-64	-	-	-	-
Grants from endowment fund	-	-	-	-	-61	-	-	-	-	-61
Turnover of own equity capital certificates	-5	-	-	-	-	2	-	-	-	-3
Dividend 2006, finally resolved in 2007	-	-	-	-	-	-272	-	-	-9	-281
Change in shares in subsidiaries	-	-	-	-	-	-	-	-5	-	-5
Adjusted equity SpareBank 1 Gruppen	-	-	-	-	-	-	-	53	-	53
Total profit	-	-	-	263	95	455	29	260	13	1 115
Change in principal SpareBank 1 Gruppen	-	-	-	-	-	-	-	147	-	147
Equity as at 31.12.2007	1 764	7	-	1 970	124	1 114	139	707	16	5 841
Adjusted value repurchased equity capital certificates	3	-	-	-	-	-3	-	-	-	-
Dividend issue	92	82	-	-	-	-	-	-	-	174
Private placement employees	6	3	-	-	-	-	-	-	-	9
Grants from endowment fund	-	-	-	-	-22	-	-	-	-	-22
Price adjustment own equity capital certificates	-	-	-	-	-	-10	-	-	-	-10
Dividend 2007, finally resolved in 2008	-	-	-	-	-	-336	-	-	-14	-350
Adjusted equity SpareBank 1 Gruppen	-	-	-	-	-	-	-	21	-	21
Total profit	-	-	-	96	20	148	-70	99	10	303
Equity as at 31.12.2008	1 865	92	-	2 066	122	913	69	827	12	5 966
Bonus issue	373	-50	-	-	-	-323	-	-	-	-
Private placement	776	432	20	-	-	-	-	-	-	1 228
Cost of issue	-	-16	-	-	-	-	-	-	-	-16
Grants from endowment fund	-	-	-	-	-41	-	-	-	-	-41
Price adjustment own equity capital certificates	-	-	-	-	-	8	-	-	-	8
Dividend 2008, finally resolved 2009	-	-	-	-	-	-75	-	-	-10	-85
Decline in minority	-	-	-	-	-	-	-	-	-4	-4
Adjusted equity associated companies	-	-	-	-	-	-	-	7	-	7
Total profit	-	-	-	175	159	448	58	168	2	1 010
Equity as at 31.12.2009	**3 014**	**458**	**20**	**2 241**	**240**	**971**	**127**	**1 002**	**-**	**8 073**

CASH FLOW STATEMENT

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
928	500	**1 215**	Profit before tax	**1 432**	643	1 256
-	-	**-**	Income from ownership interests	**-298**	-261	-234
2	-1	**-**	Changes in value of financial assets	**-**	-1	-51
-22	-7	**-8**	Gain on disposal of non-financial assets	**-8**	-8	-22
47	54	**65**	Write-down of non-financial assets	**69**	64	52
6	353	**333**	Losses on loans	**368**	386	10
-237	-183	**-9**	Taxes paid	**-22**	-210	-255
724	716	**1 596**	**Cash flow from operations**	**1 541**	613	756
-9 991	-10 516	**6 695**	Change in gross lending to customers	**6 598**	-11 540	-10 793
-3 999	763	**84**	Change in receivables from credit institutions	**26**	2 135	-3 282
7 852	2 509	**829**	Change in deposits from customers	**1 286**	2 657	7 667
-	1 436	**7 396**	Change in debt to Norwegian authorities relating to covered bonds swap scheme	**7 396**	1 436	-
-247	5 308	**-2 318**	Change in debt to credit institutions	**-2 318**	5 307	-216
-1 880	-3 628	**-13 468**	Change in certificates and bonds	**-13 451**	-3 631	-1 886
-497	3 570	**-2 313**	Other accruals	**-2 042**	3 306	-736
-8 038	158	**-1 499**	**A Net change in liquidity from operations**	**-964**	283	-8 490
-75	-108	**-67**	Investments in tangible fixed assets	**-686**	-116	-75
55	17	**16**	Proceeds from sale of fixed assets	**16**	17	55
-124	-307	**-1 294**	Change in shares and ownership interests	**-1 209**	-423	368
-144	-398	**-1 345**	**B Net change in liquidity from investments**	**-1 879**	-522	348
21 255	19 364	**3 029**	Debt raised by issuance of securities	**3 029**	19 364	21 255
-11 677	-14 900	**-7 789**	Repayments – issuance of securities	**-7 789**	-14 900	-11 677
-	500	**786**	Subordinated loan capital raised	**786**	500	-
-	-	**-641**	Repayment – subordinated loan capital	**-641**	-	-40
568	183	**1 228**	Issue equity capital certificates	**1 228**	183	568
-271	-337	**-75**	Dividend to equity capital certificate holders	**-75**	-337	-271
9 875	4 810	**-3 462**	**C Net change in liquidity from financing**	**-3 462**	4 810	9 835
1 693	4 570	**-6 306**	**A+B+C Net change in liquidity for the year**	**-6 305**	4 571	1 693
997	2 690	**7 260**	Cash and cash equivalents 1 January	**7 267**	2 696	997
2 690	7 260	**954**	Cash and cash equivalents 31 December	**962**	7 267	2 696
1 693	4 570	**-6 306**	**Net change in liquid capital for the year**	**-6 305**	4 571	1 693
			Specification of liquid holdings			
2 622	6 998	**781**	Cash and balances with central banks	**781**	6 998	2 622
68	262	**173**	Deposits with credit institutions at call	**181**	269	74
2 690	7 260	**954**	**Liquid holdings as at 31.12**	**962**	7 267	2 696

The liquid holdings include cash and balances with central banks, and the share of loans and deposits with credit institutions that refer to pure placements in credit institutions. The cash flow statement shows how the parent company and the group generated liquid assets and how these were applied.

In all, liquid holdings in the group were reduced by NOK 6,305 million in 2009.

NOTE 1 GENERAL INFORMATION

The SpareBank 1 SR-Bank group comprises the parent bank, SpareBank 1 SR-Bank ("the bank"), and its subsidiaries: SpareBank 1 SR-Finans AS, EiendomsMegler 1 SR-Eiendom AS, SR-Investering AS, SR-Forretningsservice AS, SR-Forvaltning ASA, SpareBank 1 SR-Fondsforvaltning AS, Vågen Eiendomsforvaltning AS and its subsidiary Vågen Drift AS. SpareBank 1 Boligkreditt AS is owned 33.8 per cent by the bank and Sparebank 1 Næringskreditt AS is 23.5 per cent owned by the bank. These are dealt with as associated companies in the accounts. SpareBank 1 Utvikling DA and Vågen Eiendomsmegling AS are dealt with in the same manner as the bank's interests represent 17.7 and 49.0 per cent respectively. The bank owns 19.5 per cent of SpareBank 1 Gruppen AS and has a 23.5 per cent stake in BN Bank ASA. These shareholdings are treated as joint ventures.

The bank's registered head office is in Stavanger, and there are 51 branch offices in Rogaland, Vest-Agder, Aust-Agder and Hordaland. Some of the offices share their office space with EiendomsMegler 1 SR-Eiendom AS. All of the subsidiaries have their head offices in Stavanger.

The group's core activities are sales and brokering of financial products and services, as well as leasing and real estate brokering.

The Supervisory Board adopted the group's accounts on 25 March 2010. The Supervisory Board is the bank's highest body.

NOTE 2 ACCOUNTING PRINCIPLES

BASIS FOR PREPARATION OF THE ACCOUNTS FOR THE YEAR

The parent company's and the group's accounts for 2009 for SpareBank 1 SR-Bank ("the group") have been prepared in accordance with International Finance Reporting Standards (IFRS) as stipulated by the EU. This includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor the Standing Interpretations Committee (SIC).

The consolidated group accounts for SpareBank 1 SR-Bank have been prepared in accordance with IFRS since 1 January 2005. The standards could only be applied to the savings bank's accounts with effect from 1 January 2007. The financial statements for 2009 are thus presented according to IFRS for both the parent company and the group.

The basis for both the parent bank's accounts and the consolidated accounts is historical costs with the following modifications: financial derivatives, financial assets and financial liabilities are recorded at fair value with changes in value over profit and loss. The preparation of the accounts in accordance with IFRS calls for the use of estimates. Furthermore, the application of the international reporting standards calls for management to exercise discretion. Areas that involve a great deal of discretionary estimates, a high degree of complexity, or areas where assumptions and estimates are significant for the parent company and the groups accounts are described in note 4.

The annual accounts are presented in accordance with IFRS and interpretations that are obligatory for accounts presented as at 31 December 2009.

The following standards have been implemented in the accounts for 2009:

- IFRS 7 Financial Instruments: Disclosures (amended). This amendment demands further disclosure regarding information on the assessment of fair value and liquidity risk, including disclosure relating to valuation methods used when assessing fair value. The amendment affects only the presentation and not earnings per equity capital certificate.
- IFRS 8 Operating segments (came into force 1 January 2009). This standard supersedes IAS14 and coordinates segmental reporting with the requirements in US standard SFAS 131, Disclosures about segments of an enterprise and related information. The new standard calls for the presented segment reporting to be based on management's approach to segment information in internal reporting.
- IAS 1 Presentation of Financial Statements (revised). The revised standard calls for income and expense posts that were previously posted directly against equity now being presented in the extended accounts. In the equity tabulation, transactions with owners and income and expense items are shown separately, both by equity capital category as previously. Comparative figures are restated so that they comply with the revised standard. The changes have an impact on the presentation only and not on earnings per equity capital certificate.

The following standards, interpretations and amendments are obligatory for accounts that start on 1 January 2009 or later, but are not considered relevant for the 2009 accounts:

- IFRS 2 Share-based Payment (amended)
- Borrowing expenses linked to qualifying assets with start-up on 1 January 2009 or later are recorded in the balance sheet as part of the acquisition cost of the asset in question. This is a result of amendments to IAS 23 Borrowing costs.

The following interpretations to existing standards have been published and will be obligatory for company and consolidated accounts that start on 1 January 2020 or later. Here, management has not elected early application.

- IFRIC 17 Distribution of Non-cash Assets to Owners
- IAS 27 Consolidated and Separate Financial Statements (revised)
- IFRS 3 Business Combinations (revised)
- IAS 38 Intangible Assets (amended)
- IFRS 5 Measurement of non-current assets (or disposal group) classified as held-for-sale (amended)
- IAS 1 Presentation of Financial Statements (revised)
- IFRS 2 (amended) Group Cash-settled and Share-based Payments Transactions
- IFRS 9 Financial Instruments (applies to annual accounts that start on or after 1 January 2013) and supersedes the assessment regulations in IAS 39 for financial assets.
- IAS 24 (revised) Information on closely related parties (applies to annual reports that start on or after 1 January 2011).
- Amendment to IAS 32: Rights issues (applies to annual accounts that start on or after 1 February 2010).
- IFRIC 18 Transfer of assets from customers
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

PRESENTATION CURRENCY

The presentation currency is Norwegian kroner (NOK), which is also the group's functional currency. All figures are in NOK million unless otherwise stated.

SUBSIDIARIES

In the parent company's accounts, subsidiaries' assets are valued in accordance with the cost method of accounting. Investments are assessed at the acquisition costs of the shares assuming that no write-down has been necessary.

Dividends, group contributions and other distributions are taken to income in the year that they are resolved by the general meeting. If the dividend/group distribution exceeds the share of the retained profit after the acquisition, the excessive amount represents a repayment on invested capital, but pursuant to the amendment of IAS 27 is taken to income in the year it is paid.

CONSOLIDATION

The group accounts include all the subsidiaries. Subsidiaries are all units in which the group has a decisive influence on the unit's financial and operational strategy, normally through the direct or indirect ownership of more than half of the voting capital. When deciding whether there is a decisive influence, the effect of potential voting rights that can be exercised or converted on the balance sheet date is included. Subsidiaries are consolidated from the date the bank has taken over control and are no longer consolidated from the date the bank relinquishes control.

The purchasing method is applied when recording the acquisition of subsidiaries. On acquisition of control of an enterprise (business combination), all identifiable assets and liabilities are recorded at fair value in accordance with IFRS 3. A positive difference between the fair value of the acquired assets and fair value of identifiable assets and liabilities is carried as goodwill, while any negative difference (badwill) is recorded as income at the time of the acquisition.
The group has not applied IFRS 3 retrospectively to business combinations that were carried out prior to 1 January 2004.

Inter-group transactions, inter-company balances and realised and unrealised profit between group companies is eliminated. The accounting principles applied to the subsidiaries are changed when this is necessary to ensure consistency in the group's accounting principles.

The minority interests' share of the group's profit is presented on a separate line in the accounts under profit after tax. Their share of the equity is shown as a separate item.

ASSOCIATED COMPANIES

Associated companies are companies in which the group has a significant influence but not control. Normally, significant influence arises when the group has a stake of between 20 and 50 per cent of the voting capital. Associated companies are recorded in accordance with the cost method of accounting in the company's accounts and the equity method in the group accounts.

In the group accounts, new investments are recorded at acquisition cost. Investments in associated companies include goodwill/badwill identified at the time of the acquisition, reduced by any possible later write-downs.

The group's share of profits or losses in associated companies are recorded and added to the balance sheet value of the investments, together with the share of changes in equity not taken to profit or loss.

The bank owns 17.7 per cent of SpareBank 1 Utvikling DA, where the other owners are banks in the SpareBank 1 Alliance and SpareBank 1 Gruppen AS. The bank also owns 33.8 per cent of SpareBank 1 Boligkreditt AS, 23.5 per cent of SpareBank 1 Næringskreditt AS and 49.0 per cent of Vågen Eiendomsmegling AS. All of these investments are defined as associated companies.

JOINT VENTURES

Joint ventures can be jointly owned operations, jointly controlled assets and jointly controlled enterprises. Joint control implies that the group, by agreement, exercises control together with other participants. Jointly controlled enterprises are recorded in accordance with the cost method of accounting in the company's accounts and the equity method in the group accounts.

Each of the following own 19.5 per cent of SpareBank 1 Gruppen AS: SpareBank 1 SR-Bank, SpareBank 1 SMN, SpareBank 1 Nord-Norge and Samarbeidende Sparebanker AS. Other owners are Sparebanken Hedmark (12.0 per cent) and the Norwegian Confederation of Trade Unions (LO) (10.0 per cent). The management structure for the SpareBank 1 cooperation is governed by an agreement among the owners. The group defines its participation in SpareBank 1 Gruppen AS as an investment in a joint venture.

SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge each own 23.5 per cent of BN Bank ASA. SpareBank 1 SMN owns 33.0 per cent whilst Samarbeidende Sparebanker AS owns 20.0 per cent. The management structure for BN Bank ASA is governed by an agreement among the owners. The group defines its participation in BN Bank ASA as an investment in a joint venture.

LOANS AND LOSSES ON LOANS

Loans with floating interest rates are measured at amortised cost in accordance with IAS 39. Amortised cost is acquisition cost minus repayments on the principal, plus or minus cumulative amortisation using the effective interest method, less any amount for impairment in value or exposure to loss. The effective interest is the interest that exactly discounts estimated future cash receipts and payments over the expected life of the financial instrument.

Fixed interest loans to customers are earmarked upon initial recognition at fair value with value changes through profit or loss. In accordance with IAS 39.9, gains and losses owing to changes in fair value are recorded in profit or loss as a change in value. Earned interest and premium/discount are recorded as interest. The interest rate risk inherent in fixed interest loans is managed by way of operational interest rate swaps that are recorded at fair value. The bank uses the fair value option for measuring fixed interest loans as this largely will eliminate inconsistency in measuring other instruments groups with them.

IMPAIRMENT OF FINANCIAL ASSETS

On each balance sheet date, the bank assesses whether there is objective evidence that the expected cash flow when initially recording the item will not be realised as this the value of the asset or group of assets has been reduced. A loss in value of a financial asset assessed at amortised cost or group of financial assets assessed at amortised cost has been incurred if, and only if, there is objective evidence of an impairment that can result in a reduction in future cash flows to service the commitment. The impairment must be the result of one or more events that have occurred after the initial recording (a loss event) and it must be possible to measure in a reliable manner the result of the loss event (or events). Objective evidence that the value of a financial asset or group of financial assets has been reduced includes observed data that is known to the group relating to the following loss occurrences:

- Significant financial difficulty of the issuer or borrower
- Breach of contract, such as a default or delinquency in payment of instalments and interest
- The bank granting the borrower special terms on the basis of financial or legal reasons relating to borrower's financial situation
- Likelihood of the borrower entering into debt negotiations or other financial reorganisation
- Disappearance of an active market because of financial difficulties
- Observable data indicating that there is a measurable decrease in future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group including:
- Adverse changes in the payment status of the borrowers in the group
- National or local economic conditions that correlate with defaults of the assets in the group

The group first considers whether there is individual objective evidence of impairment of financial assets that are significant individually. For financial assets that are not individually significant, the objective evidence of impairment is considered individually or collectively. If the group decides that there is no objective evidence of impairment of an individually assessed financial asset, significant or not, the asset is included in a portfolio of financial assets with the same credit risk characteristics. They are tested for any impairment loss on a portfolio basis. Assets that are tested individually for impairment and where an impairment loss can be identified or is still identified are not included in the portfolio assessment of impairment loss. See note 4.

If there is objective evidence that impairment loss has occurred, the amount of the loss is calculated as the difference between the asset's book (carrying) value and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's latest effective interest rate. The carrying amount of the asset is reduced using an allowance account and the loss is recorded in profit and loss.

Future cash flows from a group of financial assets that are tested for impairment on a portfolio basis are estimated on the basis of the contractual cash flows for the group and historical losses on assets with a similar credit risk. Historical losses are adjusted for existing observable data in order to take into account the effects of existing circumstances that were not present at the time of the historical losses and to adjust for the effect of earlier circumstances that do not exist today.

COMPLEX FINANCIAL INSTRUMENTS

In the case of structured capital-guaranteed product gains, including subscription costs and possible structuring gains are recorded as day 1 gains. Structuring gains are calculated by discounting the group's future receivables (option premium) and obligations (guaranteed capital) using the swap curve. The group no longer offers these products.

NON-PERFORMING LOANS/DOUBTFUL LOANS

The total commitment to a customer is considered to be in default (non-performing) and included in the group's summaries of defaulted loans when an instalment or interest is not paid 90 days after due date or a line of credit is overdrawn for 90 days or more. Loans and other commitments that are not in default, but where the customer's financial situation makes it likely that the bank will incur a loss, are classified as doubtful loans.

REALISED LOSSES

When it is highly probable that the losses are final, the losses are classified as realised losses. Realised losses that are covered by earlier specific loss provisions are recorded against the provisions. Realised losses without cover by way of loan loss provisions and over or under absorption in relation to previous loan loss provisions are recognised in profit and loss.

SEIZED ASSETS

As part of the handling of defaulted loans and guarantees, the group acquires in some cases assets that have been lodged as collateral security for such commitments. At the time of acquisition, the assets are valued at their assumed realisation value and the value of the loan commitment is adjusted accordingly. Acquired assets that are to be realised are classified as holdings or fixed assets held for sale and recorded in accordance with the relevant IFRS standards (normally IAS 16, IAS 38, IAS 39 or IFRS 5).

LEASES

Financial leases are recorded in the balance sheet under the main item "Gross loans to customers" and recognised on the same principles as amortised cost. All regular income during the expected term of the lease is included when calculating the lease's effective interest.

The group has no "sell and lease back" contracts covering property, plant and equipment.

SECURITIES

Securities comprise shares and units, certificates and bonds. Shares and units are recognised either as hold for sale or at fair value with change in value through profit or loss. Certificates and bonds are classified either as hold for sale, at fair value with value change through profit or loss, as held to maturity or as a receivable.

The group uses the price on the trade date upon initial recognition of securities.

All financial instruments that are classified as hold for sale or at fair value with value change through profit or loss are measured at fair value, and changes in the value from the opening balance are recorded as income from other financial investments.

It is the group's opinion that financial instruments classified as at fair value with value change through profit or loss provide more relevant information about the values in these items in the balance sheet than if they were assessed at amortised cost. The financial instruments included in this category are constantly reported and managed based on fair value.
Certificates and bonds that are classified as held to maturity or as a receivable are measured at amortised cost using an effective interest method. See description of this method in the section on loans.

In conjunction with the extraordinary and negative developments in the world's financial markets in third quarter of 2008, on 13 October 2008 IASB adopted amendments to IAS 39 Financial instruments – Recognition and measurement and IFRS 7 Financial instruments - Disclosure. The amendments were approved by the EU on 15 October and stipulated by the Norwegian Ministry of Finance through a regulation dated 16 October. The amendments resulted in permission, under certain conditions, to reclassify financial assets in the categories hold for sale, at fair value with change in value through profit or loss and available for sale to the categories held to maturity and loans and receivables with effect from 1 July 2008. The bank has chosen to make use of this option.
Instruments that are traded in an active market where observable market prices usually exist were reclassified to the category hold to maturity whilst instruments where market prices do not exist and the value is normally determined based on alternative valuation methods were reclassified to the category loans and receivables. The reclassification means a reversal of unrealised losses at the time of reclassification. The reversed amount is amortised over the individual instrument's remaining term and is included in the line interest income/interest expenses.

The reclassification is carried out based on major and abnormal fluctuations that have arisen owing to the turbulent financial markets. The bank has traditionally deposited a larger part of the portfolio in Norges Bank and held these bonds to maturity. These bonds have generally had extremely high credit rating and therefore, in the bank's opinion, abnormal price fluctuations have adversely affected the result in the period. The bank is both willing and able to hold the reclassified portfolio to maturity.

DERIVATIVES AND HEDGING

Derivatives comprise currency and interest rate instruments as well as instruments linked to structured products. Derivatives are recognised at fair value through profit or loss.

The group uses derivatives for hedging purposes to minimise the interest rate risk of fixed interest instruments (bonds and certificates). The efficiency of the hedging is assessed and documented both when the initial classification is made and on an ongoing basis. In the case of complete hedging, both the hedging instrument and the hedged object are recognised at fair value and changes in these values compared to the opening balance are recorded in the income statement. See note 18 for further information.

GOODWILL/BADWILL

Goodwill is the positive difference between the acquisition cost of acquiring a business and the fair value of the bank's share of the net identifiable assets in the business at the time of acquisition. Goodwill on the acquisition of subsidiaries is classified as intangible assets. Goodwill on the acquisition of shares in associated companies and joint ventures is included in the investment and tested for depreciation as part of the balance sheet value of the investment. Goodwill is not amortised, but is subject to an annual impairment test with a view to ascertaining any impairment in value, in accordance with IAS 36. When assessing any impairment, the assessment is carried out at the lowest level where it is possible to identify cash flows. Any write-down of goodwill is not reversible.
In the cases where acquisition cost of acquiring a business is lower than fair value of the bank's share of net identifiable assets at the time of acquisition, so-called badwill, the difference is immediately recorded as income and included in income from ownership interests.

FIXED ASSETS

Fixed assets comprise buildings, plots of land and operating equipment. Buildings and operating equipment are recorded at cost less depreciation and write-downs. Plots of land are recorded at cost price less write-downs. The cost price includes all direct costs related to the acquisition of the asset. Depreciation is on a straight-line basis in order to allocate the cost price less possible residual value over the useful life of the operating equipment.

Plots of land, buildings or sections of buildings owned by the group with rental income and/or capital gains in mind are classified as investment properties. In the case of buildings where the group uses a part for its own operations, that part that is leased to others is treated as an investment property if that part can be sectioned. The group has elected to recognise investment properties in accordance with the cost method of accounting.

ACTIVITIES TO BE SOLD

These items in the balance sheet are the group's activities that are resolved sold. The items include assets and liabilities relating to property companies that are to be syndicated or disposed of by selling parts to customers. The items are recognised at fair value.

FUNDING

Loans are initially recorded at the cost at which they are raised, which is fair value of the proceeds received after deducting transaction costs. Loans with variable interest are thereafter measured at amortised cost. Any difference between the borrowing cost and the settlement amount at maturity is thus accrued over the term of the loan. Fixed interest loans are assessed at fair value with discounting according to the applicable interest curve, though not taking into account changes in credit spreads. The group applies the fair value option when measuring fixed interest loans, since this largely eliminates inconsistency in measuring of comparable instruments in the balance sheet. The same applies to derivatives on the debt side. Deposits from customers are assessed at amortised cost.

PENSIONS

All group companies have pension agreements linked to the group's own pension fund, with the exception of Vågen Eiendomsforvaltning AS, which has a separate defined contribution scheme. The agreements are secured through payments to the pension fund, and are determined by periodic calculations carried out by an actuary. A defined benefit plan is a pension scheme that entitles the insured to a defined future benefit on reaching retirement age, normally fixed by factors such as age, number of years of service and salary. The obligation recorded in the balance sheet in respect of a defined benefit plan is the present value of the defined obligation reduced by the fair value of pension assets. The obligation relating to the defined benefit plan is calculated annually by an independent actuary. The present value of future defined benefits is calculated by discounting future payments using the interest rate for Norwegian government bonds adjusted for differences in maturity dates.

With effect from 2005, IAS 19 allowed for recording actuarial gains and losses (estimate deviations) directly against equity. The group has elected to follow this principle.

CONTINGENT LIABILITIES

The group issues financial guarantees as part of its ordinary business. Gross latent liability is set out in note 25. The assessment of losses is part of the assessment of losses on loans, follows the same principles and is reported together with these, cf. note 21. Provisions are made for other contingent liabilities if it is probable that a liability will materialise and the financial consequences of this can be reliably calculated. Information is given on contingent liabilities that do not satisfy the criteria for balance sheet recording if they are significant.

Allocations for restructuring costs are made when the group has a contractual or legal obligation.

SUBORDINATED LOANS AND TIER I PERPETUAL BONDS (HYBRID INSTRUMENTS)

Subordinated loans have a lower priority than all other debt. Non-perpetual subordinated loans can, as additional capital, account for 50 per cent of the core capital in the capital adequacy ratio, whilst perpetual subordinated loans can make up 100 per cent of the core capital. Subordinated loans are classified as subordinated loan capital in the balance sheet and are measured at fair value with value change through profit or loss or amortised cost in the same way as other long-term loans. The bank applies the fair value option when measuring fixed interest rate loans as this largely eliminates inconsistency in measuring comparable instruments in the balance sheet.

A Tier I perpetual bond (hybrid) is a bond with nominal interest, but the group is not obliged to pay any interest in periods when no dividend is paid and the investor cannot later claim any interest, i.e. interest is not accumulated. Hybrid instruments are approved as core capital elements limited upward to 15 per cent of the total core capital. The Financial Supervisory Authority of Norway (Finanstilsynet) can demand that hybrid instruments are written down proportionally with equity if the bank's core capital adequacy falls below 5 per cent. Write-downs on hybrid instruments must be written up again before any dividend can be paid to shareholders or the equity written up. Hybrid instruments are classified as subordinated loan capital in the balance sheet and are measured at fair value with changes in value through profit or loss.

DIVIDEND

Dividend on equity capital certificates is recognised as equity in the period through to it being adopted by the Bank's Supervisory Board.

INTEREST INCOME AND INTEREST EXPENSES

Interest income and expenses related to assets and liabilities that are measured at amortised cost are entered continuously in the income statement in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of the expected cash flow over the expected life of a financial asset or liability being equal to the carrying value (book value) of the respective financial asset or liability. When calculating an effective interest rate, the cash flow effect inherent in the agreement is estimated, without taking into account future impairment. The calculations take therefore into account fees, transaction costs, premiums and discounts.

If a financial asset is written down due to losses, a new effective interest rate is calculated based on adjusted estimated cash flows.

For interest-bearing instruments that are measured at fair value, the market interest rate is classified as interest income or interest expenses, whereas the effect of interest rate fluctuations is classified as income from financial investments.

COMMISSION INCOME AND COMMISSION EXPENSES

Commission income and commission expenses are generally accrued according to the delivery/receipt of a service. Fees related to interest-bearing instruments are not recognised as commissions; they are included in the calculation of the effective interest rate and recognised accordingly in profit and loss. Advisory fees are accrued in accordance with the agreement, typically at the time the service is delivered. The same applies to day-to-day administrative services. Fees and charges related to the sale or brokerage of financial instruments, properties or other investment objects that do not generate balance sheet items in the group's accounts, are recognised when the transaction is completed.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Transactions involving foreign currencies are translated into Norwegian kroner using the exchange rates at the time of the transactions. Gains and losses related to completed transactions or to the conversion of balance sheet items in foreign currencies on the date of the balance sheet are recognised through profit or loss. Gains and losses on non-monetary items are included in the income statement in the same way as the corresponding balance sheet item.

TAXES

Taxes consist of the tax payable and deferred taxes. Taxes payable are the estimated taxes on the year's taxable profit.

Deferred taxes are accounted for by means of the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book values of assets and liabilities for accounting purposes and for taxation purposes. However, no liabilities or assets are calculated for deferred taxes on goodwill that do not give a tax deduction or items that are recognised for the first time and do not affect the financial or taxable profit.
Deferred tax assets are calculated for tax loss carryforwards. Assets with deferred tax are included only to the extent that future taxable profits make it possible to exploit the related tax benefit.

Under IFRS, the company's wealth tax is not defined as a tax cost. This is therefore recognised as an operating expense.

SEGMENT REPORTING

A business segment is part of an entity that is engaged in providing individual products or services that are subject to risks and returns that are different from those of other business segments. A geographic market (segment) is a part of a business that supplies products and services within a limited geographic area that are subject to risks and returns which are different from other geographic markets. The figures in the segment reporting are based on internal management reporting.

EVENTS AFTER THE BALANCE SHEET DATE

The annual accounts are published after they have been approved by the Board of Directors. The Supervisory Board and regulatory authorities may refuse to approve the published annual accounts subsequent to this but they cannot change the accounts. Events occurring up to the time when the annual accounts are approved for publication involving issues that were already known on the balance sheet date will form part of the information basis for determining accounting estimates and will thus be fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant.

The annual accounts have been prepared on the assumption that the group will continue as a going concern. This assumption was valid in the Board of Directors' opinion at the time the financial statements were approved for publication.

The Board's dividend proposal is stated in the Directors' Report and the Statement of Changes in Equity. Proposed dividends are classified as equity until final approval is granted by the Supervisory Board.

NOTE 3 FINANCIAL RISK MANAGEMENT

The core activity of the banking industry is to create values by accepting conscious and acceptable risks. The group therefore invests significant resources in developing risk management systems and processes that are in line with leading international practice.
Risk and capital management in SpareBank 1 SR-Bank underpins the group's strategic development and achievement of its goals. Risk management ensures financial stability and prudent asset management.
This is achieved through a strong organisational culture characterised by:

- A high awareness of risk management
- A good understanding of which risks drive earnings
- Striving for optimal capital utilisation within the adopted business strategy
- Avoiding unexpected single events that can seriously damage the group's financial situation
- Exploiting synergies and diversification effects

In order to ensure an efficient and adequate process for risk and capital management, the framework is based on a variety of elements that reflect the manner in which the Board of Directors and management govern the company. The principal elements are described below:

The group's strategic target: SpareBank 1 SR-Bank is to be a larger and more complete organisation as a result of organic growth, innovation and exploitation of strategic opportunities.

Risk identification and analysis: The process for risk identification is based on the group's strategic target. The process is forward-looking and covers all of the group's significant risk areas. In areas where the effect of the established control and management measures is not considered to be satisfactory, improvement measures are implemented. Probability-reducing measures shall be given priority ahead of measures aimed at reducing consequences.

Capital allocation: The return on risk adjusted capital is one of the most important strategic performance goals in the internal management of SpareBank 1 SR-Bank. This implies that capital is allocated to business areas in accordance with the calculated risk of the operation and that the return on the capital is monitored continuously.

The group's risk is quantified inter alia through calculations of expected losses and the need for risk-adjusted capital to be able to uncover any unexpected losses. Expected losses describe the loss that statistically must be expected over a 12-month period. Risk-adjusted capital describes how much capital the group believes it needs to cover the real risk that the group has assumed.

In connection with the risk and capital assessment process for 2008, the Board adopted that the confidence level for creditor protection should be raised from 99.9 per cent to 99.97 per cent with effect from 1 January 2010. This means that the risk-adjusted capital shall basically cover 99.97 per cent of all possible unexpected losses. In the case of ownership risk in SpareBank 1 Group the confidence level opted for is 99.5 per cent. Statistic methods have been applied when calculating risk-adjusted capital and qualitative assessments are made.

Financial projections: Projections of expected financial development are made for the next 5 years, based on the strategic target and the business plan. In addition, projections are made for a situation involving a serious economic recession. To analyse the the consequences of a sericous economic downturn for SpareBank 1 SR-Bank, the group focuses significantly on areas of the economy that affects financial development. These are mainly development in credit demand, the stock market, the interest market and credit risk trends. In addition to having an impact on the returns from the underlying assets, a serious economic downturn will have an impact on customers saving behaviour.

The purpose of the projections is to calculate how the financial development in the activities and macro-economy will impact the group's financial development, including return on equity, the funding situation and capital adequacy.

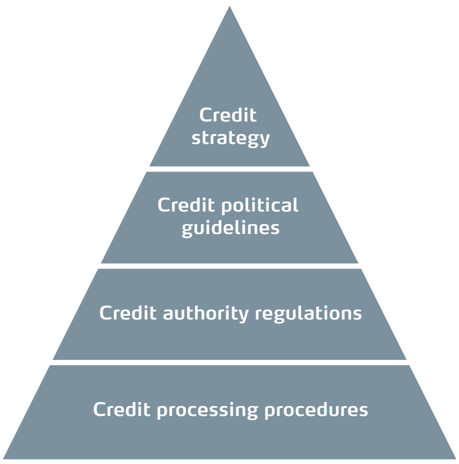
Evaluation and measures: The analyses shall provide the management and the Board of Directors with sufficient understanding of the risks so that they can consider whether the group has an acceptable risk profile, and whether it is adequately capitalised in light of the risk profile and strategic targets.

SpareBank 1 SR-Bank prepares capital plans in order to ensure long-term and effective capital management and to ensure that the group's capital adequacy is acceptable based on the risk exposure. The capital plan takes into consideration both the expected development and a situation with a serious recession over several years. In addition, SpareBank 1 SR-Bank prepares contingency plans in order to manage such critical situations in the best possible manner.

Reporting and monitoring: The group's overriding risk exposure and risk development is followed up through periodic risk reports to management and the Board of Directors. The overriding risk monitoring and reporting is the responsibility of the Department for Risk Management and Compliance.

Organisation and organisational culture: SpareBank 1 SR-Bank strives to have a strong organisational culture characterised by awareness for risk management. The organisational culture comprises management philosophy and the people in the organisation with their personal attributes, such as integrity basic values and ethics. It is difficult to compensate for an inadequate organisational culture using other control and management measures. Therefore, SpareBank 1 SR-Bank has established clear basic values and ethical guidelines and made the entire organisation aware of them.

SpareBank 1 SR-Bank seeks independence in its risk management and the responsibility for risk management is therefore split between various roles in the organisation.



RISK EXPOSURE IN SPAREBANK 1 SR-BANK

SpareBank 1 SR-Bank is exposed to various types of risk and the most important risk groups are described below.

Credit risk is defined as the risk of losses as a result of customers or other counterparties not being able or willing to fulfil their obligations to the group.

Credit risk is managed through the group's overriding credit strategy, and the framework for granting credit is shown in the figure below.

The group's credit strategy focuses on risk sensitive limits that are set so that they in the most expedient and effective way possible manage the group's risk profile in the credit area. This is achieved primarily by linking the limits to expected losses, risk adjusted capital and probability of default respectively.

In order to avoid unwanted concentration risk, the strategic credit limits also set restrictions linked to exposure and risk profile at portfolio level, and for different industries and individual customers. These restrictions are additional to the limits stipulated by "Regulation regarding major commitments".

The group's creditpolitical guidelines impose overriding instructions for financing of individual commitments. The guidelines are partly general and partly linked to specific financing areas. For example, for financing of property commitments, minimum requirements are imposed for equity, advance sale of housing projects and degree of financing in relation to rental income on rental property.

The group uses risk models for risk classification, risk pricing and portfolio management. The risk models are based on three main components:

1. Probability of default: Customers are classified in a default class based on the probability that the customer will default on his obligations during a period of 12 months. The probability of default is calculated based on historical data series for key financial figures, as well as non-financial criteria such as behaviour and age. The calculations are based on a long-term average during an economic cycle. Nine default classes (A – I) are used to classify the customers according to the probability of default. In addition, the group has two default classes (J and K) for customers with defaulted and/or written down commitments.

2. Exposure at default: This is an estimate of what the group's exposure will be if a customer were to default. This exposure consists of lending volume, guarantees and approved, but undrawn limits. Guarantees and approved, but undrawn limits on the corporate market are multiplied by a conversion factor of 75 per cent. For the retail market, approved, but not drawn limits are multiplied by a conversion factor of 100 per cent.

3. Loss given default: This is an estimate of how much the group can potentially lose if the customer defaults on his obligations. This estimate takes into account the value of underlying securities and the costs incurred by the group in collecting defaulted commitments. These estimates are determined based on empirical data over time and must reflect the value in economic downturns. Seven classes (1 – 7) are used for classification according to the degree of loss in the event of default.

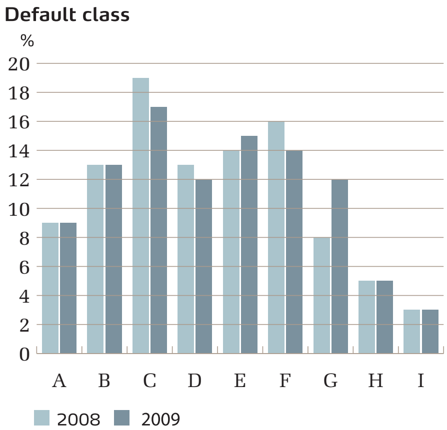
The group carries out continuous further development and testing of the risk management system to ensure that this maintains a high quality over time. This work can be divided into two main areas:

Quantitative validation: The quantitative validation is to ensure that the estimates utilised for probability of default, exposure at default and loss given default maintain a sufficiently high quality. Analyses are carried out to assess the models' ability to rank the liabilities according to risk (discrimination ability), and the ability to determine the correct level for the risk parameters. In addition, the stability in the models' estimates is analysed. In some cases, the quantitative validation will be supplemented by more qualitative assessments if the amount of statistical data is limited.

Application: The system for managing and measuring credit risk is tested to be able to assess whether it is well integrated in the organisation and in the group's risk management and decision taking.

The paragraphs below provide a more detailed assessment of the portfolio quality and the portfolio development for the lending portfolio in the parent company (the retail market and the corporate market portfolios) in 2009.

The graph below shows the percentage volume distribution of commitments (excluding defaulted and written down liabilities) within the different default classes.



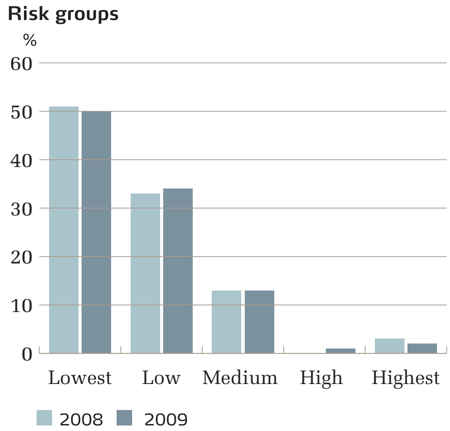
The table below shows the intervals for the probability of default for each of the above-mentioned default classes.

SPAREBANK 1 SR-BANKS DEFAULT CLASSES

Default class	Lower limit	Upper limit
A	0.00 %	0.10 %
B	0.10 %	0.25 %
C	0.25 %	0.50 %
D	0.50 %	0.75 %
E	0.75 %	1.25 %
F	1.25 %	2.50 %
G	2.50 %	5.00 %
H	5.00 %	10.00 %
I	10.00 %	-

The commitments' default probability, exposure at default and loss at default form the basis for the calculation of each individual commitment's expected loss and thus classification in five different risk groups. In addition, the group has a separate risk group for customers with defaulted and/or written down commitments.

The graph below shows the percentage volume distribution of commitments (excluding defaulted and written down commitments) within the different risk groups.
The table below shows the intervals for the probability of default for each of the abovementioned default classes.



SPAREBANK 1 SR-BANK'S RISK GROUPS

Risk group	Lower limit for expected loss	Upper limit for expected loss
Lowest	0.00 %	0.01 %
Low	0.01 %	0.50 %
Medium	0.50 %	2.00 %
High	2.00 %	2.40 %
Highest	2.40 %	-

The quality of the portfolio is considered good. 87.6 per cent of the exposure satisfies the group's internal guidelines for classification as lowest or low risk. The retail market portfolio is considered extremely good, and 98.9 per cent of the portfolio is classified as lowest or low risk.

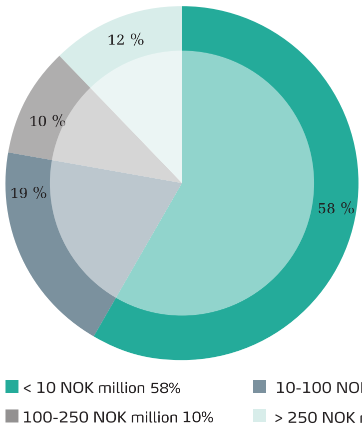
The group has a moderate risk profile. The credit quality improved during the second half of 2009. This positive development is attributable to two factors, namely internal focus on risk-reducing measures and improved market prospects.

Concentration risk is defined as the risk that arises from concentrating exposure on a single customer, industry or geographic area. The group has special focus on concentration risk linked to major individual customers and certain specific industries.

The paragraphs below provide a description of the concentration risk related to individual customers, industries and geography.

The graph below shows the exposure distributed according to commitment size.

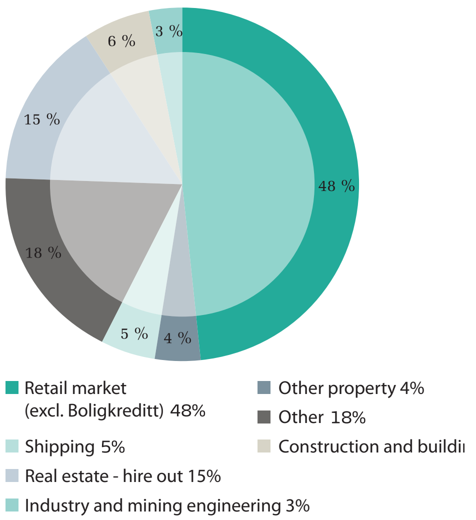
Commitment size



58 per cent of the bank's exposure is linked to commitments that equal less than NOK 10 million. 22 per cent of the exposure is linked to commitments that total more than NOK 100 million, which is a reduction of 7 percentage points compared with 31 December 2008. This indicates that the concentration risk linked to major commitments has been reduced somewhat.

The graph below shows the exposure distributed by industries.

Industries

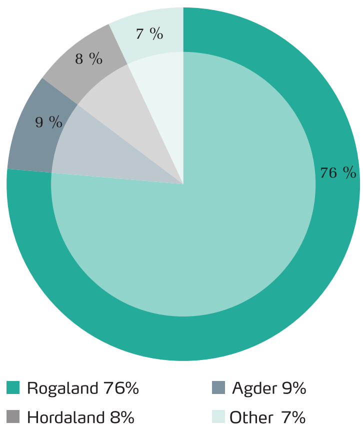


The graph shows that 48 per cent of the exposure is in the retail market. The risk attached to this part of the portfolio is considered low, both because of low default probabilities and because of good security coverage principally consisting of mortgages on real estate.

Property rentals accounted for 15 per cent of the total exposure. The property portfolio relating to rentals consists primarily of centrally located properties with long-term leases and sound tenants, and a large part of this portfolio is interest rate hedged. In the property portfolio relating to financing of housing projects, as a main rule there is a minimum requirement of 70 per cent advance sale. Only a minor part of the property portfolio applies to financing of plots, and the bulk of this is already regulated.

The graph below shows the exposure distributed by geographic areas.

Geography



76 per cent of the exposure is linked to Rogaland, whilst the remaining portfolio is distributed between Agder, Hordaland and other counties. The exposure to Rogaland was reduced during the year by 2 percentage points. The bank is expected to diversify further geographically in the next few years as a result of the continued focus on Agder and Hordaland.

In addition to the credit risk in the lending portfolio as described above, the group has credit risk through exposure in the liquidity reserve portfolio. This portfolio consists mainly of low risk bonds and certificates that qualify for loans from Norges Bank. At the end of 2009, this portfolio amounted to NOK 22.5 billion, of which NOK 9.3 billion are used in the authorities' swap scheme. The duration of the portfolio is 2.4 years.

The table below provides an overview of SpareBank 1 SR-Bank's exposure in bonds within the different categories.

BOND PORTFOLIO SPAREBANK 1 SR-BANK

Category	NOK billion	Percentage share	Of which hold to maturity in NOK bill.
Norwegian covered bonds	10.4	46 %	9.6
Norwegian finance	3.0	13 %	0.7
Foreign finance	2.1	10 %	1.4
Norwegian industry	0.3	1 %	0.0
Norwegian state/ municipalities	6.5	29 %	0.1
Other Norwegian	0.2	1 %	0.1

The group has a separate risk model for calculating credit risk in the bond portfolio.

The group is also exposed to credit risk through the portfolio in SpareBank 1 SR-Finans AS, which consists principally of leasing and car loans. The portfolio accounts for around 4 per cent of total lending exposure.

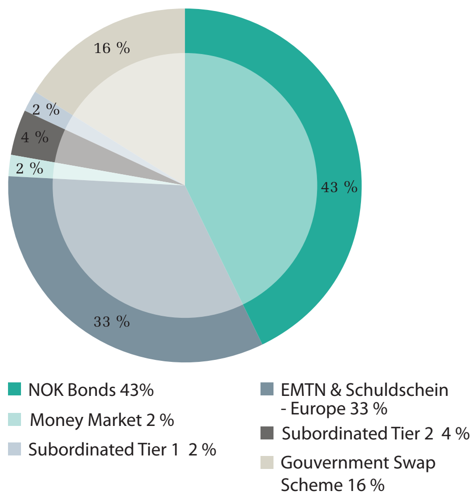
For further information, see notes 20, 33, 34, 35 and 36.

Liquidity risk is the risk of the group not being able to refinance its liabilities or not being able to finance growth in assets without substantial additional costs.

The management of the group's financing structure is based on the group's overriding liquidity strategy that is reviewed and adopted by the Board of Directors at least once a year. In the liquidity strategy for 2009, the Board of Directors decided to direct the formulation of objectives for liquidity management in a more conservative direction. This entailed, amongst other things, a resolution to increase the group's portfolio of liquid assets that qualify for access to loans in Norges Bank. A larger liquidity buffer increases the group's ability to survive periods without access to external funding. The liquidity management builds on conservative limits and reflects the group's moderate risk profile. The group's Treasury department (SR-Markets) is responsible for liquidity management, while the Department for Risk Management and Compliance monitors and reports on the utilisation of limits in accordance with the liquidity strategy.

The group's lending is principally financed by customer deposits and long-term securities debt. Liquidity risk is restricted by the securities debt being distributed between different markets, borrowing sources, instruments and maturity dates. The figure below illustrates the diversity in the group's funding sources as at 31 December 2009.

Borrowing sources



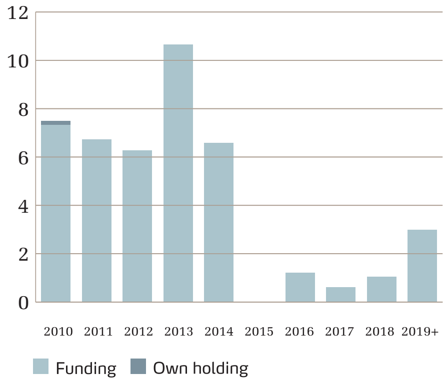
Between 2008 and 2009, the group's securities debt fell by NOK 4.2 billion, a decline of 7.4 per cent. About 75 per cent of the funding activities in 2009 were arranged via the authorities' swap scheme. This resulted in a rising share of funding from the domestic market , compared to 2008.

The unrest in the financial markets affected the group's access to liquidity in 2009 as well. In Norway, the authorities' swap scheme helped improve access to liquidity and thus reduced the banks' liquidity risk. SpareBank 1 SR-Bank obtained liquidity (by swapping covered bonds with Treasury bills that could be sold in the market) for a total of NOK 7.4 billion in 2009. Thus, the swap scheme contributed to the group having a satisfactory liquidity situation throughout the year. The group's most important funding source is customer deposits. For the group as a whole, deposits rose by NOK 1.3 billion from the end of 2008 to the end of 2009. Because of transferring NOK 13 billion of housing loans to SpareBank 1 Boligkreditt AS, the group's lending (excluding SpareBank 1 Boligkreditt AS) was reduced by NOK 6.5 billion in the same period. The deposit-to-loan ratio rose from 53.0 to 58.1 in 2009.

The transfer of highly secured mortgage loans to SpareBank 1 Boligkreditt AS helped dampen the need for funding and thus SpareBank 1 SR-Bank's liquidity risk. During 2009, the group transferred highly secured loans of NOK 13 billion. The group's securities debt is evenly distributed between international and domestic capital sources.

At the end of 2009, the group has surplus liquidity in the form of deposits in Norges Bank and short placements in banks and credit institutions equal to NOK 1.3 billion. The group's buffer capital in the form of liquid assets totals NOK 20.1 billion. In the course of 2010, debt corresponding to NOK 8.5 billion is to be refinanced; NOK 1.0 billion of this is F-loans from Norges Bank, making net refinancing requirements, excluding F-Loans NOK 7.5 billion.
The figure below illustrates the borrowing portfolio's maturity structure as at 31 December 2009.

Funding maturities
Figures in NOK billion



Market risk is the risk of losses owing to changes in observable market variables such as interest rates, currency rates and securities rates.

Market risk in SpareBank 1 SR-Bank relates primarily to the group's long-term investments in securities. In addition, the group has a certain exposure to market risk from trading in the interest rate and currency markets, as well as from activities that underpin ordinary borrowing and lending activities. The group's market risk is measured and monitored based on conservative limits that are renewed and approved by the Board of Directors at least once a year. The size of the limits is determined based on stress tests and analyses of negative market movements.
The group's exposure to market risk is moderate.

Interest rate risk is the risk of losses because of interest rate fluctuations. The group's interest rate risk is regulated by limits for maximum value change following a change in the interest rate level of one per cent. The interest rate commitment terms for the group's instruments are mostly short and the group's interest rate risk is low.

Foreign exchange rate risk is the risk of losses due to fluctuations in the foreign exchange rates. The group measures the currency risk based on the net positions of the varuous currencies in which the bank is exposed. The currency rate risk is regulated by nominal limits for maximum aggregate currency position and maximum position in individual currencies. The extent of the group's trading in foreign currency is modest and the currency rate risk is considered moderate.

The rate risk linked to securities is the risk of losses that arise following changes in the value of the group's bonds, certificates and equity capital instruments. In the course of 2009, the group increased its holdings of liquid assets in the form of bonds that qualify for access to loans in Norges Bank (liquidity portfolio) by NOK 13.5 billion. NOK 7.7 billion of these relate to a bond with pre-emptive rights used in the authorities' swap system.
In quantifying of risk attached to a fall in value of the liquidity portfolio, SpareBank 1 SR-Bank distinguishes between systematic risk (market risk) and unsystematic risk (default risk).
Default risk associated with the mentioned portfolio is quantified as credit risk. Of the liquidity portfolio's total holdings amounting to NOK 22.5 billion, bonds classified as "hold to maturity" account for NOK 11.9 billion. These investments are carried at amortised cost and are therefore not exposed to risk from an accounting point of view. The group's risk exposure to this form of risk is regulated through limits for maximum investments in the different portfolios.

The Department for Risk Management and Compliance is responsible for ongoing and impartial monitoring of the group's market risk. Risk-adjusted capital associated with market risk is measured and followed up according to the Value at Risk (VaR) principle with a 99.9 per cent confidence level. The VaR model is an important tool in conjunction with internal framework management and capital allocation. The model is under development and is thus not used in the day-to-day management of market risk.

Operational risk is the risk of losses resulting from inadequate or failing internal processes or systems, human errors or external events.

The processes for management of operational risk in SpareBank 1 SR-Bank shall ensure, as far as possible, that no single event caused by operational risk is able to damage seriously the group's financial position.

The group maintains a strong focus on quality and continuous improvement. This will ensure that SpareBank 1 SR-Bank remains an effective organisation in the long run, by giving priority to continuous improvement of the organisation's overall innovation and achievements. The group is using a separate system for registering and monitoring improvement measures. In addition, the group has a system for reporting and monitoring unwanted events.

In general, operational risk is rising in society and SpareBank 1 SR-Bank is making every effort to increase its expertise in this area in collaboration with academic circles. The group therefore entered into an agreement with the University of Stavanger in 2006. In extension of this work, the group and the University of Stavanger took the initiative for an R&D project in partnership with SpareBank 1 Alliance and DnB NOR ASA. Through this collaboration, SpareBank 1 SR-Bank has gained access to new methods and expertise in the work of managing operational risk.

Ownership risk is the risk that SpareBank 1 SR-Bank carries of incurring negative results from stakes in strategically owned companies and/or the need to inject additional capital into these companies. Ownership is defined as companies in which SpareBank SR-Bank has a significant stake and influence. In principal, Sparebank 1 SR-Bank has ownership risk through its stakes in SpareBank 1 Gruppen (19.5 per cent), SpareBank 1 Boligkreditt AS (33.8 per cent), SpareBank 1 Næringskreditt (23.5 percent) and BN Bank ASA (23.5 per cent).

Compliance risk is the risk of the group incurring official sanctions/penalties or financial losses because of failure to comply with laws and regulations. SpareBank 1 SR-Bank stresses the need for good processes to ensure compliance with current legislation and regulations.

The last years the introduction of the new Securities Trading Act has been given particular attention by the Group, to ensure the required investor protection of clients regarding productcomplexity and the standard of expertise of the employees.
A complete plan has been prepared for systematic control of this area. Plans have also been prepared for the authorisation of advisers in SpareBank 1 SR-Bank in accordance with the "Authorisation Scheme", in order to ensure further competence and investor protection.

SpareBank 1 SR-Bank, in association with SpareBank 1 Alliance has carried out a project to satisfy the legal requirements laid down in the new Money Laundering Act. Furthermore, attention is given in all parts of the group to compliance with laws and regulations.

NOTE 4 CRITICAL ESTIMATES AND ASSESSMENTS REGARDING THE USE OF ACCOUNTING PRINCIPLES LOSSES ON LOANS AND GUARANTEES

The group assesses its entire corporate market portfolio annually. Large commitments, non-performing loans and high-risk exposures are subject to quarterly assessments. Loans to private customers are subject to evaluation when they are in default for more than 60 days. Large defaulted loans are evaluated on a quarterly basis.

The group's risk classification systems are described under financial risk management.

Write-downs are made on individual loans and guarantees if there is objective evidence that can be identified for an individual commitment, and the objective evidence entails a reduction in future cash flows for servicing the commitment. Objective evidence may be default, bankruptcy, illiquidity or other significant financial difficulties.

Individual write-downs are calculated as the difference between the loan's book value and the present value of future cash flows based on the effective interest rate at the time of the calculation of the initial individual write-down. Subsequent changes in interest rates are taken into account for loan agreements with floating interest rates if these changes affect the expected cash flow.

Group write-downs are calculated on groups of loans where there is objective evidence indicating that a loss event has occurred after the initial recording of the loans. Objective evidence comprises observable data that result in a measurable reduction in estimate future cash flows from the loan group. The development of default probability is such objective evidence that is used to identify a possible need to make a write-down. Where a need to make group write-downs has been identified, losses on loans shall be calculated as the difference between the carrying value (book value) and the present value of the estimated future cash flows, discounted at the effective interest rate. The basis for calculating this difference (which corresponds to the level of the group write-downs) is based on the loans' expected losses. The assessment of individual and group write-downs will always call for a considerable degree of discretionary judgment. Predictions based on historical data may prove to be incorrect because of the uncertainty of the relevance of the historical data as a decision-making basis. When the value of assets pledged as collateral is linked to special objects or industrial sectors in a crisis, it may be necessary to realise these assets in markets that are not very liquid and, therefore, the assessment of fair value may be subject to considerable uncertainty.

FAIR VALUE OF EQUITY INTERESTS

Financial assets assessed at fair value through profit or loss will normally be traded in active markets and the fair value can thus be determined with reasonable certainty. For assets classified as available for sale, this is not necessarily the case. Similarly, market values for assets and liabilities that are carried at amortised cost and appear in notes may be estimates based on discounted future cash flows, multiplier analyses or other calculation methods. Such methods can be subject to significant uncertainty. With the exception of a few shares, the Norwegian stock market is considered to have poor liquidity. Share prices will under most circumstances be the last known traded price.

FAIR VALUE OF FINANCIAL DERIVATIVES

The fair value of financial derivatives is usually determined by using valuation methods where the price of the underlying object, for example, interest and currency rates, is obtained from the market. In the case of share options, volatility will be either observable implicit volatility or calculated volatility based on historical share price movements for the underlying object. If the group's risk position is relatively neutral, middle rates will be used. A neutral risk position means for example that the interest rate risk within a re-pricing interval is approximately zero. Otherwise, the relevant purchase or sales price is used to assess the net position. For derivatives where the other party has a weaker credit rating than the group, the price will reflect the underlying credit risk. To the extent that market prices are obtained from transactions with a lower credit risk, this will be taken into account by amortising the original price difference measured against such transactions with a lower credit risk over the maturity period.

PENSIONS

Net pension liabilities and the pension expenses for the year are based on a number of estimates, including the yield on pension assets, future interest and inflation rates, future wage development, staff turnover, development in the Norwegian National Insurance basic amount (G) and the general development in the number of persons receiving disability benefits and life expectancy. Uncertainty is largely related to gross liabilities and not to net liabilities that are shown in the balance sheet. Changes in estimates as a consequence of changes in the above parameters will be recorded directly against equity on an ongoing basis.

INCOME TAX

When calculating the group's income tax, a considerable degree of discretion is called for. For many transactions and calculations, uncertainty will be linked to the final tax liability. The group records tax liabilities linked to future decisions in tax cases and disputes based on the additional tax liability that will accrue. If the outcome in a case differs from the amount originally allocated, the difference will affect the recorded tax costs and allocations in the period the difference is established.

SIGNIFICANT ACQUISITIONS

In December 2008, the SpareBank 1 banks acquired all the shares in BN Bank ASA. In this connection, a Purchase Price Allocation (PPA) was carried out and added values totalling NOK 2,077 million were identified. SpareBank 1 SR-Bank's share amounted to 20 per cent, or NOK 415 million. This was taken to income in 2008. Because the transaction was carried out immediately prior to the closing of the 2008 accounts, SpareBank 1 SR-Bank elected to consider the PPA as preliminary. A PPA can be changed within 12 months in the event that errors are brought to light in that time. No errors were found in the analysis and the purchase price allocation is now considered final without any changes having been made.

In the autumn of 2009, Sparebanken Hedmark sold its stake in BN Bank ASA to SpareBank 1 SMN. SpareBank 1 SR-Bank elected to exercise its pre-emptive right and acquired a further 3.5 per cent of BN Bank ASA from SpareBank 1 SMN. Permission for the acquisition was granted in December 2009. In connection with the acquisition, a new PPA was carried out. This identified added values totalling NOK 2,584 million. Our share of this totalled NOK 44 million and this was taken to income in the 4th quarter of 2009. See also note 42.

NOTE 5 SEGMENT INFORMATION

Management has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, capital market and subsidiaries of considerable significance. The bank's own investment activities are not a separate reportable segment and they appear under the item "other activities" together with activities that cannot be allocated to the retail market, the corporate market, capital market or subsidiaries of considerable significance. The figures for business areas and geography are based on internal management reporting.

Reporting by business segment:
(figures in NOK million)

2009	Retail market	Corporate market	Capital market	Eiendoms-Megler 1	SR-Finans	SR-Forvaltning	SR-Investering	Other activities	SR-Bank group
Net external interest income	818	624	14	-4	327	1	-	-104	1 676
Net internal interest income	-	-21	-	8	-133	-	1	145	-
Net interest income	818	603	14	4	194	1	1	41	1 676
Net commission and other income	470	152	151	316	-12	55	2	-136	998
Net yield on financial investments	-	-	25	-	-	-	-6	686	705
Operating expenses	-493	-158	-40	-279	-33	-37	-5	-534	-1 579
Profit/loss before losses	**794**	**597**	**150**	**41**	**149**	**19**	**-8**	**57**	**1 800**
Losses on loans and guarantees	-5	-248	-	-	-35	-	-	-80	-368
Profit/loss before tax	**789**	**349**	**150**	**41**	**114**	**19**	**-8**	**-23**	**1 432**
Lending to customers	45 087	43 796	-	-	5 040	-	-	-450	93 473
Individual loan write-downs	-46	-249	-	-	-34	-	-	-	-329
Group loan write-downs	-15	-272	-	-	-33	-	-	-	-320
Other assets	-	-	391	182	116	43	176	31 177	32 085
Total assets per segment	**45 026**	**43 275**	**391**	**182**	**5 089**	**43**	**176**	**30 727**	**124 909**
Deposits from customers	25 203	29 309	-	-	-	-	-	-176	54 336
Other liabilities	-	-	391	159	4 678	35	5	57 232	62 500
Total liabilities per segment	**25 203**	**29 309**	**391**	**159**	**4 678**	**35**	**5**	**57 056**	**116 836**
Equity	-	-	-	23	410	8	171	7 461	8 073
Total liabilities and equity per segment	**25 203**	**29 309**	**391**	**182**	**5 088**	**43**	**176**	**64 517**	**124 909**

2008	Retail market	Corporate market	Capital market	Eiendoms-Megler 1	SR-Finans	SR-Forvaltning	SR-Investering	Other activities	SR-Bank group
Net external interest income	782	592	-26	3	368	1	-	-76	1 644
Net internal interest income	-	-21	-	19	-245	1	3	243	-
Net interest income	782	571	-26	22	123	2	3	167	1 644
Net commission and other income	387	203	103	232	-2	61	-	-188	796
Net yield on financial investments	-	-	-145	-	1	1	-26	211	42
Operating expenses	-487	-147	-34	-232	-43	-17	-6	-487	-1 453
Profit/loss before losses	**682**	**627**	**-102**	**22**	**79**	**47**	**-29**	**-297**	**1 029**
Losses on loans and guarantees	-21	-246	-	-	-33	-	-	-86	-386
Profit/loss before tax	**661**	**381**	**-102**	**22**	**46**	**47**	**-29**	**-383**	**643**
Lending to customers	50 965	44 613	-	-	4 915	-	-	-422	100 071
Individual loan write-downs	-47	-258	-	-	-25	-	-	-15	-345
Group loan write-downs	-16	-190	-	-	-23	-	-	-	-229
Other assets	-	-	417	582	130	59	171	25 002	26 361
Total assets per segment	**50 902**	**44 165**	**417**	**582**	**4 997**	**59**	**171**	**24 565**	**125 858**
Deposits from customers	24 593	29 090	-	-	-	-	-	-633	53 050
Other liabilities	-	-	417	562	4 664	51	6	61 142	66 842
Total liabilities per segment	**24 593**	**29 090**	**417**	**562**	**4 664**	**51**	**6**	**60 509**	**119 892**
Equity	-	-	-	20	333	8	165	5 440	5 966
Total liabilities and equity per segment	**24 593**	**29 090**	**417**	**582**	**4 997**	**59**	**171**	**65 949**	**125 858**

(continuation note 5)

2007	Retail market	Corporate market	Capital market	Eiendoms-Megler 1	SR-Finans	SR-Forvaltning	SR-Investering	Other activities	SR-Bank group
Net external interest income	697	439	-22	-5	220	1	-	10	1 340
Net internal interest income	-13	-3	-	16	-141	1	3	137	-
Net interest income	684	436	-22	11	79	2	3	147	1 340
Net commission and other income	448	158	53	275	-1	68	2	-108	895
Net yield on financial investments	-	-	45	-	1	-	52	290	388
Operating expenses	-418	-126	-22	-249	-32	-16	-7	-487	-1 357
Profit/loss before losses	**714**	**468**	**54**	**37**	**47**	**54**	**50**	**-158**	**1 266**
Losses on loans and guarantees	16	-25	-	-	-3	-	-	2	-10
Profit/loss before tax	**730**	**443**	**54**	**37**	**44**	**54**	**50**	**-156**	**1 256**
Lending to customers	50 560	34 412	-	-	3 484	-	-	-28	88 428
Individual loan write-downs	-35	-57	-	-	-6	-	-	-	-98
Group loan write-downs	-14	-106	-	-	-11	-	-	-	-131
Other assets	-	-	448	733	78	68	201	13 522	15 050
Total assets per segment	**50 511**	**34 249**	**448**	**733**	**3 545**	**68**	**201**	**13 494**	**103 249**
Deposits from customers	21 477	29 580	-	-	-	-	-	-781	50 276
Other liabilities	-	-	448	716	3 245	61	33	42 629	47 132
Total liabilities per segment	**21 477**	**29 580**	**448**	**716**	**3 245**	**61**	**33**	**41 848**	**97 408**
Equity	-	-	-	17	300	7	168	5 349	5 841
Total liabilities and equity per segment	**21 477**	**29 580**	**448**	**733**	**3 545**	**68**	**201**	**47 197**	**103 249**

The group operates in a geographically limited area from Grimstad in the southeast to Bergen in the northwest. In addition, important classes of assets (loans and deposits) are distributed geographically in separate notes under deposits and loans.

	Rogaland			Agder			Others/undistributed			SR-Bank Group		
Geographic distribution	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Net interest income	**1 444**	1 490	1 251	**147**	109	80	**85**	45	9	**1 676**	1 644	1 340
Net commission and other income	**863**	676	781	**101**	97	97	**35**	23	16	**998**	796	895
Net yield on financial investments	**705**	42	388	**-**	-	-	**-**	-	-	**705**	42	388
Operating expenses	**-1 399**	-1 295	-1 227	**-118**	-112	-96	**-62**	-47	-34	**-1 579**	-1 453	-1 357
Profit/loss before	**1 612**	913	1 193	**130**	94	81	**58**	21	-8	**1 800**	1 029	1 266
Losses on loans and guarantees	**-277**	-326	-10	**-87**	-57	-	**-4**	-3	-	**-368**	-386	-10
Profit loss before tax	**1 335**	587	1 183	**43**	37	81	**54**	19	-8	**1 432**	643	1 256
Lending to customers	**78 078**	85 581	78 073	**9 717**	9 937	8 178	**5 678**	4 553	2 177	**93 473**	100 071	88 428
Individual loan write-downs	**-201**	-271	-79	**-106**	-63	-19	**-22**	-11	-1	**-329**	-345	-98
Group loan write-downs	**-317**	-227	-130	**-1**	-1	-1	**-2**	-1	-	**-320**	-229	-131
Other assets	**32 085**	26 341	15 046	**-**	8	4	**-**	12	-	**32 085**	26 361	15 050
Total assets per segment	**109 645**	111 425	92 910	**9 610**	9 881	8 163	**5 654**	4 552	2 177	**124 909**	125 858	103 249
Deposits from customers	**51 559**	49 699	48 009	**2 024**	2 297	1 969	**754**	1 053	298	**54 336**	53 050	50 276
Other liabilities	**61 718**	66 123	46 929	**324**	304	203	**457**	415	-	**62 499**	66 842	47 132
Total liabilities per segment	**113 277**	115 823	94 938	**2 348**	2 601	2 173	**1 211**	1 468	298	**116 836**	119 892	97 408
Equity	**8 004**	5 916	5 826	**29**	22	15	**41**	29	-	**8 073**	5 966	5 841
Total liabilities and equity per segment	**121 280**	121 738	100 806	**2 377**	2 623	2 188	**1 252**	1 497	298	**124 909**	125 858	103 249

NOTE 6 NET INTEREST INCOME
(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
			Interest income			
378	550	**189**	Interest on receivables from credit institutions	**56**	306	236
4 440	6 262	**4 037**	Interest on lending to customers	**4 362**	6 628	4 659
184	409	**544**	Interest on certificates and bonds	**544**	409	184
			Interest on written-down financial assets			
21	72	**51**	- Loans and receivables from customers	**53**	72	21
5 023	7 293	**4 821**	**Total interest income**	**5 015**	7 415	5 100
			Interest expenses			
224	324	**392**	Interest on debt to credit institutions	**396**	330	228
1 853	2 907	**1 519**	Interest on deposits from customers	**1 509**	2 883	1 833
1 537	2 314	**1 272**	Interest on securities issued	**1 271**	2 315	1 536
160	225	**102**	Interest on subordinated loan capital	**102**	225	163
-	18	**61**	Fee to the Banks' Guarantee Fund	**61**	18	-
3 774	5 788	**3 346**	**Total interest expenses**	**3 339**	5 771	3 760
1 249	1 505	**1 475**	**Net interest income**	**1 676**	1 644	1 340

NOTE 7 NET COMMISSION AND OTHER OPERATING INCOME
(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
51	45	**56**	Guarantee commissions	**52**	42	49
22	20	**13**	Interbank commissions	**13**	20	22
81	34	**49**	Securities trading	**46**	34	81
-	-	**-**	Management	**57**	60	66
74	42	**31**	Brokerage commission	**20**	42	74
8	32	**146**	Commission from SpareBank 1 Boligkreditt AS	**146**	32	8
244	237	**246**	Money transfers	**246**	237	244
96	96	**107**	Insurance services	**108**	97	96
25	58	**70**	Other commission income	**72**	70	35
601	564	**718**	**Total commission income**	**760**	634	675
3	3	**6**	Guarantee commissions	**6**	3	3
16	15	**15**	Interbank commissions	**15**	15	16
54	58	**64**	Money transfers	**64**	58	54
10	6	**1**	Other commission expenses	**2**	4	8
83	82	**86**	**Total commission expenses**	**87**	80	81
4	3	**3**	Operating income from real estate	**2**	2	4
-	-	**-**	Real estate brokerage	**315**	232	275
22	7	**8**	Other operating income	**8**	8	22
26	10	**11**	**Total other operating income**	**325**	242	301
544	492	**643**	**Net commission and other income**	**998**	796	895

NOTE 8 INCOME FROM FINANCIAL INVESTMENTS

(figures in NOK million)

Parent company 2007	2008	2009		Group 2009	2008	2007
			Changes in value of interest rate instruments			
-32	-167	**122**	Bonds and certificates – at fair value	**122**	-171	-32
			Changes in value of equity instruments			
11	14	**22**	Dividend	**23**	15	12
94	206	**244**	Income from ownership interests	**298**	261	234
35	-122	**18**	Equity instruments - held for trading	**18**	-122	35
-	-35	**59**	Equity instruments – at fair value	**53**	-47	53
			Changes in values hedging and derivatives			
-	-49	**-6**	Net change in values derivatives hedged against bonds (assets)	**-6**	-49	-
-52	239	**-90**	Net change in value of fixed interest lending	**-90**	239	-52
50	-226	**96**	Net change in value of derivatives hedged against fixed interest lending	**96**	-226	50
-49	-1 272	**421**	Net change in value of secured bond liabilities	**421**	-1 272	-49
46	1 251	**-377**	Net change in value of derivatives hedged against bond debt	**-377**	1 251	46
103	-161	**509**	**Total net income from financial assets at fair value**	**558**	-121	297
1	2	**-**	Realised available for sale instruments	**-**	2	1
1	2	**-**	**Total net income from securities available for sale**	**-**	2	1
			Foreign exchange trading			
90	161	**147**	Net currency gains	**147**	161	90
194	2	**656**	**Net income from financial investments**	**705**	42	388

NOTE 9 OPERATING EXPENSES

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
570	608	**666**	Personnel expenses	**881**	776	751
163	171	**173**	IT expenses	**180**	177	169
53	81	**48**	Marketing	**63**	98	71
86	99	**89**	Other administration expenses	**103**	115	99
47	54	**65**	Ordinary depreciation (note 13 and 14)	**69**	64	52
25	31	**68**	Operating expenses real estate	**70**	33	26
48	34	**30**	External fees	**34**	36	52
61	68	**87**	Other operating expenses	**179**	154	137
1 053	1 146	**1 226**	**Total operating expenses**	**1 579**	1 453	1 357

Personnel expenses

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
429	436	**472**	Salaries	**637**	554	568
62	68	**96**	Pension costs (defined benefit plan, note 26)	**115**	89	76
53	63	**65**	Social benefits	**88**	85	73
26	41	**33**	Other personnel expenses	**41**	48	34
570	608	**666**	**Total personnel expenses**	**881**	776	751
852	893	**929**	Average number of employees	**1 178**	1 126	1 032
821	878	**867**	No. of employees (full time equivalents) as at 31.12.	**1 093**	1 117	1 021
869	916	**941**	No. of employees as at 31.12.	**1 183**	1 173	1 078

External auditor's fees - specification

(figures in NOK 1000)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
1 281	1 643	**2 297**	Mandatory audit	**3 192**	2 509	1 737
388	348	**313**	Other attestation services	**329**	580	397
2	161	**130**	Tax advice	**355**	286	81
836	5 616	**345**	Other non-audit related services 1)	**400**	5 816	1 255
2 507	7 768	**3 085**	**Total**	**4 276**	9 191	3 470

[1] Other non-audited related services in 2009 includes a fee to the law firm PricewaterhouseCoopers AS of NOK 0.1 million. In 2008, other non-audit related services include a fee of NOK 5.0 million in connection with Due Diligence processes. In addition it includes a fee to the law firm PricewaterhouseCoopers AS of NOK 0.3 million. Other non-audit related services in 2007 include a fee to the law firm PricewaterhouseCoopers AS of NOK 0.6 million for the parent company and NOK 0.3 million for the group. All amounts are inclusive VAT.

NOTE 10 REMUNERATION TO SENIOR EMPLOYEES AND ELECTED OFFICERS

(Figures in NOK 1000)

Remuneration and benefits to group management

2009		Salary	Of which bonus[2]	Other benefits	Loans as at 31.12.	No.of ECC owned as at 31.12[1]	Present value of pension obligation	Pension cost
Terje Vareberg	Chief Executive Officer	2 649	-	321	7 918	132 030	25 972	2 821
Sveinung Hestnes	EVP Capital Market	1 588	-	206	2 405	44 324	13 801	1 032
Erling Øverland	CFO	-	-	1 983	-	8 648	-	-
Tore Medhus	EVP Corporate Market	1 484	-	125	2 075	18 182	8 495	624
Rolf Aarsheim	EVP Retail Market	1 491	-	205	3 507	58 030	15 403	833
Svein Ivar Førland (to 27.11.2009)	EVP Business Support and Development	1 154	-	173				
Glenn Sæther (from 28.11.2009)	EVP Business Support and Development	158	-	26	4 950	3 090	1 354	291
Thor-Christian Haugland	EVP Communication	1 112	-	169	4 273	5 786	4 895	629
Frode Bø	EVP Risk Management and Compliance	1 028	-	122	2 117	7 691	3 473	457
Wenche Mikalsen (from 01.05.2009)	EVP Organisation and HR	715	-	128	2 295	3 190	2 104	269
Arild L. Johannessen (to 30.04.2009)	EVP Organisation and HR	350	-	36				

2008								
Terje Vareberg	Chief Executive Officer	3 219	607	276	8 427	94 907	25 358	2 253
Sveinung Hestnes	EVP Capital Market	1 930	350	164	2 291	33 902	13 873	833
Lisbet K. Nærø	CFO	1 800	325	187	3 430	40 182	3 548	1 095
Tore Medhus	EVP Corporate Market	1 810	338	123	2 228	12 091	8 857	454
Rolf Aarsheim	EVP Retail Market	1 800	325	163	3 265	42 128	15 938	572
Svein Ivar Førland	EVP Business Support and Development	1 584	285	175	3 525	7 094	3 980	492
Thor-Christian Haugland	EVP Communication	1 345	240	171	4 200	3 037	4 839	480
Frode Bø	EVP Risk Management and Compliance	1 242	225	112	1 732	4 184	3 396	326
Arild L. Johannessen	EVP Organisation and HR	1 342	240	127	1 400	12 872	7 376	220

2007								
Terje Vareberg	Chief Executive Officer	3 055	575	230	7 147	94 117	14 560	1 640
Sveinung Hestnes	EVP Capital Market	1 799	290	176	2 376	33 112	10 520	696
Lisbet K. Nærø	CFO	1 612	275	157	3 449	34 258	2 127	993
Tore Medhus	EVP Corporate Market	1 661	300	127	2 833	11 301	6 178	432
Rolf Aarsheim	EVP Retail Market	1 589	225	163	3 223	41 338	10 547	557
Svein Ivar Førland	EVP Business Support and Development	1 449	230	162	1 757	6 304	2 865	471
Thor-Christian Haugland	EVP Communication	1 241	210	139	3 368	19 037	3 264	485
Frode Bø	EVP Risk Management and Compliance	1 200	300	116	1 836	3 394	2 218	206
Arild L. Johannessen	EVP Organisation and HR	1 196	200	141	1 500	10 984	4 910	237

All managers and staff of SpareBank 1 SR-Bank, with the exception of the CEO, have a bonus scheme linked to their positions.
The scheme encompasses group, divisional, departmental and individual bonuses depending on the position. As a main rule, no bonus schemes exceed 25 per cent of fixed salary, with the exception of a small number of people in the capital market field. Any bonus paid to the CEO is determined by the Board of Directors upon special consideration.
The group executive management has pension benefits of up to 70 per cent of their fixed salary at the time of retirement, and these benefits are earned in the same manner as the rest of the bank's employees.
For further information about pension terms and benefits, see note 26. The loan terms for executives are the same as for the rest of the employees.

[1] The number of SpareBank 1 SR-Bank equity capital certificates held by the individual as at 31 December. The figure includes certificates held by close family members and known companies where the individual has decisive influence, cf. Section 1-2 of the Public Limited Companies Act (Norway).

[2] Bonuses are paid in the current year, but are accrued and allocated to the previous year for accounting purposes.

(continuation note 10)

Remuneration to the Board of Directors and Audit Committee

2009		Fee	Other benefits	Loans as at 31.12.	No. of ECC owned as at 31.12 [3]
Kristian Eidesvik	Chairman of the Board	300	-	-	84 006
Gunn-Jane Håland	Vice Chairman of the Board	178	-	1 005	-
Einar Risa	Board member	153	-	2 500	5 837
Sally Lund-Andersen	Board member (employee representative)	150	561	2 105	1 081
Elin Rødder Gundersen (from 01.04.2009)	Board member	75	-	-	-
Tor Magne Lønnum (from 01.11.2009)	Board member	-	-	-	-
Erik Edvard Tønnesen	Board member	162	-	4 006	-
Birthe Cecilie Jørgensen	Board member	181	-	-	-
Ingrid Landråk (til 31.03.2009)	Board member	87	-	-	-
Erling Øverland (til 12.1.2009)	Board member	44	-	-	8 648
Odd Rune Torstrup	Chairman of the Audit Committee	125	-	-	13 133
Odd Broshaug	Vice Chairman of the Audit Committee	90	-	1 615	-
Vigdis Wiik Jacobsen	Audit Committee member	90	-	-	13 133
Siv Gausdal Eriksen	Audit Committee member	103	-	4 731	3 034
Egil Fjogstad	Audit Committee member	103	-	-	722 564

2008					
Kristian Eidesvik	Chairman of the Board	300	2	-	62 440
Gunn-Jane Håland	Vice Chairman of the Board	178	2	105	-
Einar Risa	Board member	153	2	1 812	4 400
Sally Lund-Andersen	Board member (employee representative)	156	531	2 002	426
Ingrid Landråk	Board member	156	2	-	-
Erling Øverland	Board member	156	2	-	6 429
Erik Edvard Tønnesen	Board member	88	2	2	-
Birthe Cecilie Jørgensen	Board member	81	-	-	-
Odd Rune Torstrup	Chairman of the Audit Committee	125	2	-	9 900
Odd Broshaug	Vice Chairman of the Audit Committee	90	2	1 618	-
Vigdis Wiik Jacobsen	Audit Committee member	90	2	-	9 900
Siv Gausdal Eriksen	Audit Committee member	53	2	4 610	2 529
Egil Fjogstad	Audit Committee member	58	2	-	544 651

2007					
Kristian Eidesvik	Chairman of the Board	290	-	-	38 765
Gunn-Jane Håland	Vice Chairman of the Board	163	-	-	-
Einar Risa	Board member	135	-	-	4 000
Sally Lund-Andersen	Board member (employee representative)	135	495	1 315	426
Ingrid Landråk	Board member	135	-	-	-
Erling Øverland	Board member	135	-	-	5 845
Katrine Trovik	Board member	135	-	-	-
Odd Rune Torstrup	Chairman of the Audit Committee	118	-	-	9 000
Odd Broshaug	Vice Chairman of the Audit Committee	85	-	1 586	-
Svein Hodnefjell	Audit Committee member	85	-	-	-
Vigdis Wiik Jacobsen	Audit Committee member	85	-	-	9 000
Randi Larsen Skjæveland	Audit Committee member	94	-	1 330	68 380

[3] The number of SpareBank 1 SR-Bank equity capital certificates held by the individual as at 31 December. The figure also includes certificates held by close family and known companies where the individual has decisive influence, cf. Section 1-2 of the Public Limited Companies Act. In addition, it includes equity capital certificates belonging to the institution that the elected officer represents.

NOTE 11 TAXES

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
928	500	**1 215**	Profit before taxes	**1 432**	643	1 256
-168	-57	**-282**	Permanent differences 1)	**-331**	-98	-333
-	-2	**-13**	Group contribution	**-**	-	-
-101	-2 516	**2 224**	Change in temporary differences	**2 051**	-2 646	-156
131	-190	**-143**	-of which recorded directly against equity	**-149**	-186	154
-162	-	**-**	Excess/insufficient temporary difference calculated in previous years	**-**	-	-166
-	-	**20**	Reduction for tax-deductable loss	**36**	-	-
-	2 265	**-2 263**	Carryforward losses	**-2 261**	2 350	-
628	-	**758**	**Tax base/taxable income for the year**	**779**	62	755
176	-	**212**	Of which is tax payable 28%	**218**	18	204
-	-	**4**	Tax effect of group contribution	**-**	-	-
7	-	**6**	Tax effect of issue costs recorded against equity	**6**	-	7
28	62	**11**	Change in deferred tax	**97**	72	41
-36	61	**40**	- of which change not recorded in income statement	**40**	61	-38
37	12	**-**	Excess/insufficient payable tax allocation in previous years	**-**	12	35
212	135	**273**	**Total tax charge**	**321**	163	249
			Explanation of why the tax charge for the year is not 28 % of the year's profit before tax			
260	140	**340**	28 % tax on profit before tax	**402**	165	344
-47	-16	**-79**	28 % tax on permanent differences [1]	**-93**	-13	-93
-	-	**6**	Tax effect of package of measures	**6**	-	-
7	-	**6**	Tax effect of issue costs recorded against equity	**6**	-	7
37	12	**-**	Excess/insufficient tax allocation in previous years	**-**	12	36
-45	-1	**-**	Insufficient tax asset allocation in previous years	**-**	-1	-45
212	135	**273**	**Estimated tax charge**	**321**	163	249
			Deferred tax assets			
-67	-108	**-146**	- deferred tax assets that reverse in more than 12 months	**-175**	-158	-86
-7	-641	**-9**	- deferred tax assets that reverse within 12 months	**-9**	-641	-7
-74	-749	**-155**	**Total deferred tax assets**	**-184**	-799	-93
			Deferred tax			
80	824	**242**	- deferred tax that reverse in more than 12 months	**341**	893	115
7	-4	**4**	- deferred tax that reverse within 12 months	**4**	-	-
87	820	**246**	**Total deferred tax**	**345**	893	115
13	71	**91**	**Net deferred tax/deferred tax asset**	**162**	94	21
			Specification of temporary differences			
43	39	**23**	Gains and loss account	**11**	30	32
172	2 868	**841**	Differences related to financial items	**847**	2 868	172
71	36	**-**	Loans	**22**	53	85
-205	-356	**-511**	Pension liabilities	**-592**	-433	-257
-24	-24	**-31**	Accounting provisions	**-32**	-25	-26
-	-	**-**	Leasing operating equipment	**338**	228	111
-36	-30	**-10**	Tangible fixed assets	**-16**	-35	-43
26	-14	**14**	Group contribution paid	**-**	-	-
-	-2 265	**-**	Carryforward tax loss	**-3**	-2 353	1
47	254	**325**	**Total temporary differences**	**575**	333	75
28 %	28 %	**28 %**	Tax rate applied	**28 %**	28 %	28 %

[1] Includes tax-exempted dividends, non-tax-deductible expenses, net tax-exempt gains on realisation of shares in the European Economic Area (EEA), and tax allowances for profit attributable to associated companies (the percentage of the profit is extracted as it has already been taxed in the individual company).

Pursuant to IFRS, wealth tax is classified as a levy and not as a tax charge. For 2009, the wealth tax is estimated at NOK 9 million and classified as other operating expenses.

NOTE 12 OTHER ASSETS

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
25	35	**35**	Subordinated capital in SR-Bank Pension Fund	**35**	35	25
175	281	**110**	Other assets	**187**	300	179
57	55	**170**	Accrued not received other income	**177**	62	75
8	13	**15**	Prepaid expenses	**20**	20	14
265	384	**330**	**Total other assets**	**419**	417	293

The group has entered into a binding agreement to acquire a building site for a total amount of NOK 41 million, of which NOK 8 million has been paid in advance.

NOTE 13 TANGIBLE FIXED ASSETS

(figures in NOK million)

Parent company: Buildings and real estate	Invest-ment property	Machinery, fixtures and means of transport	Total		Group: Buildings and real estate	Invest-ment property	Machinery, fixtures and means of transport	Total
212	19	541	772	Cost of acquisition as at 1.1.2009	211	20	597	828
-	3	67	70	Additions	1	619	69	689
16	-	113	129	Disposals	16	-	113	129
196	22	495	713	Cost of acquisition as at 31.12.2009	196	639	553	1 388
92	10	344	446	Acc. depreciation and write-downs as at 1.1.2009	91	11	389	491
4	-	61	65	Current year's depreciation	5	-	64	69
2	-	105	107	Current year's disposals	2	-	105	107
94	10	300	404	Acc. depreciation and write-downs as at 31.12.2009	94	11	348	453
102	**12**	**195**	**309**	**Book value as at 31.12.2009**	**102**	**628**	**205**	**935**
239	**39**			**Fair value**	**241**	**655**		
200	20	459	679	Cost of acquisition as at 1.1.2008	200	22	507	729
16	-	92	108	Additions	16	-	100	116
4	1	10	15	Disposals	5	2	10	17
212	19	541	772	Cost of acquisition as at 31.12.2008	211	20	597	828
92	10	295	397	Acc. depreciation and write-downs as at 1.1.2008	91	11	333	435
4	-	50	54	Current year's depreciation	4	-	57	61
4	-	1	5	Current year's disposals	4	-	1	5
92	10	344	446	Acc. depreciation and write-downs as at 31.12.2008	91	11	389	491
120	9	197	326	Book value as at 31.12.2008	120	9	208	337
229	34			Fair value	231	34		
243	38	395	676	Cost of acquisition as at 1.1.2007	243	40	441	724
-	-	75	75	Additions	-	-	79	79
43	18	11	72	Disposals	43	18	13	74
200	20	459	679	Cost of acquisition as at 31.12.2007	200	22	507	729
108	17	264	389	Acc. depreciation and write-downs as at 1.1.2007	107	18	300	425
3	1	43	47	Current year's depreciation	3	1	47	51
19	8	12	39	Current year's disposals	19	8	14	41
92	10	295	397	Acc. depreciation and write-downs as at 31.12.2007	91	11	333	435
108	10	164	282	Book value as at 31.12.2007	109	11	174	294
224	31			Fair value	227	34		

(continuation note 13)

Collateral security
The group has not mortgaged or accepted any other limitations on its right to dispose of the fixed assets.

Revaluation/depreciation
The group does not reassess its fixed assets on an ongoing basis. In connection with the initial implementation of IFRS, buildings were valued at cost less accumulated depreciation, in accordance with the Norwegian regulations applicable at the time.
The ordinary depreciation rate for machinery, fixtures and means of transport is 14-33 per cent and two per cent for bank buildings, investment property and other types of real estate.

Buildings, real estate and investment properties
Of the total book value of buildings and real estate, NOK 93 million is used for banking. The fair value of the buildings has been established through independent valuation. Some of the group's buildings are rental properties. When property owned by the group can be physically sectioned and one or more of the sections is rented, the rental portion is defined as an investment property. The group has chosen to account for its investment properties in accordance with the cost model. Operating expenses related to rental properties are in general either invoiced directly to the tenant or re-billed to the tenant by the group.

Operational leases
The group has no significant operational leases.

Investment properties

Parent company						Group				
Book value 1.1.2009	Additions/ disposals/ depreciation	Book value 31.12. 2009	Rental income	Share rented 31.12. 2009		Book value 1.1.2009	Additions/ disposals/ depreciation	Book value 31.12. 2009	Rental income	Share rented 31.12. 2009
3	3	6	1	10 %	Bjergsted Terrasse	3	3	6	-	10 %
6	-	6	1	30 %	Domkirkeplassen	6	-	6	1	30 %
-	-	-	-	-	Energiveien	-	616	616	44	100 %
9	**3**	**12**	**2**		**Total**	**9**	**619**	**628**	**45**	

Book value 1.1.2008	Additions/ disposals/ depreciation	Book value 31.12. 2008	Rental income	Share rented 31.12. 2008		Book value 1.1.2008	Additions/ disposals/ depreciation	Book value 31.12. 2008	Rental income	Share rented 31.12. 2008
4	-1	3	1	8 %	Bjergsted Terrasse	4	-1	3	-	8 %
6	-	6	1	30 %	Domkirkeplassen	6	-	6	1	30 %
-	-	-	-		Apartment, Bjergsted Terrasse	1	-1	-	-	
10	-1	9	2		Total	11	-2	9	1	

Book value 1.1.2007	Additions/ disposals/ depreciation	Book value 31.12. 2007	Rental income	Share rented 31.12. 2007		Book value 1.1.2007	Additions/ disposals/ depreciation	Book value 31.12. 2007	Rental income	Share rented 31.12. 2007
5	-1	4	-	8 %	Bjergsted Terrasse	5	-1	4	-	8 %
6	-	6	1	30 %	Domkirkeplassen	6	-	6	1	30 %
4	-4	-	-		Haugesund town centre	4	-4	-	-	
4	-4	-	1		Tysvær (Aksdal senteret)	4	-4	-	1	
2	-2	-	1		Madla	2	-2	-	1	
-	-	-	-		Apartment, Bjergsted Terrasse	1	-	1	-	100 %
21	-11	10	3		Total	22	-11	11	3	

NOTE 14 INTANGIBLE ASSETS - GOODWILL

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
-	-	**-**	Cost of acquisition as at 1.1.	**32**	32	13
-	-	**-**	Additions	**20**	-	19
-	-	**-**	Disposals	**-**	-	-
-	-	**-**	Cost of acquisition as at 31.12.	**52**	32	32
-	-	**-**	Acc. depreciation and write-downs as at 1.1.	**12**	9	9
-	-	**-**	Current year's depreciation	**-**	3	-
-	-	**-**	Acc. depreciation and write-downs as at 31.12.	**12**	12	9
-	-	**-**	**Book value as at 31.12.**	**40**	20	23

The book value (carrying value) as at 31 December 2009 is made up of NOK 19 million relating to goodwill in connection with the acquisition of 100 per cent of the shares in Vågen Eiendomsforvaltning AS in June 2007, and NOK 20 million relating to the acquisition of 33.3 per cent of the shares in SR-Forvaltning AS in May 2009.
The amounts appear as the difference between identifiable assets including value added in the acquired company, and the cost price of the shares. The goodwill item's elements relate to future earnings in the company, and are supported by present value calculations of expected future earnings that document a future economic benefit of the acquisition of the company.
NOK 1 million of the goodwill in the balance sheet refers to EiendomsMegler 1 SR-Eiendom AS. The value of the goodwill items are reviewed annually and written down if there are grounds for so doing.

In 2009, there were no write-downs.

NOTE 15 INVESTMENTS IN OWNERSHIP INTERESTS

Subsidiaries, associated companies and joint ventures

Company	Date of acquisition	Registered office	Percentage stake [1]
Investments in subsidiaries			
Shares owned by the parent bank			
SpareBank 1 SR-Finans	1987	Stavanger	100.00
EiendomsMegler 1 SR-Eiendom	1990	Stavanger	100.00
Westbroker Finans	1990	Stavanger	100.00
SR-Forvaltning	2001	Stavanger	100.00
SR-Investering	2005	Stavanger	100.00
SR-Forretningsservice	2007	Stavanger	100.00
Vågen Eiendomsforvaltning	2007	Stavanger	100.00
SpareBank 1 SR-Fondsforvaltning	2009	Stavanger	100.00
Shares owned by subsidiaries			
Jærmegleren	2007	Stavanger	100.00
Vågen Drift	2006	Stavanger	100.00
Investments in associated companies			
Admi-senteret	1984	Jørpeland	50.00
SpareBank 1 Utvikling	2004	Oslo	17.74
SpareBank 1 Boligkreditt	2005	Stavanger	33.77
Vågen Eiendomsmegling	2007	Stavanger	49.00
SpareBank 1 Næringskreditt	2009	Stavanger	23.50
Investments in joint ventures			
SpareBank 1 Gruppen	1996	Oslo	19.50
BN Bank [2]	2008	Trondheim	23.50

[1] The percentage stake and the percentage voting rights are the same for all of the companies

[2] See note 42 for further information relating to the acquisition

(continuation note 15)

Subsidiaries

Shares in subsidiaries parent bank (figures in NOK 1000)	Share capital	Percentage stake	No. of shares	Nominal value	2009 Book value	2008 Book value	2007 Book value
SpareBank 1 SR-Finans	167 000	100.00	334 000	167 000	337 233	292 479	265 663
Total investments in credit institutions				167 000	**337 233**	292 479	265 663
EiendomsMegler 1 SR-Eiendom	1 500	100.00	150	1 500	18 120	3 000	3 000
Westbroker Finans	100	100.00	100	100	-	-	4 177
SR-Investering	35 000	100.00	3 500	35 000	161 847	161 847	133 244
SR-Forvaltning	6 000	100.00	6 000	6 000	29 019	4 018	4 018
SR-Forretningsservice	100	100.00	1 000	100	125	125	125
Vågen Eiendomsforvaltning	500	100.00	5 000	500	19 639	19 639	19 639
SpareBank 1 SR-Fondsforvaltning	1 000	100.00	10 000	1 000	8 036	-	-
Total other investments				44 200	**236 786**	188 629	164 203
Total investments in group companies parent bank			211 200	574 019	**481 108**	429 866	429 866

Investments in all of these companies are recorded in accordance with the cost method of accounting in the parent bank's accounts.

Transactions with subsidiaries

(figures in NOK million)	2009	2008	2007
Income and expenses			
Interest income from subsidiaries	**133**	248	144
Interest expenses to subsidiaries	**10**	24	22
Commission income from subsidiaries	**31**	4	3
Commission expenses to subsidiaries	**-**	1	2
Other income from subsidiaries	**1**	1	1
Other expenses to subsidiaries	**2**	1	-
Receivables from subsidiaries			
Operating credit	**4 033**	4 102	2 975
Other loans	**421**	409	163
Other receivables	**6**	14	3
Total receivables	**4 460**	4 525	3 141
Debt to subsidiaries			
Deposits from subsidiaries	**148**	599	782
Other liabilities	**-**	-	1
Total liabilities	**148**	599	783

Associated companies and joint ventures

Parent company

(figures in NOK 1000)	2009	2008	2007
As at 1.1	**1 204 311**	788 335	648 919
Increased/new interests	**1 048 608**	415 976	139 416
As at 31.12	**2 252 919**	1 204 311	788 335

Of which investments in credit institutions NOK 1,493,114 (2008: NOK 444,506).
Investments in all of these companies are recorded in accordance with the cost method in the parent bank's accounts.

Group

(figures in NOK 1000)	2009	2008	2007
As at 1.1	**1 952 955**	1 345 454	793 179
Increased/new interests	**924 391**	354 976	136 156
Acquisitions of associated companies	**124 217**	61 000	3 260
Disposals of associated companies	**-**	-	-385
Adjustments against equity	**2 843**	650	199 349
Dilution losses/gains	**615**	-	-821
Badwill BN Bank	**43 775**	414 173	-
Amortisation PPA	**22 480**	-	-
Share of the profit	**219 291**	-134 840	234 216
Transferred from the company (dividend)	**-163 681**	-88 458	-19 500
As at 3112	**3 126 886**	1 952 955	1 345 454

Investments in all of these companies are recorded in accordance with the equity method in the group's accounts.
Investments in associated companies at 31 December 2009 include goodwill of NOK 26 million (2008: NOK 26 million).

(continuation note 15)

The group's stakes in associated companies and joint ventures
(figures in NOK million)

2009		Assets	Liabilities	Income	Profit/loss	Percentage ownership
SpareBank 1 Gruppen	Oslo	11 969	10 922	2 109	172	19.50
SpareBank 1 Utvikling	Oslo	56	35	89	-3	17.74
SpareBank 1 Boligkreditt	Stavanger	28 445	27 202	46	29	33.77
Vågen Eiendomsmegling	Stavanger	1	1	2	-	49.00
Admi-senteret	Jørpeland	-	-	-	-	50.00
BN Bank	Trondheim	11 174	10 496	119	29	23.50
SpareBank 1 Næringskreditt	Stavanger	1 948	1 776	2	-	23.50
Total		**53 593**	**50 432**	**2 367**	**227**	

2008						
SpareBank 1 Gruppen	Oslo	11 241	10 226	1 100	-161	19.89
SpareBank 1 Utvikling	Oslo	60	40	81	7	17.74
SpareBank 1 Boligkreditt	Stavanger	12 484	12 091	16	7	23.41
Vågen Eiendomsmegling	Stavanger	6	5	3	1	49.00
Admi-senteret	Jørpeland	11	10	2	-1	50.00
BN Bank	Trondheim	10 848	10 298	14	7	20.00
Total		34 650	32 670	1 216	-140	

2007						
SpareBank 1 Gruppen	Oslo	10 808	9 903	2 029	231	19.50
SpareBank 1 Utvikling	Oslo	63	39	71	-	17.74
SpareBank 1 Boligkreditt	Stavanger	3 709	3 464	104	2	23.63
Vågen Eiendomsmegling	Stavanger	2	2	4	1	49.00
Admi-senteret	Jørpeland	12	10	2	-	50.00
Total		14 594	13 418	2 210	234	

Receivables from and debts to associated companies and joint ventures

	Loans	Subordinated loan	Deposits
Admi-Senteret	18	-	-
SpareBank 1 Gruppen	17	42	14
SpareBank 1 Boligkreditt	-	-	2 728
Vågen Eiendomsmegling	-	-	2
Total receivables and debt	**35**	**42**	**2 744**

NOTE 16 SHARES, UNITS AND OTHER EQUITY INTERESTS
(figures in NOK million)

Parent company				Group		
2007	2008	**2009**		**2009**	2008	2007
			At fair value through profit or loss			
303	154	**9**	- Listed	**14**	164	331
142	133	**430**	- Unlisted	**423**	238	249
445	287	**439**	**Total at fair value through profit or loss**	**437**	402	580
			Available for sale			
4	2	**2**	- Unlisted	**2**	2	9
4	2	**2**	**Total available for sale**	**2**	2	9
449	289	**441**	**Total shares, units and other equity interests**	**439**	404	589

(continuation note 16)

Shares, units and other equity interests are classified in the categories fair value and available for sale. Securities that can be measured in a reliable manner and reported internally at fair value are classified at fair value through profit or loss. Other shares are classified as available for sale.

Investments in shares, units and other equity interests, parent bank

(figures in NOK 1000)	The company's share capital	Percentage ownership	No. of shares/ units	Cost of acquisition	Book value/ market value
At fair value through profit or loss					
Listed companies				**7 832**	**9 197**
Unlisted companies					
Short-term investments in shares and funds					
Fund					
SR-Horisont			430 787	43 000	45 824
SR-Flex			430 908	43 000	45 228
SR-Konservativ			431 030	43 000	44 730
Shares					
Swiss Property	2 823	4,2	117 174	11 499	10 546
Other non-listed companies				38 524	29 187
Long-term investments					
Nordito	253 846	6,2	632 172	23 832	151 001
Energiveien Eiendom Holding	13 132	67,8	1 188	118 810	103 792
Total unlisted companies				**321 665**	**430 308**
Total at fair value through profit or loss shares, units and other equity interests				**329 497**	**439 505**
Available for sale					
Non-listed companies					1 882
Total shares, units and other equity interests parent bank					**441 387**

Investments in shares, units and other equity interests group

(figures in NOK 1000)	The company's share capital	Percentage ownership	No. of shares/ units	Cost of acquisition	Book value/ market value
At fair value through profit or loss					
Total listed companies parent bank				**7 832**	**9 197**
Austevoll Seafood	101 359	0,0	81 000	3 159	2 924
Kverneland	138 878	0,0	59 000	430	232
Sparebanken Vest	266 589	0,5	13 350	2 601	1 362
Total listed companies				**6 190**	**4 518**
Total listed companies group				**14 022**	**13 715**
Total unlisted companies parent bank				**321 665**	**430 308**
Borea Opportunity II	202 320	2,2	4 500	9 044	6 661
Marin Vekst II	1 206	8,3	99 803	9 980	2 395
Oslo Børs VPS Holding	86 008	0,1	37 500	2 925	2 250
Progressus	1 715	4,2	72 640	9 384	9 384
Sandnes Investering	15 563	0,3	5	256	236
Viking Fotball	8 216	7,3	600 000	5 000	4 000
Viking Venture II	3 060	1,4	42 500	4 111	2 435
HitecVision Private Equity IV LP		2,0		24 374	23 657
OptiMarin	1 748	13,2	236 541	9 510	11 827
RPT Gass	5 933	34,9	20 711	8 388	7 549
Other unlisted companies in subsidiaries				35 633	26 216

(continuation note 16)

(figures in NOK 1000)	The company's share capital	Percentage ownership	No. of shares/ units	Cost of acquisition	Book value/ market value
Total unlisted companies in subsidiaries				**118 605**	**96 610**
- Consolidation of Energiveien Eiendom Holding				-118 810	-103 792
Total unlisted companies group				**321 460**	**423 126**
Total at fair value through profit or loss, shares, units and equity interests				**335 482**	**436 841**
Available for sale					
Non-listed companies, parent bank					1 882
Non-listed companies in subsidiaries					137
Total shares, unit and equity interests group					**438 860**

NOTE 17 CERTIFICATES AND BONDS

(figures in NOK million)

Parent company 2007	2008	**2009**	**Certificates and bonds at fair value**	**2009**	Group 2008	2007
			Government			
-	-	**6 414**	Nominal value	**6 430**	38	16
-	-	**6 363**	Fair value	**6 379**	38	16
			Other public sector issuers			
-	50	**53**	Nominal value	**53**	50	-
-	50	**53**	Fair value	**53**	50	-
			Financial institutions			
4 102	3 403	**3 803**	Nominal value	**3 807**	3 403	4 120
4 073	3 352	**3 874**	Fair value	**3 878**	3 352	4 091
			Non-financial institutions			
1 334	662	**329**	Nominal value	**333**	662	1 338
1 333	584	**314**	Fair value	**318**	587	1 337
5 406	3 986	**10 604**	**Total certificates and bonds at fair value**	**10 628**	4 027	5 444
			Certificates and bonds at amortised cost			
			Financial institutions			
-	4 773	**11 691**	Nominal value	**11 691**	4 773	-
-	4 722	**11 663**	Book value	**11 663**	4 722	-
			Non-financial institutions			
-	329	**248**	Nominal value	**248**	329	-
-	326	**246**	Book value	**246**	326	-
-	5 048	**11 909**	**Total certificates and bonds at amortised cost**	**11 909**	5 048	-
33	56	**45**	Earned interest	**45**	56	33
5 439	9 090	**22 558**	**Total certificates and bonds**	**22 582**	9 131	5 477

Reclassification of financial assets

In conjunction with the extraordinary and negative developments in the world's financial markets in third quarter 2008, IASB adopted changes to IAS 39 and IFRS 7 on 13 October 2008. The changes allow for the reclassification of parts or the whole of the portfolio of financial assets with retrospective effect to 1 July 2008. SpareBank 1 SR-Bank has chosen to make use of his opportunity and has chosen to reclassify parts of the bond portfolio to categories that are assessed at amortised cost, i.e."Hold to maturity" or "Loans and receivables".

A corresponding reclassification has not been carried out in subsidiaries.

(continuation note 17)

The table below shows the effect it would have had for accounting purposes of not reclassifying the portfolio.

1.7.2008

	Group 3)			
Certificates and bonds classified as:	**Book value**	**Amortisation as interest income**	**Effect of reclass. as gain**	**Observable market value**
At fair value through profit or loss	3 041	-	-	3 041
Hold to maturity [1]	2 350	-	-	2 350
Receivables [1]	578	-	-	578
Total certificates and bonds	5 969	**-**	**-**	5 969

31.12.2009

	Group 3)			
Certificates and bonds classified as:	**Book value**	**Amortisation as interest income**	**Effect of reclass. as gain**	**Observable market value**
At fair value through profit or loss	10 628	-	-	10 628
Hold to maturity	1 831	-14	5	1 822
Covered bonds [2]	9 625	-	-	9 625
Receivables	453	-3	6	456
Earned interest	45	-	-	45
Total certificates and bonds	**22 582**	**-17**	**11**	**22 576**

31.12.2009

	Group 3)		
Bonds reclassified as receivable and hold to maturity	**1.7.2008**	**31.12.2008**	**31.12.2009**
Book value	2 928	3 423	2 284
Nominal value	2 985	3 477	2 314
Observable market value	2 928	3 345	2 278

The bank expects to receive the nominal value of the bonds held in the portfolio for reclassification.

[1] Net unrealised losses that are reversed as at 1 July 2008 are NOK 47.3 million. The amount is amortised over the instruments' remaining term.
Weighted remaining term on the reclassification date is approximately 2.7 years.

[2] Of covered bonds, NOK 9,324 million has been utilised in the swap scheme introduced by the Norwegian Ministry of Finance. The bonds' term is virtually the same as the swap scheme's term.

[3] The note is virtually identical for parent company and group.

NOTE 18 FINANCIAL DERIVATIVES

General description:
The fair value of financial derivatives is usually determined by using valuation methods where the price of the underlying object, for example, interest and currency rates is obtained from the market. If the group's risk position is approximately neutral, middle rates will be used. A neutral risk position means, for example, that the interest rate risk within a re-pricing interval is approximately zero. Otherwise, the relevant purchase or sales price is used to assess the net position. For financial derivatives where the other party has a weaker credit rating than the group, the price will reflect the underlying credit risk. If market prices are obtained based on transactions with a lower credit risk, this will be taken into account by allocating the original price difference to future credit losses.

The group has hedged certain fixed-rate borrowings. Each hedge is documented with a reference to the group's risk management strategy, a clear identification of the item being hedged, the hedging instrument used, a description of the hedged risk, a description of why hedging is regarded as highly probable and a description of how and when the group shall determine the efficiency of the hedge during the accounting period and that it is expected to be very effective during the next accounting period. The group has defined the hedged risk as value changes linked to the NIBOR component of the hedged fixed interest rates in NOK and value changes linked to LIBOR and the currency components of the hedged fixed interest rates in foreign currencies.

The group uses interest rate swaps as hedging instruments, where the group receives fixed interest in NOK or a foreign currency and makes payments based on a floating (for the most part 3 months) NIBOR rate. As of 31 December 2009, the net fair value of hedging instruments was NOK 912 million, (NOK 1,073 million in assets and NOK 161 million in liabilities). In 2008 the corresponding figures were NOK 1,456 million (NOK 1,456 million in assets and NOK 0 in liabilities) and in 2007 the figures were minus NOK 63 million (NOK 174 million in assets and NOK 237 million in liabilities).

(continuation note 18)

The group [1)]
(figures in NOK million)

At fair value through profit or loss	2009			2008		
	Contract amount	Fair value		Contract mount	Fair value	
Currency instruments		Assets	Liabilities		Assets	Liabilities
Currency forward contracts	3 813	80	96	7 382	479	191
Currency swaps	9 029	231	206	26 111	946	858
Currency options	-	-	-	-	-	-
Total currency instruments	**12 842**	**311**	**302**	33 493	1 425	1 049
Interest rate instruments						
Interest rate swaps (including cross currency)	93 032	543	748	53 094	1 961	980
Other interest rate contracts	-	-	-	-	-	-
Interest rate instruments	**93 032**	**543**	**748**	53 094	1 961	980
Interest rate instruments, hedging						
Interest rate swaps (including cross currency)	19 780	1 073	161	16 973	1 456	-
Total interest rate instruments, hedging	**19 780**	**1 073**	**161**	16 973	1 456	-
Earned interest						
Earned interest	-	511	365	-	205	64
Total earned interest	**-**	**511**	**365**	-	205	64
Total currency instruments	**12 842**	**311**	**302**	33 493	1 425	1 049
Total interest rate instruments	**112 812**	**1 616**	**909**	70 067	3 417	980
Total earned interest	**-**	**511**	**365**	-	205	64
Total currency and interest rate instruments	**125 654**	**2 438**	**1 576**	103 560	5 047	2 093

At fair value through profit or loss	2007		
	Contract amount	Fair value	
Currency instruments		Assets	Liabilities
Currency forward contracts	3 729	16	109
Currency swaps	12 154	188	34
Currency options	72	1	-
Total currency instruments	15 955	205	143
Interest rate instruments			
Interest rate swaps (including cross currency)	35 496	514	331
Other interest rate contracts	45	4	2
Interest rate instruments	35 541	518	333
Interest rate instruments, hedging			
Interest rate swaps (including cross currency)	8 704	174	237
Total interest rate instruments	8 704	174	237
Earned interest			
Earned interest	-	110	45
Total earned interest	-	110	45
Total currency instruments	15 955	205	143
Total interest rate instruments	44 245	692	570
Total earned interest	-	110	45
Total currency and interest rate instruments	60 200	1 007	758

[1)] The note is virtually the same for the parent bank.

NOTE 19 CREDIT INSTITUTIONS – RECEIVABLES AND LIABILITIES

(figures in NOK million)

Parent company 2007	2008	2009		Group 2009	2008	2007
			Loans to and deposits with credit institutions			
68	262	**173**	Loans and deposits at call	**181**	269	74
6 421	5 658	**5 574**	Loans and deposits with agreed maturities or notice	**1 120**	1 147	3 283
6 489	5 920	**5 747**	**Total**	**1 301**	1 416	3 357
			Debt to credit institutions			
1 201	2 376	**3 157**	Debt to credit institutions at call	**3 155**	2 374	1 201
4 612	8 745	**5 585**	Debt to credit institutions with agreed maturities or notice	**5 585**	8 745	4 611
15	51	**112**	Earned interest	**112**	51	15
5 828	11 172	**8 854**	**Total**	**8 852**	11 170	5 827
			Specified by major currencies			
2 788	5 253	**6 848**	NOK	**6 846**	5 251	2 787
2 675	5 552	**1 694**	EUR	**1 694**	5 552	2 675
17	23	**184**	USD	**184**	23	17
333	293	**16**	Other currencies	**16**	293	333
15	51	**112**	Earned interest	**112**	51	15
5 828	11 172	**8 854**	**Total**	**8 852**	11 170	5 827
4,3 %	4,6 %	**2,2 %**	**Average interest rate**	**2,2 %**	4,6 %	4,3 %

The average interest rate is calculated on the actual interest expense during the year as a percentage of the average outstanding debt to credit institutions.

NOTE 20 LENDING TO AND RECEIVABLES FROM CUSTOMERS

(figures in NOK million)

Parent company 2007	2008	2009		Group 2009	2008	2007
			Distribution by type of receivable			
-	-	**-**	Financial leasing	**3 868**	3 653	2 735
24 492	23 117	**16 836**	Overdraft facilities and operating credit, incl. flexi-loans	**16 836**	23 117	24 492
3 947	4 581	**3 741**	Building loans	**3 930**	4 904	3 985
56 313	67 330	**68 034**	Instalment loans	**68 562**	67 817	56 995
-105	135	**51**	Excess value of fixed interest rate lending/amortisation of front end fees	**56**	139	-117
325	415	**221**	Earned interest	**221**	441	338
84 972	95 578	**88 883**	**Gross lending**	**93 473**	100 071	88 428
-212	-526	**-582**	Write-downs	**-649**	-574	-229
84 760	95 052	**88 301**	**Net lending**	**92 824**	99 497	88 199
			Distribution by market			
50 429	50 672	**44 950**	Retail market	**45 847**	51 528	51 095
33 840	44 092	**43 590**	Corporate market	**47 063**	47 500	36 447
483	264	**71**	Public sector	**286**	463	665
-105	135	**51**	Undistributed	**56**	139	-117
325	415	**221**	Earned interest	**221**	441	338
84 972	95 578	**88 883**	**Gross lending**	**93 473**	100 071	88 428
-212	-526	**-582**	Write-downs	**-649**	-574	-229
84 760	95 052	**88 301**	**Net lending**	**92 824**	99 497	88 199
			Of which subordinated loan capital			
60	60	**60**	Subordinated loan capital in credit institutions	**-**	-	-
65	42	**42**	Subordinated loan capital in other financial institutions	**42**	42	65
125	102	**102**	**Subordinated loan capital recorded as lending**	**42**	42	65
1 135	1 495	**1 776**	**Of which loans to employees**	**2 242**	1 898	1 428
		313	Of which loans in SpareBank 1 Boligkreditt AS	**376**		

The terms are one percentage point lower than the standardised interest rate set by the Norwegian Ministry of Finance.

(continuation note 20)

Parent company 2007	Parent company 2008	Parent company 2009	Total lending distributed by risk group	Group 2009	Group 2008	Group 2007
65 750	57 336	**52 383**	Lowest risk	**54 290**	59 094	66 580
26 411	37 074	**35 390**	Low risk	**37 290**	38 791	28 328
12 048	16 320	**13 932**	Medium risk	**14 654**	16 950	12 499
2 026	384	**418**	High risk	**656**	532	2 220
841	2 020	**2 556**	Highest risk	**2 783**	2 216	903
709	1 546	**1 075**	Non-performing loans	**1 118**	1 564	739
107 785	114 680	**105 754**	**Total**	**110 791**	119 147	111 269

2007	2008	2009	Gross loans distributed by risk group	2009	2008	2007
53 075	52 467	**45 120**	Lowest risk	**47 022**	54 225	53 876
19 531	26 898	**29 084**	Low risk	**30 984**	28 615	21 448
9 436	11 824	**10 941**	Medium risk	**11 216**	12 454	9 887
1 713	820	**281**	High risk	**519**	968	1 907
623	1 870	**2 184**	Highest risk	**2 411**	2 066	685
374	1 149	**1 001**	Non-performing loans	**1 044**	1 163	404
220	550	**272**	Undistributed	**277**	580	221
84 972	95 578	**88 883**	**Total**	**93 473**	100 071	88 428

2007	2008	2009	Individual write-downs distributed by risk group 1)	2009	2008	2007
99	324	**303**	Non-performing	**337**	349	105
99	324	**303**	**Total**	**337**	349	105

[1] In the event of a write-down, the capital of all loans irrespective of risk group is transferred to non-performing.

2007	2008	2009	Expected annual average net loss distributed by risk group [2] [3]	2009	2008	2007
1	1	**1**	Lowest risk	**2**	2	2
31	45	**53**	Low risk	**57**	49	32
83	104	**133**	Medium risk	**137**	107	87
39	18	**9**	High risk	**12**	19	41
34	93	**113**	Highest risk	**119**	99	36
6	45	**38**	Non-performing	**39**	45	6
194	306	**347**	**Total**	**366**	321	204

[2] The expected average annual net loss is the amount that the parent bank and the group statistically expect to lose on the lending portfolio over a 12-month period. The calculations are based on a long-term average over an economic cycle.

[3] The calculation model for expected average annual loss was amended in 2008. Comparable figures for 2006 and 2007 were restated in accordance with the new model.

2007	2008	2009	Gross lending distributed by geographic area	2009	2008	2007
67 253	73 577	**67 495**	Rogaland	**70 526**	76 666	69 732
7 648	9 004	**8 345**	Agder counties	**8 724**	9 332	7 864
3 643	5 896	**6 706**	Hordaland	**7 265**	6 335	3 861
266	364	**402**	Abroad	**402**	365	266
5 942	6 187	**5 663**	Other	**6 279**	6 793	6 484
220	550	**272**	Undistributed	**277**	580	221
84 972	95 578	**88 883**	**Total**	**93 473**	100 071	88 428

2007	2008	2009	Total commitments distributed by sector and industry	2009	2008	2007
2 655	3 308	**3 520**	Agriculture/forestry	**3 744**	3 567	2 887
885	709	**691**	Fisheries/fish farming	**742**	780	911
3 441	3 105	**2 491**	Mining/oil and gas production	**2 565**	3 285	3 480
5 300	5 864	**4 120**	Industry	**4 801**	6 516	5 857
3 858	4 636	**3 955**	Power and water supply/building and construction	**4 884**	5 527	4 550
2 844	3 612	**3 377**	Retail trade, hotels and restaurants	**3 726**	3 856	3 047
5 047	7 777	**6 493**	Overseas shipping, pipeline transport and other transport	**6 858**	8 167	5 343
19 113	22 718	**23 940**	Property management	**24 075**	22 744	19 167
4 780	5 026	**5 853**	Service sector	**6 965**	5 708	5 327
1 414	1 065	**1 438**	Public sector and financial services	**1 658**	1 280	1 586
49 337	57 820	**55 878**	**Total industry**	**60 018**	61 430	52 155
58 448	56 860	**49 876**	Retail customers	**50 773**	57 717	59 114
107 785	114 680	**105 754**	**Total**	**110 791**	119 147	111 269

(continuation note 20)

Parent company 2007	2008	2009	Gross lending distributed by sector and industry	Group 2009	2008	2007
2 157	2 692	**2 915**	Agriculture/forestry	**3 139**	2 951	2 389
614	693	**556**	Fisheries/fish farming	**607**	764	640
2 457	2 140	**2 104**	Mining/oil and gas production	**2 178**	2 320	2 497
2 436	3 412	**2 289**	Industry	**2 970**	4 064	2 993
1 154	1 486	**1 386**	Power and water supply/building and construction	**2 315**	2 377	1 845
2 013	2 755	**2 507**	Retail trade, hotels and restaurants	**2 856**	2 999	2 216
3 453	7 160	**5 302**	Overseas shipping, pipeline transport and other transport	**5 667**	7 550	3 749
15 892	20 237	**21 934**	Property management	**21 622**	20 263	15 917
3 664	3 517	**4 423**	Service sector	**5 535**	4 195	4 211
483	264	**245**	Public sector and financial services	**460**	479	655
34 323	44 356	**43 661**	**Total industry**	**47 349**	47 962	37 112
50 429	50 672	**44 950**	Retail customers	**45 847**	51 529	51 095
220	550	**272**	Undistributed	**277**	580	221
84 972	95 578	**88 883**	**Total**	**93 473**	100 071	88 428

Parent company 2007	2008	2009	Individual write-downs distributed by sector and industry	Group 2009	2008	2007
-	1	**1**	Agriculture/forestry	**7**	2	-
-	1	**1**	Fisheries/fish farming	**1**	1	1
-	-	**-**	Mining/oil and gas production	**-**	-	-
32	57	**10**	Industry	**15**	62	32
-	6	**13**	Power and water supply/building and construction	**20**	12	1
9	61	**13**	Retail trade, hotels and restaurants	**14**	63	10
3	1	**36**	Overseas shipping, pipeline transport and other transport	**43**	7	5
8	44	**95**	Property management	**96**	45	8
11	107	**88**	Service sector	**91**	108	11
-	-	**-**	Public sector and financial services	**-**	-	-
63	278	**257**	**Total industry**	**287**	300	68
36	46	**46**	Retail customers	**50**	49	37
99	324	**303**	**Total**	**337**	349	105

Parent company 2007	2008	2009	Expected annual average net loss distributed by sector and industry	Group 2009	2008	2007
5	2	**1**	Agriculture/forestry	**2**	3	5
2	1	**5**	Fisheries/fish farming	**5**	1	2
16	28	**25**	Mining/oil and gas production	**26**	29	16
17	18	**20**	Industry	**23**	20	19
11	14	**19**	Power and water supply/building and construction	**23**	16	13
13	13	**13**	Retail trade, hotels and restaurants	**14**	14	14
16	18	**38**	Overseas shipping, pipeline transport and other transport	**40**	19	17
69	86	**147**	Property management	**147**	86	69
24	99	**54**	Service sector	**59**	102	25
-	-	**-**	Public sector and financial services	**-**	1	-
172	279	**322**	**Total industry**	**339**	291	180
22	27	**25**	Retail customers	**27**	30	24
194	306	**347**	**Total**	**366**	321	204

Loans to and receivables related to financial leasing	2009	2008
Gross investments related to financial leasing		
Up to 1 year	**1 162**	1 141
Between 1 and 5 years	**2 554**	2 791
More than 5 years	**574**	443
Total	**4 290**	4 375
Net investments in financial leasing		
Up to 1 year	**1 014**	892
Between 1 and 5 years	**2 322**	2 392
More than 5 years	**516**	373
Total	**3 852**	3 657

NOTE 21 LOSSES ON LOANS AND GUARANTEES

(figures in NOK million)

Parent company

2007			2008			**2009**			
RM	CM	Total	RM	CM	Total	RM	CM	Total	**Losses on loans and guarantees**
-16	12	-4	11	198	209	**-3**	**-18**	**-21**	Change in individual write-downs in the period
-3	-	-3	7	79	86	**-1**	**82**	**81**	Change in group write-downs in the period
3	17	20	7	30	37	**13**	**207**	**220**	Realised losses on commitments previously written down
-	-	-	-	2	2	**2**	**50**	**52**	Realised losses on commitments not previously written down
1	-1	-	1	22	23	**4**	**13**	**17**	Amortised loans
-4	-3	-7	-	-4	-4	**-13**	**-3**	**-16**	Recoveries on loans and guarantees previously written down
-19	25	6	26	327	353	**2**	**331**	**333**	**Total losses on loans and guarantees**
									Individual write-downs
52	51	103	36	63	99	**46**	**278**	**324**	Individual write-downs to cover losses on loans and guarantees as at 1.1
-3	-17	-20	-7	-30	-37	**-13**	**-207**	**-220**	Realised losses in the period on loans and guarantees previously written down individually
-23	-17	-40	-8	-18	-26	**-14**	**-99**	**-113**	Reversal of write-downs in previous years
2	2	4	2	2	4	**2**	**97**	**99**	Increase in write-downs on commitments previously written down individually
-	-	-	1	15	16	**3**	**13**	**16**	Amortised cost
8	37	45	22	242	264	**18**	**175**	**193**	Write-downs of commitments not previously written down individually
-	7	7	-	4	4	**-**	**4**	**4**	Write-downs of guarantees not previously written down individually
36	63	99	46	278	324	**42**	**261**	**303**	**Individual write-downs to cover losses on loans and guarantees as at 31.12**
									Write-downs on groups of loans
34	89	123	9	111	120	**16**	**190**	**206**	Write-downs to cover losses on loans and guarantees as at 1.1
-3	-	-3	7	79	86	**-1**	**82**	**81**	Write-downs to cover losses and loans and guarantees in the period
31	89	120	16	190	206	**15**	**272**	**287**	**Group write-downs to cover losses on loans and guarantees as at31.12**
									Losses by sector and industry
	-67 %	-4		0 %	-		**0 %**	**1**	Agriculture/forestry
	-17 %	-1		0 %	1		**0 %**	**-**	Fisheries/fish farming
	0 %	-		0 %	-		**0 %**	**-**	Mining/oil and gas production
	433 %	26		15 %	53		**21 %**	**71**	Industry
	-17 %	-1		2 %	6		**2 %**	**8**	Power and water supply/building and construction
	-33 %	-2		16 %	56		**8 %**	**25**	Retail trade, hotels and restaurants
	-33 %	-2		-1 %	-3		**11 %**	**38**	Overseas shipping, pipeline transport and other transport
	50 %	3		11 %	39		**26 %**	**88**	Property management
	100 %	6		27 %	95		**5 %**	**18**	Service sector
	-50 %	-3		24 %	86		**24 %**	**81**	Transferred from write-downs of groups of loans
	-267 %	-16		6 %	20		**1 %**	**3**	Retail customers
	100 %	6		100 %	353		**100 %**	**333**	**Losses on loans to customers**

The group

Non-performing and doubtful commitments	**2009**	2008	2007	2006	2005
Non-performing commitments	**395**	348	92	111	130
Other doubtful commitments	**753**	1 264	647	210	331
Total doubtful commitments	**1 148**	1 612	739	321	461
Individual write-downs	**-337**	-349	-105	-111	-163
Interest on reversal of discounted write-downs	**9**	1	7	6	10
Net doubtful commitments	**820**	1 264	641	216	308

Interest income from non-performing and doubtful commitments totals NOK 53 million.

Fair value of collateral security furnished for loans and receivables that are subject to individual write-downs is equal to the book value plus write-downs. Collateral security is in the form of cash, securities, guarantees and properties.

	Group								
	2009			2008			2007		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
	-2	**-10**	**-12**	14	214	228	-17	11	-6
	-	**91**	**91**	13	85	98	-	-	-
	14	**213**	**227**	8	30	38	4	19	23
	5	**58**	**63**	-	5	5	1	-	1
	4	**13**	**17**	1	22	23	1	-1	-
	-13	**-5**	**-18**	-1	-5	-6	-4	-4	-8
	8	**360**	**368**	35	351	386	-15	25	10
	50	**299**	**349**	37	68	105	52	59	111
	-14	**-213**	**-227**	-8	-30	-38	-4	-19	-23
	-15	**-111**	**-126**	-9	-21	-30	-23	-21	-44
	2	**97**	**99**	2	2	4	2	2	4
	3	**13**	**16**	1	15	16	-	-	-
	23	**199**	**222**	27	261	288	10	40	50
	-	**4**	**4**	-	4	4	-	7	7
	49	**288**	**337**	50	299	349	37	68	105
	22	**207**	**229**	9	122	131	26	105	131
	-	**91**	**91**	13	85	98	-	-	-
	22	**298**	**320**	22	207	229	26	105	131
		1 %	**4**		0 %	-		-40 %	-4
		0 %	**-**		0 %	1		-20 %	-2
		0 %	**-**		0 %	-		0 %	-
		20 %	**75**		14 %	54		260 %	26
		1 %	**4**		4 %	16		-20 %	-2
		8 %	**28**		15 %	57		-10 %	-1
		13 %	**46**		0 %	1		-20 %	-2
		24 %	**90**		10 %	40		30 %	3
		6 %	**22**		25 %	95		70 %	7
		25 %	**91**		25 %	98		0 %	-
		2 %	**8**		6 %	24		-150 %	-15
		100 %	**368**		100 %	386		100 %	10

NOTE 22 DEPOSITS FROM CUSTOMERS

(figures in NOK million)

Parent company 2007	2008	2009		Group 2009	2008	2007
40 858	40 953	**44 692**	Deposits from customers at call	**44 527**	40 327	40 084
10 137	12 551	**9 770**	Deposits from customers with agreed maturities	**9 759**	12 544	10 130
62	179	**50**	Earned interest	**50**	179	62
51 057	53 683	**54 512**	**Total deposits**	**54 336**	53 050	50 276
			Deposits distributed by sector and industry			
789	1 007	**893**	Agriculture/forestry	**893**	1 007	789
349	123	**101**	Fisheries/fish farming	**101**	123	349
1 624	520	**1 022**	Mining/oil and gas production	**1 022**	520	1 624
2 086	2 286	**1 245**	Industry	**1 245**	2 286	2 086
1 464	1 805	**1 850**	Power and water supply/building and construction	**1 850**	1 805	1 464
1 768	1 612	**1 855**	Retail trade, hotels and restaurants	**1 855**	1 612	1 768
1 690	2 933	**1 334**	Overseas shipping, pipeline transport and other transport	**1 334**	2 933	1 690
3 961	4 127	**3 998**	Property management	**3 969**	4 127	3 961
5 920	5 819	**6 703**	Service sector	**6 556**	5 186	5 139
9 894	8 761	**10 281**	Public sector and financial services	**10 281**	8 761	9 894
29 545	28 993	**29 282**	**Total industry**	**29 106**	28 360	28 764
21 450	24 511	**25 180**	Retail customers	**25 180**	24 511	21 450
62	179	**50**	Earned interest industry and retail customers	**50**	179	62
51 057	53 683	**54 512**	**Total deposits distributed by sector and industry**	**54 336**	53 050	50 276
			Deposits distributed by geographic area			
41 805	44 082	**43 511**	Rogaland	**43 335**	43 449	41 024
2 134	2 176	**2 114**	Agder counties	**2 114**	2 176	2 134
1 207	1 713	**1 578**	Hordaland	**1 578**	1 713	1 207
380	515	**610**	Abroad	**610**	515	380
5 531	5 197	**6 699**	Other	**6 699**	5 197	5 531
51 057	53 683	**54 512**	**Total deposits distributed by geographic area**	**54 336**	53 050	50 276

NOTE 23 DEBT RAISED BY ISSUING SECURITIES

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
5 515	3 259	**-**	Certificates and other short-term borrowings	**-**	3 259	5 515
30 158	41 272	**36 527**	Bonds [1]	**36 527**	41 272	30 158
-38	1 126	**776**	Value adjustments	**776**	1 126	-38
408	572	**220**	Earned interest	**220**	572	408
36 043	46 229	**37 523**	**Total debt raised by issuing securities**	**37 523**	46 229	36 043
4.8 %	6.1 %	**3.3 %**	Average interest rate	**3.3 %**	6.1 %	4.8 %

Average interest rate is calculated based on the actual interest expenses during the year, including any interest rate or currency swaps, as a percentage of average security holdings.

Parent company 2007	Parent company 2008	Parent company 2009	**Debt raised by issuing securities** by maturity date [1]	Maturity	Group 2009	Group 2008	Group 2007
9 139	-	**-**		2008	**-**	-	9 139
4 307	6 478	**-**		2009	**-**	6 478	4 307
6 637	7 957	**6 362**		2010	**6 362**	7 957	6 637
5 827	7 195	**6 196**		2011	**6 196**	7 195	5 827
4 585	6 091	**6 040**		2012	**6 040**	6 091	4 585
120	10 237	**10 341**		2013	**10 341**	10 237	120
3 149	4 633	**5 600**		2014	**5 600**	4 633	3 149
997	1 232	**1 040**		2016	**1 040**	1 232	997
349	464	**397**		2017	**397**	464	349
-	648	**579**		2018	**579**	648	-
-	-	**147**		2019	**147**	-	-
99	129	**110**		2024	**110**	129	99
79	101	**86**		2035	**86**	101	79
174	263	**209**		2037	**209**	263	174
173	229	**196**		2046	**196**	229	173
408	572	**220**	Earned interest		**220**	572	408
36 043	46 229	**37 523**	**Total debt raised by issuing securities**		**37 523**	46 229	36 043

			Debt raised by issuing securities distributed by currency [1]			
17 012	22 776	**19 178**	NOK	**19 178**	22 776	17 012
14 371	17 500	**14 305**	EUR	**14 305**	17 500	14 371
2 846	3 683	**2 719**	USD	**2 719**	3 683	2 846
636	678	**607**	SEK	**607**	678	636
770	1 020	**494**	Other	**494**	1 020	770
408	572	**220**	Earned interest	**220**	572	408
36 043	46 229	**37 523**	**Total debt raised by issuing securities**	**37 523**	46 229	36 043

[1] Own bonds and certificates have been deducted.

Change in debt raised by issuing securities [2]	Balance 31.12.2008	Issued 2009	Matured/ redeemed 2009	Exchange rate and other changes	**Balance 31.12.2009**
Certificates, nominal value	3 259	-	3 259	-	**-**
Bonds, nominal value	41 272	3 029	4 530	-3 244	**36 527**
Value adjustments	1 126	-	-	-350	**776**
Earned interest	572	-	-	-352	**220**
Total debt raised by issuing securities	46 229	3 029	7 789	-3 946	**37 523**

[2] The note is identical for the parent bank.

NOTE 24 SUBORDINATED LOAN CAPITAL

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009	Principal		Terms	Maturity	First maturity date	Group 2009	Group 2008	Group 2007
			Non-perpetual							
517	641	**-**	65	EUR	3 months Libor + margin	2014	2009	**-**	641	517
672	1 067	**853**	13 000	JPY	3 months Libor + margin	2035	2012	**853**	1 067	672
-	499	**499**	500	NOK	3 months Nibor + margin	2018	2013	**499**	499	-
450	450	**450**	450	NOK	3 months Nibor + margin	2017	2012	**450**	450	450
1 639	2 657	**1 802**	**Total non-perpetual**			1 802	2 657	**1 639**		
			Perpetual							
396	522	**429**	75	USD	3 months Libor + margin			**429**	522	396
172	196	**173**	200	SEK	3 months Stibor + margin			**173**	196	172
170	170	**170**	170	NOK	3 months Nibor + margin			**170**	170	170
738	888	**772**	**Total perpetual**			772	888	**738**		
			Hybrids							
448	625	**493**	75	USD	3 month Libor + margin			**493**	625	448
-	-	**669**	684	NOK	3 months Nibor + margin			**669**	-	-
-	-	**113**	116	NOK	3 months Nibor + margin			**113**	-	-
448	625	**1 275**	**Total hybrids**			1 275	625	**448**		
21	32	**22**	**Earned interest**				22	**32**	21	
2 846	4 202	**3 871**	**Total subordinated loan capital**			3 871	4 202	**2 846**		

Subordinated loan capital and Tier 1 perpetual bonds in foreign currencies are included in the group's total currency position so that there is no currency risk associated with the loans. Of a total of NOK 3,871 million in subordinated loan capital, NOK 1,218 million counts as core capital, NOK 760 million as perpetual subordinated capital and NOK 1,763 million as non-perpetual subordinated capital. Capitalised expenses associated with borrowing are reflected in the calculation of the amortised cost. Hybrid instruments cannot make up more than 15 per cent of the total core capital. Any excess amount counts as perpetual subordinated loan capital.

Subordinated loan capital and Tier 1 Perpetual bonds (hybrids)[1)]	**2009**	2008	2007
Ordinary subordinated loan capital, nominal value	**1 763**	2 596	1 596
Perpetual subordinated loan capital, nominal value	**761**	873	735
Hybrid instruments, nominal value	**1 219**	526	406
Value adjustments	**106**	175	88
Earned interest	**22**	32	21
Total subordinated loan capital and Tier 1 perpetual bonds (hybrids)	**3 871**	4 202	2 846

Endring av gjeld stiftet ved utstedelse av ansvarlig lån/fondsobligasjonslån [1)]	Balance 31.12. 2008	Issued 2009	Matured/ redeemed 2009	Exchange rate and other changes 2009	**Balance 31.12. 2009**
Non-perpetual subordinated loan capital, nominal value	2 596	-	-641	-192	**1 763**
Perpetual subordinated loan capital, nominal value	873	-	-	-112	**761**
Tier 1 perpetual bonds (hybrids)	525	786	-	-93	**1 218**
Value adjustments	176	-	-	-69	**107**
Earned interest	32	-	-	-10	**22**
Total subordinated loan capital and Tier 1 perpetual bonds (hybrids)	4 202	786	-641	-476	**3 871**

[1)] The note is identical for the parent company

NOTE 25 OTHER LIABILITIES
figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009	Other liabilities	Group 2009	Group 2008	Group 2007
205	356	**512**	Pension liabilities (note 26)	**593**	433	257
7	4	**8**	Specified loss provisions guarantees	**8**	4	7
24	24	**29**	Other specified provisions	**29**	24	24
17	23	**11**	Accounts payable	**18**	32	273
23	26	**27**	Tax withholdings	**38**	33	31
-	-	**-**	Settlement accounts	**-**	450	313
231	275	**429**	Other liabilities	**521**	331	242
39	45	**50**	Accrued holiday pay	**66**	59	52
172	149	**144**	Other accrued expenses	**188**	175	227
718	902	**1 210**	**Total other liabilities**	**1 461**	1 541	1 426
			Guarantees issued (amounts guaranteed)			
2 464	2 236	**1 017**	Payment guarantees	**1 017**	2 236	2 464
2 244	2 302	**2 687**	Performance bonds Contract guarantees?	**2 687**	2 302	2 244
-	-	**360**	Loan guarantees	**360**	-	-
54	37	**38**	Guarantees for taxes	**38**	37	54
259	600	**2 053**	Other guarantee liabilities	**2 053**	600	259
-	-	**98**	Guarantee in favour of the Norwegian Banks' Guarantee Fund	**98**	-	-
5 021	5 175	**6 253**	**Total guarantees**	**6 253**	5 175	5 021
			Other liabilities			
18 041	14 343	**12 312**	Unutilised credit lines	**12 312**	14 343	18 041
3 515	1 222	**3 104**	Loans approved, not disbursed	**3 263**	1 223	3 682
46	-	**3**	Documentary letters of credit	**3**	-	46
21 602	15 565	**15 419**	**Total other liabilities**	**15 578**	15 566	21 769
27 341	21 642	**22 882**	**Total liabilities**	**23 292**	22 282	28 216
			Secured debt			
3 895	6 675	**12 528**	Securities lodged as collateral	**12 528**	6 675	3 895

Ongoing lawsuits
The group is a party to several lawsuits with a total financial exposure that is not considered to be of great significance, inasmuch as the group has made provisions for losses in the cases in which there is a probability that the group will suffer losses as a consequence of the lawsuits.

Operational leasing
The group's operational leasing contracts have a term of 3 - 5 years. The annual expense is approximately NOK 8 million. The leasing contracts are mainly via SpareBank 1 SR-Finans AS.

NOTE 26 PENSIONS (WITH DIRECT RECOGNITION OF ACTUARIAL ESTIMATE DEVIATIONS)
SpareBank 1 SR-Bank Group has collective pension schemes for its employees. The pension schemes for SpareBank 1 SR-Bank, SR-Forvaltning ASA, SR-Investering AS, SpareBank 1 SR-Finans AS, SpareBank 1 SR-Fondsforvaltning AS and EiendomsMegler 1 SR-Eiendom AS are covered by the bank's pension fund.

SpareBank 1 SR-Bank, SR-Forvaltning ASA, SR-Investering AS, SpareBank 1 SR-Finans AS, SpareBank 1 SR-Fondsforvaltning AS and EiendomsMegler 1 SR-Eiendom AS have uniform schemes in which the principal terms are a contribution period of 30 years, 70 per cent pension relative to the pension basis as at 1 January in the year the employee reaches the age of 67, as well as a disability, surviving spouse and children's pension. All pension benefits are coordinated with expected National Insurance benefits. If changes are made to the National Insurance scheme that entail a reduction in benefits, such reductions will not be compensated through the pension schemes. As at 31 December 2009 the pension schemes had 1,189 active members (965 active members in the bank) and 295 pensioners (280 bank pensioners).

Vågen Eiendomsforvaltning AS has its own defined contribution-based mandatory service pension scheme covering 8 employees.

In addition to the pension liabilities that are covered through the insurance schemes, the group has uncovered pension liabilities that cannot be covered by the assets in the collective schemes. The liabilities apply to people that are not enrolled in the insurance schemes,

(continuation note 26)

supplementary pensions in excess of 12G (G = the National Insurance basic amount), ordinary early retirement pensions and contractual early retirement pension.

Estimated values are used when assessing pension assets and measuring accrued liabilities. These estimates are corrected every year in accordance with the actual value of the pension assets in the pension fund, statements of the transfer value of pension assets from the insurance company, and actuarial calculations regarding the size of the liabilities. The calculation of future pensions is based on the following assumptions:

Assumptions	**2009**	2008	2007
Discount Rate	**4.4 %**	4.0 %	4.8 %
Expected yield on assets	**6.0 %**	6.0 %	6.0 %
Future wage developments	**4.50 %**	4.25 %	4.25 %
Adjustment of basic amount (G)	**4.3 %**	4.0 %	4.0 %
Pension adjustment	**3.5 %**	3.5 %	3.0 %
Employer's Nat. Ins. contribution	**14.1 %**	14.1 %	14.1 %
Voluntary retirement	**5 % before age 45**	5 % before age 45	5 % before age 45
	2 % after age 45	2 % after age 45	2 % after age 45
Expected contractual early retirement from 62 years	**25 % at age 62 and an additional 25 % at age 64**	25 % at age 62 and an additional 25 % at age 64	25 % at age 62 and an additional 25 % at age 64

The assumptions for mortality are based on published statistics and historical data.
Average life expectancy (in number of years) on the balance sheet date for a person who retires at the age of 65 is as follows::

Males	**19.3 years**	19.3 years	19.3 years
Females	**21.8 years**	21.8 years	21.8 years

Average life expectancy (in number of years) 20 years after the balance sheet date for a person who retires at the age of 65 is as follows::

Males	**19.3 years**	19.3 years	19.3 years
Females	**21.8 years**	21.8 years	21.8 years

The calculations are based on standardised assumptions regarding mortality and disability trends and other demographic factors prepared by the Association of Norwegian Insurance Companies (Norges Forsikringsforbund). The mortality assumptions are based on published statistics and historical data.

(figures in NOK million)

Parent company				Group		
2007	2008	**2009**		**2009**	2008	2007
			Book value of liabilities			
37	197	**328**	Pension benefits – insured scheme	**388**	254	71
168	159	**184**	Pension benefits – uninsured scheme	**205**	179	186
205	356	**512**	**Total book value of liabilities**	**593**	433	257
			Expenses charged to profit or loss			
46	49	**76**	Pension benefits – insured scheme	**93**	68	59
16	19	**20**	Pension benefits – uninsured scheme	**22**	21	17
62	68	**96**	**Total expenses charged to profit or loss**	**115**	89	76
			Pension liabilities in defined benefit pension schemes			
971	970	**1 165**	Present value of pension liabilities as at 1.1	**1 308**	1 072	1 076
51	61	**81**	Pension benefits earned during the period	**96**	71	60
45	48	**50**	Interest expense accrued on pension liabilities	**56**	53	50
-73	116	**16**	Actuarial gains and losses (estimate deviations)	**8**	137	-91
-25	-30	**-41**	Benefits paid	**-44**	-31	-26
-	-	**-**	Change in prior periods' earnings	**-**	6	2
969	1 165	**1 271**	**Present value of pension liabilities as at 31.12**	**1 424**	1 308	1 071
818	1 021	**1 105**	of which fund based	**1 241**	1 147	905
151	144	**166**	of which not fund based	**184**	161	166

(continuation note 26)

Parent company 2007	2008	2009		Group 2009	2008	2007
			Pension assets			
702	790	**853**	Pension assets as at 1.1	**929**	847	747
42	49	**47**	Expected yield during period	**51**	53	45
-	-	**-109**	Actuarial gains and losses (estimate deviations)	**-114**	-	-
71	99	**73**	Employer's contribution	**74**	118	81
-25	-30	**-41**	Benefits paid	**-35**	-31	-29
-	-55	**-**	Other changes	**-**	-58	3
790	853	**823**	**Pension assets as at 31.12**	**905**	929	847
			Net pension liabilities in the balance sheet			
969	1 165	**1 271**	Present value of pension liabilities as at 31.12	**1 424**	1 308	1 071
790	853	**823**	Pension assets as at 31.12	**905**	929	847
179	312	**448**	Net pension liabilities as at 31.12	**519**	379	224
26	44	**64**	Employer's Nat. Ins. contribution	**73**	54	32
205	356	**512**	**Net pension liabilities in the balance sheet**	**592**	433	257
			Pension costs for the period			
51	61	**81**	Defined benefits pension earned during the period	**96**	71	60
45	48	**50**	Interest expenses accrued on pension benefits	**56**	53	50
-42	-49	**-47**	Expected yield on pension assets	**-51**	-53	-45
-	-	**-**	Benefits earned in prior periods included in the period	**-**	6	2
54	60	**84**	Net defined benefit pension costs excluding employer's Nat. Ins.	**101**	77	67
8	8	**12**	Accrued employer's Nat. Ins. contribution	**14**	11	9
62	68	**96**	Net defined benefit pension expenses recognised in profit or loss	**115**	89	76
-	-	**-**	Defined contribution pension expenses	**-**	-	-
62	68	**96**	**Pension expenses for the period recognised in profit and loss**	**115**	89	76
			Actuarial gains and losses (estimate changes)			
-131	190	**143**	Actuarial gains and losses included in equity for the period	**140**	217	-147
14	205	**348**	Cumulative actuarial gains and losses included in equity	**390**	250	33
42	49	**47**	Expected yield on pension assets	**51**	53	45
46	-82	**69**	Actual yield on pension assets	**75**	-85	46

The expected yield on assets is the expected yield taking into account the investment strategy adopted in the plans. The expected yield on fixed income securities is based on effective interest rate of the securities at the balance sheet date. The expected yield on equity instruments and investments in real estate reflects the long-term return achieved in the respective markets.

Composition of the group's pension assets	**2009**	2008	2007
Real estate	**17**	22	22
- of which used by the bank	**-**	-	-
Shares	**128**	129	204
Other assets	**760**	778	621
Total pension assets	**905**	929	847

Development the last five years in defined benefit pension schemes in the group	**2009**	2008	2007	2006	2005
Present value of pension liabilities as at 31.12	**1 424**	1 308	1 071	1 076	993
Pension assets as at 31.12	**905**	929	847	711	598
Net deficit	**519**	379	224	365	395

Expected premium paid for 2010 is NOK 74 million for the parent bank and NOK 85 million for the group.

NOTE 27 CAPITAL ADEQUACY

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
1 774	1 872	**3 023**	Equity capital	**3 023**	1 872	1 774
-10	-7	**-9**	- Own equity capital certificates	**-9**	-7	-10
7	92	**458**	Premium reserve	**458**	92	7
777	838	**759**	Dividend equalization reserve	**759**	838	777
337	75	**212**	Allocated to dividend	**212**	75	337
1 970	2 066	**2 241**	Savings bank's reserve	**2 241**	2 066	1 970
-	-	**20**	Compensation fund	**20**	-	-
124	122	**240**	Endowment fund	**240**	122	124
106	69	**127**	Reserve for unrealised gains	**127**	69	139
-	-	**-**	Other equity	**1 002**	827	560
5 085	5 127	**7 071**	**Total book equity**	**8 073**	5 954	5 678
			Core capital			
-	-	**-**	Deferred taxes, goodwill and other intangible assets	**-42**	-23	-26
-2	-1	**-1**	Reserve for unrealised gains available for sale	**-1**	-1	-2
-337	-75	**-212**	Deduction for allocated dividend	**-212**	-75	-337
-266	-364	**-367**	50 % deduction subordinated capital in other financial institutions	**-17**	-17	-12
-158	-188	**-327**	50 % deduction in expected losses IRB less provision for losses	**-337**	-188	-173
-	-	**-**	50 % capital adequacy reserve	**-552**	-547	-486
72	36	**-**	Share of non-performing non-amortised estimate deviations	**-**	38	77
448	526	**1 210**	Hybrids	**1 218**	526	448
4 842	5 061	**7 374**	**Total core capital**	**8 130**	5 667	5 167
			Supplementary capital beyond core capital			
739	872	**760**	Perpetual subordinated capital	**760**	872	739
-	-	**8**	Hybrid capital in excess of 15 %	**-**	-	-
1 639	2 544	**1 763**	Non-perpetual subordinated capital	**2 045**	2 834	1 639
-266	-364	**-367**	50 % deduction subordinated capital in other financial institutions	**-17**	-17	-12
-158	-188	**-327**	50 % deduction in expected losses IRB less provision for losses	**-337**	-188	-173
-	-	**-**	50 % capital adequacy reserve	**-552**	-547	-486
1 954	2 864	**1 837**	**Total supplementary capital**	**1 899**	2 954	1 707
6 796	7 925	**9 211**	**Net subordinated capital**	**10 029**	8 621	6 874
			Minimum capital adequacy requirement Basel II			
1 860	2 299	**2 045**	Participation in specialised enterprises	**2 045**	2 299	1 860
1 037	1 368	**1 752**	Participation in other enterprises	**1 755**	1 368	1 037
31	32	**30**	Participation in mass market SMB	**33**	32	31
559	516	**416**	Participation in mass market private individuals	**614**	516	559
47	48	**86**	Participation in other mass market	**93**	48	47
-	-	**-**	Equity positions	**-**	-	152
3 534	4 263	**4 329**	**Total credit risk IRB**	**4 540**	4 263	3 686
158	100	**82**	Debt risk	**82**	101	158
38	50	**47**	Equity risk	**47**	50	38
2	-	**-**	Currency risk	**-**	-	2
232	248	**252**	Operational risk	**320**	306	268
1 010	706	**-**	Transition scheme	**264**	657	806
431	596	**703**	Participations calculated in accordance with Basel I	**1 605**	1 754	776
-68	-58	**-58**	Deductions	**-91**	-90	-108
5 337	5 905	**5 355**	**Minimum subordinated capital requirement**	**6 767**	7 041	5 626
10.19 %	10.74 %	**13.76 %**	Capital adequacy ratio	**11.86 %**	9.80 %	9.77 %
7.26 %	6.86 %	**11.02 %**	- of which core capital	**9.61 %**	6.44 %	7.35 %
2.93 %	3.88 %	**2.74 %**	- of which supplementary capital	**2.26 %**	3.37 %	2.44 %

(continuation note 27)

The capital adequacy ratio shall be at least 8 per cent. The equity value of non-perpetual subordinated loans is reduced by 20 per cent every year the last five years prior to maturity. To the extent the group has subordinated capital in other financial institutions, this is deducted directly from the group's own subordinated capital for that part that exceeds 2 per cent of the recipient financial institution's subordinated capital. If the group has subordinated capital in other financial institutions that amounts to less than 2 per cent of the individual financial institution's subordinated capital, the total of such capital is deducted from the group's subordinated capital for that part that exceeds 10 per cent of the group's subordinated capital. In the event that the group has been ordered to maintain a 100 per cent capital adequacy ratio for specific assets an amount equal to the asset's carrying value shall be deducted from the subordinated capital and from the basis for the calculation. The basis for the calculation is risk-weighted. The group's goal is that the core capital adequacy ratio shall be at least 9 per cent. The core capital adequacy ratio is 9.61 per cent in 2009 compared with 6.44 per cent in 2008.

NOTE 28 RELATED PARTIES

(figures in NOK 1000)

	Group management			Board of Directors			Audit Committee			Associated companies			Other related parties		
	2009	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007	**2009**	2008	2007
Loans															
Outstanding loans as at 1.1	**22 099**	27 494	25 376	**3 921**	2 685	2 658	**6 229**	7 379	2 542	**11 738**	15 445	4 184	**1 930**	301	2 242
New loans	**15 876**	13 004	5 224	**11 991**	5 910	2 050	**681**	5 020	604	**664**	5 735	4 412	**1 353**	513	783
Repayments	**8 435**	10 001	3 106	**6 297**	4 674	3 395	**564**	6 170	230	**974**	6 000	443	**678**	795	2 698
Outstanding loans as at 31.12	**29 540**	30 497	27 494	**9 615**	3 921	1 313	**6 346**	6 229	2 916	**11 428**	15 180	8 153	**2 605**	19	327
Interest income	**758**	1 319	831	**225**	101	77	**236**	286	139	**326**	802	193	**80**	3	115
Deposits															
Deposits as at 1.1	**1 957**	1 004	1 495	**925**	234	113	**2 261**	3 357	519	**1 355**	2 748	3 490	**3 126**	2 036	1 826
New deposits	**18 952**	16 887	22 004	**1 538**	1 304	1 336	**5 735**	9 992	4 039	**8 659**	7 571	7 256	**10 396**	11 021	11 944
Withdrawals	**18 692**	16 054	22 495	**1 534**	1 408	807	**7 423**	11 088	3 883	**9 051**	8 997	8 058	**10 551**	9 632	12 015
Deposits as at 31.12	**2 217**	1 837	1 004	**929**	130	642	**573**	2 261	675	**963**	1 322	2 688	**2 971**	3 425	1 755
Interest expenses	**32**	69	33	**13**	2	12	**75**	148	20	**47**	127	141	**80**	139	69

NOTE 29 EQUITY CAPITAL REPRESENTED BY EQUITY CAPITAL CERTIFICATES AND OWNERSHIP STRUCTURE

Equity capital

The equity capital of SpareBank 1 SR-Bank represented by equity capital certificates totals NOK 3,023,343,250 divided into 120,933,730 equity capital certificates, each with a nominal value of NOK 25. The equity capital raised by issuing equity capital certificates was increased in the following manner/at the following times:

Year		Change in equity capital	Total equity capital	Number of equity capital certificates
1994	Public issue	744,0	744,0	7 440 000
2000	Private placement with employees	5,0	749,0	7 489 686
2001	Private placement with employees	4,8	753,8	7 538 194
2004	Scrip issue	150,8	904,6	9 045 834
2005	Scrip issue/split	226,1	1 130,7	22 614 585
2007	Private placement	200,0	1 330,7	26 613 716
2007	Scrip issue/split	443,5	1 774,2	70 969 909
2008	Dividend issue	91,7	1 866,0	74 638 507
2008	Private placement with employees	6,6	1 872,6	74 903 345
2009	Scrip issue/split	374,5	2 247,1	89 884 014
2009	Private placement	776,2	3 023,3	120 933 730

(continuation note 29)

In addition to equity capital represented by equity capital certificates the equity capital certificate holders' share of the equity in SpareBank 1 SR-Bank consists of an equalisation reserve and a premium reserve. The equalisation reserve is accumulated retained earnings not distributed as annual dividends. This equity is used to stabilise cash dividends or for scrip issues. Other equity includes the savings bank's reserve, the compensation reserve, the endowment fund and fund for unrealised gains. The following was adopted by the Board of Directors of SpareBank 1 SR-Bank on 19 October 2009 as the bank's policy relating to dividends and endowments: "...... SpareBank 1 SR-Bank aims at paying about half of the profit belonging to the equity certificate holders as dividend and about half of the profit belonging to the savings bank's reserve being distributed as bequests or transferred to foundations for public benefit assuming that the capital strength is satisfactory. When determining the dividend or deciding on endowments, consideration will be given to the bank's profits trend, the market situation, the stability of dividends as well as the need for core capital. When assessing the distribution of the profit for the year as dividends and as endowments respectively, emphasis will be placed on ensuring that the equity certificate holders' share of the total equity (ownership ratio) remains stable."

Equity capital certificate holders' share of profit/loss

Earnings per equity capital certificate are calculated by dividing the profit/loss attributable to the holders of equity capital certificates by the average number of outstanding equity capital certificates. The profit attributable to equity capital certificate holders corresponds to the equity capital's, equalisation reserve's and premium reserve's share of the bank's total equity less the fund for unrealised gains.

Purchase/sale of own equity capital certificates in 2009
(figures in NOK 1000)

Holding as at 31.12.2008	7 357
Scrip issue/split	1 471
Holding as at 31.12.2009	**8 828**

The 20 largest equity capital certificate holders as at 31.12. 2009

Holder	Equity capital certificates	Percentage ownership
Gjensidige Forsikring BA	20 713 065	17.1%
Odin Norge	2 341 693	1.9%
Odin Norden	2 319 625	1.9%
Køhlergruppen AS	1 923 657	1.6%
Coil Investment Group AS	1 904 993	1.6%
Clipper AS	1 685 357	1.4%
Frank Mohn AS	1 666 142	1.4%
Trygve Stangeland	1 622 428	1.3%
State Street Bank and Trust, U.S.A.	1 414 363	1.2%
Lærdal AS	1 222 915	1.0%
Grunnfond Invest AS	1 100 000	0.9%
Brown Brothers Harriman, U.S.A.	1 061 327	0.9%
The Northern Trust, U.K.	1 021 456	0.8%
Verdipapirfondet Nordea Norge	893 740	0.7%
Bjergsted Investering AS	839 497	0.7%
Westco AS	829 968	0.7%
Solvang Shipping AS	701 034	0.6%
Forsand Municipal Authority	682 230	0.6%
Bank of New York, U.S.A.	675 128	0.6%
Tveteraas Finans AS	673 587	0.6%
Total 20 largest holders	45 292 205	37.5%
Other holders	75 641 525	62.5%
Equity capital certificates issued	**120 933 730**	**100.0 %**

The total number of equity cerificate holders as of 31 December 2009 was12 219, an increase of 737 from the beginning of 2009. The percentage of equity cerificates owned in Rogaland, Hordaland and the Agder counties is 47,2 per cent, and the percentage owned abroad is 7,1 per cent. Reference is also made to the owerview of equity cerificate holders on the Board of Directors and Supervicory Board. For more details concerning primary capital certificates, see the seperate section in the annual report.

NOTE 30 RESTRICTED FUNDS

(figures in NOK million)

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
23	26	**27**	Tax deductions	**38**	33	31
23	26	**27**	**Total restricted funds**	**38**	33	31

NOTE 31 CLASSIFICATION OF FINANCIAL INSTRUMENTS

(figures in NOK million)

Group

2009	Financial instruments at fair price through profit or loss: Held for trading	Financial instruments at fair price through profit or loss: Recorded at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities assessed at amortised cost	Financial assets available for sale	Financial assets held to maturity	Non-financial assets and liabilities and earned	Total
Assets								
Cash and balances at central banks				781				**781**
Loans to and deposits with credit institutions				1 301				**1 301**
Net loans to customers		7 106		85 505			213	**92 824**
Certificates and bonds at fair value	10 628						45	**10 673**
Certificates and bonds at amortised cost						11 909		**11 909**
Financial derivatives		854	1 073				511	**2 438**
Shares, units and other ownership interests	286	151			2			**439**
Investments in ownership interests							3 127	**3 127**
Intangible assets							40	**40**
Fixed assets							935	**935**
Operations to be sold							23	**23**
Other assets							419	**419**
Total assets	**10 914**	**8 111**	**1 073**	**87 587**	**2**	**11 909**	**5 313**	**124 909**
Liabilities								
Debt to credit institutions				8 852				**8 852**
Borrowings from government under covered bond swap scheme			8 832				8 832	
Deposits from customers				54 286			50	**54 336**
Debt raised by issuance of securities		11 380		25 923			220	**37 523**
Financial derivatives		1 050	161				365	**1 576**
Taxes payable							223	**223**
Deferred tax liabilities							162	**162**
Other liabilities							1 461	**1 461**
Subordinated loan capital		1 662		2 187			22	**3 871**
Total liabilities		**14 092**	**161**	**100 080**			**2 503**	**116 836**
Total equity capital							**8 073**	**8 073**
Total liabilities and equity capital		**14 092**	**161**	**100 080**			**10 576**	**124 909**

2008	Held for trading	Recorded at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities assessed at amortised cost	Financial assets available for sale	Financial assets held to maturity	Non-financial assets and liabilities and earned	Total
Assets								
Cash and balances at central banks				6 998				6 998
Loans to and deposits with credit institutions				1 416				1 416
Net loans to customers		4 200		94 856			441	99 497
Certificates and bonds a fair value	4 027						56	4 083
Certificates and bonds at amortised cost						5 048		5 048
Financial derivatives		3 386	1 456				205	5 047
Shares, units and other ownership interests	310	92			2			404
Investments in ownership interests							1 953	1 953
Intangible assets							20	20
Fixed assets							337	337
Operations to be sold							638	638
Other assets							417	417
Total assets	4 337	7 678	1 456	103 270	2	5 048	4 067	125 858

(continuation note 31)

2008	Financial instruments at fair price through profit and loss Held for trading: Financial instruments	Financial derivatives	Financial derivatives as hedging instruments Recorded at fair value	Financial assets and liabilities assessed at amortised cost Financial	Financial assets held to maturity Non-financial financial assets and	Non-financial assets and liabilities and earned interest	Non-financial assets and liabilities and earned interest	Total Financial instruments at fair price through profit and
Liabilities								
Debt to credit institutions				11 170				11 170
Borrowings from government under covered bond swap scheme			1 436				1 436	
Deposits from customers				52 871			179	53 050
Debt raised by issuance of securities		14 206		31 451			572	46 229
Financial derivatives		2 029					64	2 093
Taxes payable							22	22
Deferred tax liabilities							94	94
Operations to be sold							55	55
Other liabilities							1 541	1 541
Subordinated loan capital		1 889		2 281			32	4 202
Total liabilities		18 124		99 209			2 559	119 892
Total equity capital							5 966	5 966
Total liabilities and equity capital		18 124		99 209			8 525	125 858
2007								
Assets								
Cash and balances at central banks				2 622				2 622
Loans to and deposits with credit institutions				3 357				3 357
Net loans to customers		2 436		85 425			338	88 199
Certificates and bonds a fair value	5 444						33	5 477
Certificates and bonds at amortised cost								-
Financial derivatives		723	174				110	1 007
Shares, units and other ownership interests	453	127			9			589
Investments in ownership interests							1 345	1 345
Intangible assets							23	23
Fixed assets							294	294
Operations to be sold							43	43
Other assets							293	293
Total assets	5 897	3 286	174	91 404	9		2 479	103 249
Liabilities								
Debt to credit institutions				5 827				5 827
Deposits from customers				50 214			62	50 276
Debt raised by issuance of securities		7 449		28 186			408	36 043
Financial derivatives		476	237				45	758
Taxes payable es							211	211
Deffered tax liabilities							21	21
Other liabilities							1 426	1 426
Subordinated loan capital		1 292		1 533			21	2 846
Total liabilities		9 217	237	85 760			2 194	97 408
Total equity capital							5 841	5 841
Total liabilities and equity capital		9 217	237	85 760			8 035	103 249

(continuation note 31)

Information on fair value

Group	Valuation based on active market prices	Valuation based on observable market data	Valuation based on other than observable	Total
Assets				
Net loans to customers	-	7 106	-	**7 106**
Certificates and bonds at fair value	3 461	7 167	-	**10 628**
Financial derivatives	-	1 927	-	**1 927**
Shares, units and other equity interests	286	-	151	**437**
Liabilities				
Debt raised through issuance of securities	-	11 380	-	**11 380**
Financial derivatives	-	1 050	-	**1 050**
Subordinated loan	-	1 662	-	**1 662**

Change in holding during the accounting year of assets valued using other than observable market data
Group

Shares, units and other equity interests	2007	2008	2009
Balance as at 1.1	127	127	**92**
Additions	-	-	**-**
Disposals	-	-	**-**
Change in value	-	-35	**59**
Balance as at 31.12	127	92	**151**

Financial instruments valued at other than observable market data are included in change in holding in accordance with IFRS 7.

NOTE 32 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(figures in NOK million)

Overdraft facilities/operating credit (including flexi-loans) and earned interest are included in the interval "at call".

Parent company As at 31 December 2009	**At call**	**Less than 3 months**	**3-12 months**	**1 - 5 years**	**More than 5 years**	**Total**
Assets						
Cash and balances at central banks	781	-	-	-	-	781
Loans to and deposits with credit institutions	5 747	-	-	-	-	5 747
Gross loans to customers	34 428	452	1 722	7 449	44 832	88 883
- Individual write-downs	-295	-	-	-	-	-295
- Write-downs on groups of loans	-287	-	-	-	-	-287
Net loans to customers	**33 846**	**452**	**1 722**	**7 449**	**44 832**	**88 301**
Certificates and bonds at fair value	45	3 202	5 266	2 129	7	10 649
Certificates and bonds at amortised cost	-	57	959	7 893	3 000	11 909
Financial derivatives	511	112	139	1 097	585	2 444
Shares, units and other equity interests	441	-	-	-	-	441
Investments in ownership interests	2 827	-	-	-	-	2 827
Fixed assets	309	-	-	-	-	309
Operations to be sold	23	-	-	-	-	23
Other assets	330	-	-	-	-	330
Total assets	**44 860**	**3 823**	**8 086**	**18 568**	**48 424**	**123 761**
Liabilities						
Debt to credit institutions	129	5 872	1 257	1 500	96	8 854
Borrowings from government., under covered bond swap scheme	-	-	-	8 832	-	8 832
Deposits from customers	51 235	1 532	1 745	-	-	54 512
Debt raised through issuance of securities	220	690	5 673	28 178	2 762	37 523
Financial derivatives	365	180	157	555	319	1 576
Taxes payable	-	-	221	-	-	221
Deferred tax liabilities	-	-	-	91	-	91
Other liabilities	1 210	-	-	-	-	1 210
Subordinated loan capital	22	-	-	-	3 849	3 871
Total liabilities	**53 181**	**8 274**	**9 053**	**39 156**	**7 026**	**116 690**

Group As at 31.12.2009	**At call**	**Less than 3 months**	**3-12 months**	**1 - 5 years**	**More than 5 years**	**Total**
Assets						
Cash and balances at central banks	781	-	-	-	-	781
Loans to and deposits with credit institutions	1 301	-	-	-	-	1 301
Gross loans to customers	34 432	471	1 897	10 579	46 094	93 473
- Individual write-downs	-329	-	-	-	-	-329
- Write-downs on groups of loans	-320	-	-	-	-	-320
Net loans to customers	**33 783**	**471**	**1 897**	**10 579**	**46 094**	**92 824**
Certificates and bonds at fair value	45	3 222	5 266	2 129	11	10 673
Certificates and bonds at amortised cost	-	57	959	7 893	3 000	11 909
Financial derivatives	511	112	139	1 091	585	2 438
Shares, units and other equity interests	439	-	-	-	-	439
Investments in ownership interests	3 127	-	-	-	-	3 127
Fixed assets	935	-	-	-	-	935
Operations to be sold	23	-	-	-	-	23
Other assets	459	-	-	-	-	459
Total assets	**41 404**	**3 862**	**8 261**	**21 692**	**49 690**	**124 909**
Liabilities						
Debt to credit institutions	127	5 872	1 257	1 500	96	8 852
Borrowings from government, under covered bond swap scheme	-	-	-	8 832	-	8 832
Deposits from customers	51 059	1 532	1 745	-	-	54 336
Debt raised through issuance of securities	220	690	5 673	28 178	2 762	37 523
Financial derivatives	365	180	157	555	319	1 576
Taxes payable	-	-	223	-	-	223
Deferred tax liabilities	-	-	-	162	-	162
Other liabilities	1 461	-	-	-	-	1 461
Subordinated loan capital	22	-	-	-	3 849	3 871
Total liabilities	**53 254**	**8 274**	**9 055**	**39 227**	**7 026**	**116 836**

NOTE 33 MAXIMUM CREDIT RISK EXPOSURE
(figures in NOK million)

Maximum credit risk exposure for balance sheet components, including derivatives

The exposure is shown gross excluding collateral security lodged and permitted offsets.

Parent company 2007	Parent company 2008	Parent company 2009		Group 2009	Group 2008	Group 2007
			Assets			
2 622	6 998	**781**	Cash and balances at central banks	**781**	6 998	2 622
6 489	5 920	**5 747**	Loans to and deposits with credit institutions	**1 301**	1 416	3 357
84 972	95 578	**88 883**	Loans to and receivables from customers	**93 473**	100 071	88 428
5 724	4 181	**10 892**	Securities – held for trading	**10 914**	4 337	5 897
127	92	**151**	Securities – at fair value with value change through profit or loss	**151**	92	127
-	5 048	**11 909**	Securities – at amortised cost	**11 909**	5 048	-
1 007	5 053	**2 444**	Derivatives	**2 438**	5 047	1 007
4	2	**2**	Securities – available for sale	**2**	2	9
1 586	2 052	**2 952**	Other assets	**3 940**	2 847	1 802
102 531	124 924	**123 761**	**Total assets**	**124 909**	125 858	103 249
			Liabilities			
5 021	5 175	**6 253**	Guarantees issued	**6 253**	5 175	5 021
18 041	14 343	**12 312**	Unutilised credit facilities	**12 312**	14 343	18 041
3 515	1 222	**3 104**	Loans approved not disbursed	**3 263**	1 223	3 682
26 577	20 740	**21 669**	**Total financial guarantees**	**21 828**	20 741	26 744
129 108	145 664	**145 430**	**Total credit risk exposure**	**146 737**	146 599	129 993

Credit risk exposure on financial assets distributed by geographic area

Parent company 2007	Parent company 2008	Parent company 2009	**Banking activities**	Group 2009	Group 2008	Group 2007
78 275	88 962	**75 953**	Rogaland	**75 531**	88 387	74 512
7 648	9 004	**8 345**	Agder counties	**8 724**	9 332	7 864
3 643	5 896	**7 072**	Hordaland	**7 631**	6 335	3 861
266	364	**1 090**	Abroad	**1 090**	365	3 577
5 837	6 322	**5 903**	Other	**6 519**	6 932	6 413
95 669	110 548	**98 363**	**Total banking activities**	**99 495**	111 351	96 227
			Markets activities			
4 174	6 968	**21 308**	Norway	**21 330**	7 105	4 334
1 148	1 839	**1 272**	Europe/Asia	**1 272**	1 839	1 148
533	516	**374**	USA	**374**	516	533
5 855	9 323	**22 954**	**Total markets activities**	**22 976**	9 460	6 015
1 007	5 053	**2 444**	Derivatives	**2 438**	5 047	1 007
102 531	124 924	**123 761**	**Total distributed by geographic area**	**124 909**	125 858	103 249

NOTE 34 CREDIT QUALITY PER FINANCIAL ASSET CLASS

(figures in NOK million)

The credit quality of financial assets is dealt with by the bank applying its internal guidelines for credit rating.
The table below shows the credit quality per financial asset class for loan-related assets recognised in the balance sheet, based on the bank's own credit rating system.

Parent company	Neither matured nor written down					Matured and individually written down	
2009	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**	**down**	**Total**
Loans							
Loans to and deposits with credit institutions	5 747	-	-	-	-	-	5 747
Loans to and receivables from customers							
- Retail market	32 697	11 436	512	27	76	202	44 950
- Corporate market	12 423	17 648	10 429	254	2 108	799	43 661
- Undistributed	-	-	-	-	-	-	272
Total loans	**50 867**	**29 084**	**10 941**	**281**	**2 184**	**1 001**	**94 630**
Financial investments							
Norwegian government bonds	6 363	-	-	-	-	-	6 363
Listed bonds and certificates	11 001	993	369	103	12	-	12 478
Unlisted bonds and certificates	1 702	1 413	403	109	45	-	3 672
Earned interest	-	-	-	-	-	-	45
Total financial investments	**19 066**	**2 406**	**772**	**212**	**57**	**-**	**22 558**
Total loan-related assets	**69 933**	**31 490**	**11 713**	**493**	**2 241**	**1 001**	**117 188**

2008							
Loans							
Loans to and deposits with credit institutions	5 920	-	-	-	-	-	5 920
Loans to and receivables from customers							
- Retail market	40 395	9 183	580	66	207	241	50 672
- Corporate market	12 072	17 715	11 244	754	1 663	908	44 356
- Undistributed	-	-	-	-	-	-	550
Total loans	58 387	26 898	11 824	820	1 870	1 149	101 498
Financial investments							
Listed bonds and certificates	5 576	1 568	936	154	100	10	8 344
Unlisted bonds and certificates	544	35	55	21	35	-	690
Earned interest	-	-	-	-	-	-	56
Total financial investments	6 120	1 603	991	175	135	10	9 090
Sum utlånsrelaterte eiendeler	64 507	28 501	12 815	995	2 005	1 159	110 588

2007							
Loans							
Loans to and deposits with credit institutions	6 489	-	-	-	-	-	6 489
Loans to and receivables from customers							
- Retail market	44 903	4 050	1 141	139	16	180	50 429
- Corporate market	8 172	15 481	8 295	1 574	607	194	34 323
- Undistributed	-	-	-	-	-	-	220
Total loans	59 564	19 531	9 436	1 713	623	374	91 461
Financial investments							
Listed bonds and certificates	2 962	1 193	940	99	175	-	5 369
Unlisted bonds and certificates	-	-	-	-	37	-	37
Earned interest	-	-	-	-	-	-	33
Total financial investments	2 962	1 193	940	99	212	-	5 439
Total loan-related assets	62 526	20 724	10 376	1 812	835	374	96 900

(continuation note 34)

Group	Neither matured nor written down					Matured and individu-ally written	
2009	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**		**Total**
Loans							
Loans to and deposits with credit institutions	1 301	-	-	-	-	-	1 301
Loans to and receivables from customers							
- Retail market	33 036	11 775	641	69	116	210	45 847
- Corporate market	13 986	19 209	10 575	450	2 295	834	47 349
- Undistributed	-	-	-	-	-	-	277
Total loans	**48 323**	**30 984**	**11 216**	**519**	**2 411**	**1 044**	**94 774**
Financial investments							
Norwegian government bonds	6 379	-	-	-	-	-	6 379
Listed bonds and certificates	11 001	993	369	103	12	-	12 478
Unlisted bonds and certificates	1 704	1 413	405	109	49	-	3 680
Earned interest	-	-	-	-	-	-	45
Total financial investments	**19 084**	**2 406**	**774**	**212**	**61**	**-**	**22 582**
Total loan-related assets	**67 407**	**33 390**	**11 990**	**731**	**2 472**	**1 044**	**117 356**
2008							
Loans							
Loans to and deposits with credit institutions	1 416	-	-	-	-	-	1 416
Loans to and receivables from customers							
- Retail market	40 578	9 495	774	126	308	248	51 529
- Corporate market	13 647	19 120	11 680	842	1 758	915	47 962
- Undistributed	-	-	-	-	-	-	580
Total loans	55 641	28 615	12 454	968	2 066	1 163	101 487
Financial investments							
Listed bonds and certificates	5 617	1 568	936	154	100	10	8 385
Unlisted bonds and certificates	544	35	55	21	35	-	690
Earned interest	-	-	-	-	-	-	56
Total financial investments	6 161	1 603	991	175	135	10	9 131
Total loan-related assets	61 802	30 218	13 445	1 143	2 201	1 173	110 618
2007							
Loans							
Loans to and deposits with credit institutions	3 357	-	-	-	-	-	3 357
Loans to and receivables from customers							
- Retail market	45 151	4 295	1 257	159	50	182	51 094
- Corporate market	8 725	17 153	8 630	1 748	635	222	37 113
- Undistributed	-	-	-	-	-	-	221
Total loans	57 233	21 448	9 887	1 907	685	404	91 785
Financial investments							
Listed bonds and certificates	3 000	1 193	940	99	175	-	5 407
Unlisted bonds and certificates	-	-	-	-	37	-	37
Earned interest	-	-	-	-	-	-	33
Total financial investments	3 000	1 193	940	99	212	-	5 477
Total loan-related assets	60 233	22 641	10 827	2 006	897	404	97 262

(continuation note 34)

Classification of financial investments:
The bonds are allocated to SpareBank 1 SR-Bank's own risk classes based on external ratings. If a security has an official rating, this must be used, but in cases where official ratings do not exist external brokers' shadow ratings are used as the basis for the risk classification. The list below illustrates the link between SpareBank 1 SR-Bank's risk classes and Standard & Poor's rating matrix (Long-Term Credit Ratings).

The bank's risk class	S&P rating
Lowest risk	AAA, AA+, AA og AA-
Low risk	A+, A og A-
Medium risk	BBB+, BBB, BBB-
High risk	BB+, BB, BB-
Highest risk	B+ and lower

NOTE 35 CREDIT RISK EXPOSURE FOR EACH INTERNAL RISK RATING

(figures in NOK million)

Parent company	Average unsecured exposure as % 2009	Total amount 2009	Average unsecured exposure as % 2008	Total amount 2008	Average unsecured exposure as % 2007	Total amount 2007
Lowest risk	**0.07**	**52 383**	0.28	57 336	3.85	65 750
Low risk	**3.85**	**35 390**	9.45	37 074	10.64	26 411
Medium risk	**17.77**	**13 932**	30.25	16 320	13.45	12 048
High risk	**36.41**	**418**	15.19	384	8.98	2 026
Highest risk	**53.32**	**2 556**	28.24	2 020	13.20	841
Non-performing and written-down	**7.17**	**1 075**	28.91	1 546	4.65	709
Total	**5.06**	**105 754**	7.53	114 680	6.76	107 785

Group						
Lowest risk	**0.06**	**54 290**	0.28	59 094	3.80	66 580
Low risk	**3.67**	**37 290**	8.94	38 791	9.92	28 328
Medium risk	**17.01**	**14 654**	29.14	16 950	12.97	12 499
High risk	**24.58**	**656**	13.30	532	8.20	2 220
Highest risk	**48.81**	**2 783**	25.91	2 216	12.29	903
Defaulted written-down	**7.01**	**1 118**	28.31	1 564	4.47	739
Total	**4.85**	**110 791**	7.27	119 147	6.55	111 269

SpareBank 1 SR-Bank sets the realisation value of lodged collateral in such a way that the collateral, on a conservative evaluation, reflects the expected realisation value in a cyclical business downturn. For example, pursuant to the group's internal guidelines, collateral in the form of a negative pledge and unlisted shares will have no realisation value and are therefore not considered secured. The conservative evaluation implies that the realisation value actually achieved can be higher than the estimated realisation value.

NOTE 36 DISTRIBUTION BY AGE OF DEFAULTED LOANS NOT WRITTEN DOWN

(figures in NOK million)

The table shows amounts due on loans and overdraft facilities that are not caused by delays in money transfers, by number of days after due date.

Parent company

2009	Less than 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	360	29	11	34	434
- Corporate market	107	9	-	79	195
Total	**467**	**38**	**11**	**113**	**629**

2008					
Loans to and receivables from customers					
- Retail market	433	70	12	12	527
- Corporate market	184	15	29	57	285
Total	617	85	41	69	812

2007					
Loans to and receivables from customers					
- Retail market	269	71	10	12	362
- Corporate market	18	-	1	13	32
Total	287	71	11	25	394

Of the total amount of gross matured but not written down loans to and receivables from customers, as at 31 December 2009, the fair value of the related collateral security totalled NOK 513 million (NOK 622 million and NOK 357 million for 2008 and 2007 respectively).

Group

2009	Less than 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	360	38	11	38	447
- Corporate market	107	197	7	81	392
Total	**467**	**235**	**18**	**119**	**839**

2008					
Loans to and receivables from customers					
- Retail market	433	70	13	15	531
- Corporate market	184	18	35	68	305
Total	617	88	48	83	836

2007					
Loans to and receivables from customers					
- Retail market	269	72	10	12	363
- Corporate market	22	1	1	13	37
Total	291	73	11	25	400

Of the total amount of gross matured but not written down loans to and receivables from customers, as at 31 December 2009 the fair value of the related collateral security totalled NOK 723 million (NOK 646 million and NOK 363 million for 2008 and 2007 respectively).

NOTE 37 REMAINING CONTRACTUAL TERM OF LIABILITIES
(figures in NOK million)

Parent company [1)] 2009	On call	Less 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Debt to credit institutions	17	5 872	1 257	1 500	96	8 742
Govt. funding linked to covered bond swap scheme	-	-	-	8 832	-	8 832
Deposits from customers	51 185	1 532	1 745	-	-	54 462
Debt raised through issuance of securities	-	690	5 747	27 720	2 369	36 526
Subordinated loan capital	-	-	-	-	3 742	3 742
Total liabilities	**51 202**	**8 094**	**8 749**	**38 052**	**6 207**	**112 304**
Derivatives						
Contractual cash flows out	-	5 403	2 412	1 817	647	10 279
Contractual cash flow in	-	-5 606	-3 509	-4 561	-1 181	-14 857

2008						
Debt to credit institutions	2 375	2 893	4 089	328	-	9 685
Govt. funding linked to covered bond swap scheme	-	-	-	1 436	-	1 436
Deposits from customers	53 341	162	-	1 437	-	54 940
Debt raised through issuance of securities	-	2 666	3 788	35 157	2 825	44 436
Subordinated loan capital	-	-	-	-	4 170	4 170
Total liabilities	55 716	5 721	7 877	38 358	6 995	114 667
Derivatives						
Contractual cash flows out	-	9 917	3 172	5 608	1 442	20 139
Contractual cash flow in	-	-9 876	-2 985	-5 309	-1 405	-19 575

2007						
Debt to credit institutions	1 199	3 604	80	310	620	5 813
Deposits from customers	49 666	431	694	204	-	50 995
Debt raised through issuance of securities	-	4 260	4 892	21 416	5 105	35 673
Subordinated loan capital	-	-	-	-	2 739	2 739
Total liabilities	50 865	8 295	5 666	21 930	8 464	95 220
Derivatives						
Contractual cash flows out	-	3 200	2 726	9 394	1 212	16 532
Contractual cash flow in	-	-3 071	-2 550	-8 604	-1 039	-15 264

Group 1)

2009						
Debt to credit institutions	15	5 872	1 257	1 500	96	8 740
Govt. funding linked to covered bond swap scheme	-	-	-	8 832	-	8 832
Deposits from customers	51 009	1 532	1 745	-	-	54 286
Debt raised through issuance of securities	-	690	5 747	27 720	2 369	36 526
Subordinated loan capital	-	-	-	-	3 742	3 742
Total liabilities	**51 024**	**8 094**	**8 749**	**38 052**	**6 207**	**112 126**
Derivatives						
Contractual cash flows out	-	5 285	2 412	1 817	647	10 161
Contractual cash flow in	-	-5 606	-3 509	-4 443	-1 181	-14 739

2008						
Debt to credit institutions	2 374	2 892	4 089	328	-	9 683
Govt. funding linked to covered bond swap scheme	-	-	-	1 436	-	1 436
Deposits from customers	52 714	156	-	1 437	-	54 307
Debt raised through issuance of securities	-	2 666	3 788	35 157	2 825	44 436
Subordinated loan capital	-	-	-	-	4 170	4 170
Total liabilities	55 088	5 714	7 877	38 358	6 995	114 032
Derivatives						
Contractual cash flows out	-	9 917	3 172	5 608	1 442	20 139
Contractual cash flow in	-	-9 876	-2 985	-5 309	-1 405	-19 575

(continuation note 37)

2007	On call	Less 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Debt to credit institutions	1 198	3 604	80	310	620	5 812
Deposits from customers	48 885	431	694	204	-	50 214
Debt raised through issuance of securities	-	4 260	4 892	21 416	5 105	35 673
Subordinated loan capital	-	-	-	-	2 739	2 739
Total liabilities	50 083	8 295	5 666	21 930	8 464	94 438
Derivatives						
Contractual cash flows out	-	3 200	2 726	9 394	1 218	16 538
Contractual cash flow in	-	-3 071	-2 550	-8 604	-1 033	-15 258

[1] All amounts are in nominal NOK.

NOTE 38 MARKET RISK RELATED TO INTEREST RISK

(figures in NOK million)

The table shows sensitivity of net interest cost before tax (interest change of one percentage point) at the end of each of the last three years.

Parent company 2007	Parent company 2008	Parent company 2009	Currency	Group 2009	Group 2008	Group 2007
8	30	**14**	NOK	**14**	30	8
2	2	**-**	EUR	**-**	2	2
2	1	**-**	USD	**-**	1	2
-	-	**-2**	CHF	**-2**	-	-
-	-	**1**	Other	**1**	-	-

An interest rate risk arises when the group has different interest lock-in periods for its assets and liabilities. Trading activities linked to dealing with interest rate instruments shall at all times take place within adopted limits and authorities. The group defines, therefore, quantitative goals for maximum potential loss. The commercial risk is continuously quantified and monitored.

The group's overriding guidelines for interest rate risk define the maximum loss arising from a 1-percentage point change in interest rates. The maximum loss, in total, shall not exceed NOK 30 million on the kroner balance, and within each interest rate period (0-3 months, 3-6 months, 6-12 months, 1-2 years, etc.) the maximum loss shall not exceed NOK 15 million. The maximum net loss due to interest rate risk in currency balances is NOK 8 million before tax. No single currency shall have an inherent interest rate risk in excess of NOK 5 million.

NOTE 39 MARKET RISK RELATED TO CURRENCY RISK

(figures in NOK million)

The table shows net currency exposure including financial derivatives in accordance with definition given by Norges Bank.

Parent company 2007	Parent company 2008	Parent company 2009	Currency	Group 2009	Group 2008	Group 2007
-9	23	**5**	EUR	**5**	23	-9
15	1	**1**	USD	**1**	1	15
-	-7	**1**	CHF	**1**	-7	-
2	1	**-1**	GBP	**-1**	1	2
-3	-46	**32**	Other	**32**	-46	-3
5	-28	**38**	**Total**	**38**	-28	5
-	1	**1**	Effect on profit or loss of a 3% change before tax	**1**	1	-

Currency risk arises when the group has differences in assets and liabilities in an individual currency. Foreign exchange trading shall always take place within the adopted guidelines and authorities at any time. The group's limits define quantitative goals for maximum net currency exposure, measured in NOK. The commercial risk is quantified and monitored continuously.

The group has set limits for the net exposure in each individual currency, and limits for aggregate net currency exposure (expressed as the highest of total long and short positions). The net overnight currency risk for spot trading must not exceed NOK 100 million per individual currency and NOK 125 million on aggregate.

NOTE 40 ACTIVITIES TO BE SOLD

SpareBank 1 SR-Bank establishes, as part of its business activity, investment projects for sale to its customers. SpareBank 1 SR-Bank must also, as part of its business activities, take over assets, for one reason or another, from its customers.

As at 31 December 2008, the investment projects consisted of 2 property companies, Rogaland NæringsInvest V AS and Energiveien Eiendom Holding AS. Both projects were planned to be sold during the first six months of 2009. These were recognised at fair value in the accounts as at 31 December 2008. Rogaland Næringsinvest V AS was sold in 2009. Energiveien Eiendom Holding AS has not been sold and is recorded in the group as fixed assets as at 31 December 2009.

As at 31 December 2009, these assets comprised completed but unsold apartments that have been taken over. The plan is to sell the apartments in 2010. This item is recognised at fair value in the accounts as at 31 December 2009.

NOTE 41 EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date of 31 December 2009 that affect the published consolidated accounts.

NOTE 42 MERGERS

BN Bank ASA
On 20 October 2008, the SpareBank 1 banks entered into an agreement to acquire all the shares in BN Bank ASA for a purchase price of NOK 300 million. The transaction was carried out on 5 December 2008. By way of this transaction, SpareBank 1 SR-Bank became the holder of 20 per cent of the shares. In connection with the acquisition, a provisional purchase allocation was made in accordance with IFRS 3, which formed the basis for the financial statements for the 2008 accounting year. Since the acquisition took place close to the end of the 2008 accounting year, the original PPA was considered preliminary. Fair value of the identifiable assets at that time was NOK 2,377 million. The group's share of the net identifiable net assets amounted to NOK 475 million. The group's share of the acquisition cost (20 per cent) was NOK 60 million and capitalised direct costs in connection with the acquisition totalled NOK 1 million. Pursuant to IAS 28, the difference between the identifiable net assets and the acquisition cost was recorded as income from ownership interests as at 31 December 2008. With this, the group took badwill totalling NOK 414 million to income in connection with the acquisition. In addition, NOK 7.1 million was taken to income as the group's share of the profit from the date of acquisition to 31 December 2008. Excess/shortfall related to deposits, funding and lending is amortised over the average life of the portfolios. In accordance with IFRS 3, the purchase price allocation is considered final 12 months after the acquisition date. The preliminary and final PPAs are shown below.

In August 2009, SpareBank 1 SMN entered into an agreement with Sparebanken Hedmark to acquire a further 15 per cent of the shares in BN Bank ASA for NOK 200 million. At the same time, an agreement was signed between SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge covering the sale of 7 per cent of the shares for a total amount of NOK 93.34 million, where SpareBank 1 SR-Bank took over 3.5 per cent of these shares. This resale price equates to the original cost price of NOK 200 million. SpareBank 1 SR-Bank took over the shares in the autumn of 2009 and received formal permission from the Financial Supervisory Authority of Norway (Finanstilsynet) for the acquisition in December. As at 31 December 2009, SpareBank 1 SR-Bank owns 23.5 per cent of the shares in BN Bank ASA. At that date, SpareBank 1 SMN (33.0 per cent), SpareBank 1 Nord-Norge (23.5 per cent) and Samarbeidende Sparebanker Bankinvest AS (20.0 per cent) owned the other shares.

A preliminary purchase allocation pursuant to IFRS 3 was used as the basis for the accounts in the 4th quarter of 2009. Fair value of identified net assets totalled NOK 2,584 million. The group's share of the identifiable net assets linked to the acquisition (3.5 per cent) was NOK 91 million. The group's share of the acquisition costs linked to this acquisition (3.5 per cent) was NOK 47 million. In accordance with IAS 28, the difference between identifiable net assets and the acquisition cost was taken to income in the 4th quarter of 2009. Thus, the group took NOK 44 million to income as badwill in connection with this acquisition, calculated on the basis of a real 3.5 per cent stake. Excess/shortfall related to deposits, funding and lending is amortised over the average life of the portfolios. This valuation shows a somewhat higher value than the purchase price allocation dated 30 November 2008, which is referred to above. An independent valuation of BN Bank ASA was obtained which confirms the fairness of the purchase price allocation. The purchase price allocation for SpareBank 1 SR-Bank's acquisition of 3.5 per cent of BN Bank ASA is therefore considered final.

The SpareBank 1 alliance's management structure is governed by a shareholder agreement. The group therefore classifies its participation in BN Bank ASA as an investment in a joint venture and records this using the equity capital method of accounting.

SpareBank 1 Næringskreditt AS
At the same time as SpareBank 1 SMN acquired a further 15 per cent of the shares in BN Bank ASA, the bank acquired a similar stake in SpareBank 1 Næringskreditt AS for NOK 49.5 million. Sparebanken Hedmark was the seller. Simultaneously, SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge entered into an agreement for the resale of 7 per cent of the shares for an amount of NOK 23.1 million. The resale price corresponds to the original cost price of NOK 49.5 million, together with interest compensation for the period. In connection with the increase in SpareBank 1 Næringskreditt AS' share capital in September 2009, BN Bank ASA subscribed to 15 per cent of the shares. These were resold in December 2009 to SpareBank 1 SMN, SpareBank 1 Nord-Norge and SpareBank 1 SR-Bank. The resale

(continuation note 42)

was carried out at the same price as the share capital increase, plus interest compensation for the period. As at 31 December 2009, SpareBank 1 SR-Bank owns 23.5 per cent of the shares in SpareBank 1 Næringskreditt AS. Other shareholders include SpareBank 1 SMN (33.0 per cent) and SpareBank 1 Nord-Norge (23.5 per cent). A number of cooperating banks owns the remaining 20.0 per cent of the shares. No excess values were identified in connection with the acquisition of SpareBank 1 Næringskreditt AS.

Final purchase price allocation of BN Bank ASA
Percentage of shares taken over: 20 per cent
Date of acquisition 5.12.2008.

			Preliminary PPA		Final PPA	
(figures in NOK 1000)			Preliminary evaluation (total) 30.11.2008	SpareBank 1 SR-Bank (20 %)	Final evaluation (total) 30.11.2009	SpareBank 1 SR-Bank (20 %)
Book value of equity as at 31.12.2008			2 748	550	2 748	550
Items not directly portfolio related						
Profit/loss for December 2008			-35	-7	-35	-7
Shortfall value pension liabilities			-22	-4	-22	-4
Provision for contingent liabilities			-90	-18	-	-
Shortfall value related to deposits with Glitnir Bank hf			-10	-2	-10	-2
Total items not directly portfolio related			**2 591**	**518**	**2 681**	**536**
Portfolio-related items	**Book value**	**Fair value**				
Loans to retail market	5 171	4 615	-556	-111	-556	-111
Loans to corporate market	26 500	25 678	-822	-164	-822	-164
Housing loans	14 600	14 743	143	29	143	29
Deposits	14 600	14 781	181	36	181	36
Money market financing	22 425	23 128	703	141	703	141
Total portfolio-related items			**-351**	**-70**	**-351**	**-70**
Taxes			137	27	112	22
Total equity excess/shortfall analysis			**2 377**	**475**	**2 442**	**488**

The change from the preliminary to the final PPA related to the lapsing of annulment claim linked to a commitment under the administration of BN Bank ASA's estate. The amount totalled NOK 90 million less tax, NOK 25 million, net NOK 65 million. Because of this, SpareBank 1 SR-Bank has taken its share of this to income in the 4th quarter of 2009. During the period it has been owned, no errors or other estimate deviations have become known in connection with the valuations the group made in December 2008.

Final purchase price allocation BN Bank ASA
Percentage of shares taken over: 3.5 per cent
Taken over in the autumn of 2009.

			Final PPA	
(figures in NOK 1000)			Final evaluation (total) 30.09.2009	SpareBank 1 SR-Bank (3.5 %)
Book value of equity capital as at 30.9.2009			**2 839**	**99**
Items not directly portfolio related				
Shortfall value pension liabilities			-22	-1
Provision for contingent liabilities			-90	-3
Shortfall value related to deposits with Glitnir Bank hf			-10	-
Total items not directly portfolio related			**2 717**	**95**
Porteføljerelaterte forhold:	**Book value**	**Fair value**		
Loans to retail market	4 673	4 415	-258	-9
	25 641	25 201	-440	-15
Loans to commercial properties	12 675	12 801	126	4
Housing loans	13 815	13 994	179	6
Deposits	19 955	20 116	161	6
Money market financing			**-232**	**-8**
Total portfolio-related items			99	3
Taxes			**2 584**	**90**
Total equity excess/shortfall analysis 30.9.09				

(continuation note 42)

Summing up BN Bank ASA as at 31.12.2009:

2008	
Share of profit/loss 2008 (1 month)	7 064
Badwill acquisition 20 %	414 173
Total taken to income 2008	**421 237**

The 2008 postings are carried out on the basis of a 20 per cent stake.

2009	
Share of profit/loss	28 660
Amortisation effects, both acquisitions	22 480
Badwill acquisition 3.5 %	43 775
Total taken to income 2009	**94 915**

The profit and loss items in 2009 for the period 1 January – 30 September are based on the group's 20.0 per cent stake.
For the period 1 October – 31 December 2009, the new ownership stake of 23.5 per cent has been applied.

In SpareBank 1 SR-Bank, employees and customers have a complete, forward-looking and dependable banking alternative.

PRICEWATERHOUSECOOPERS

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To the Supervisory Board of Sparebank 1 SR-Bank

Auditor's report for 2009

We have audited the annual financial statements of Sparebank 1 SR-Bank as of 31 December 2009, showing a profit of NOK 942 million for the parent company and a profit of NOK 1 111 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of comprehensive income and cash flows, the statement of changes in equity and the accompanying notes. The financial statements of the group comprise the balance sheet, the statements of comprehensive income and cash flows, the statement of changes in equity and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and the Group as of 31 December 2009 and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations

Stavanger, 3 March 2010
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We declare that, to the best of our knowledge, the annual accounts for the period 1 January to 31 December 2009 have been prepared in accordance with current accounting standards, and that the information in the accounts provides an accurate picture of the company's and the group's assets, liabilities, financial position and overall results.

We also declare that the annual report provides an accurate summary of the development, results and the position of the company and the group, together with a description of the key risk factors and uncertain factors faced by the company and the group.

Stavanger, 3 March 2010

Kristian Eidesvik
Chairman of the Board

Gunn-Jane Håland
Vice Chairperson

Elin Rødder Gundersen

Tor Magne Lønnum

Sally Lund-Andersen
Employee representative

Einar Risa

Erik Edvard Tønnesen

Kåre Hansen
Deputy member

Terje Vareberg
Chief Executive Officer

AUDIT COMMITTEE'S STATEMENT FOR 2009

The Audit Committee has performed its duties in compliance with the Norwegian Savings Banks Act and the instructions to the Committee.

The bank's activities in 2009 were in accordance with the Savings Banks Act, the bank's Articles of Association and other regulations the bank must comply with.

The annual report and accounts that are presented have been prepared in compliance with the Norwegian Savings Banks Act and the regulations issued by Kredittilsynet (The Financial Supervisory Authority of Norway). The Supervisory Board may adopt the profit and loss account and the balance sheet as the bank's accounts for 2009.

Stavanger, 12 March 2010

Odd Rune Torstrup
(Chairman of the Audit Committee)

Odd Broshaug

Siv Gausdal Eriksen

Egil Fjogstad

Vigdis Wiik Jacobsen

EXPERTISE AT EVERY LEVEL

KEY FIGURES LAST 5 YEARS

(figures in NOK million)

SpareBank 1 SR-Bank group	2009	2008	2007	2006	2005
Income statement					
Net interest income	**1 676**	1 644	1 340	1 128	1 113
Net exchange gains/losses	**384**	-234	142	240	192
Other operating income	**1 319**	1 072	1 141	879	733
Total operating income	**3 379**	2 482	2 623	2 247	2 038
Total operating expenses	**1 579**	1 453	1 357	1 178	1 012
Profit before losses	**1 800**	1 029	1 266	1 069	1 026
Losses on loans and guarantees	**368**	386	10	-92	-70
Result of ordinary activities	**1 432**	643	1 256	1 161	1 096
Taxes	**321**	163	249	237	234
Profit after tax	**1 111**	480	1 007	924	862
Minority interests	**1 109**	469	994	914	856
Majority interests	**2**	11	13	10	6
Income statement (percentage of average total assets)					
Net interest income	**1,35 %**	1,49 %	1,42 %	1,52 %	1,76 %
Net exchange gains/losses	**0,31 %**	-0,21 %	0,15 %	0,32 %	0,30 %
Other operating income	**1,06 %**	0,97 %	1,21 %	1,19 %	1,16 %
Total operating income	**2,72 %**	2,25 %	2,78 %	3,04 %	3,22 %
Total operating expenses	**1,27 %**	1,32 %	1,44 %	1,59 %	1,60 %
Profit before losses and write-downs	**1,45 %**	0,93 %	1,34 %	1,44 %	1,62 %
Losses on loans and guarantees	**0,30 %**	0,35 %	0,01 %	-0,12 %	-0,11 %
Result of ordinary activities	**1,15 %**	0,58 %	1,33 %	1,57 %	1,73 %
Taxes	**0,26 %**	0,15 %	0,26 %	0,32 %	0,37 %
Profit for the year	**0,89 %**	0,44 %	1,07 %	1,25 %	1,36 %
Volumes					
Total assets	**124 909**	125 858	103 249	85 035	67 237
Loans to retail customers	**45 847**	51 528	51 095	48 461	41 890
Loans to retail customers incl. SB1 Boligkreditt	**70 601**	63 754	56 085	48 864	41 890
Loans to corporate market	**47 063**	47 500	36 447	28 836	19 922
Deposits from retail customers	**25 180**	24 511	21 450	19 190	17 464
Deposits from corporate market	**29 106**	28 360	28 764	23 357	20 066
Growth in loans to retail customers (excl. SB1 Boligkreditt) %	**-11,0**	0,8	5,4	15,7	12,4
Growth in loans to corporate market %	**-0,9**	30,3	26,4	44,7	16,0
Growth in deposits from retail customers %	**2,7**	14,3	11,8	9,9	4,0
Growth in deposits from corporate market %	**2,6**	-1,4	23,1	16,4	23,3
Equity					
Equity certificate capital	**3 014**	1 865	1 764	1 126	1 128
Savings bank's reserve	**2 241**	2 066	1 970	1 738	1 505
Equalisation reserve	**971**	913	1 114	1 028	990
Other reserves	**1 847**	1 110	977	396	200
Minority interests	**-**	12	16	12	7
Total equity	**8 073**	5 966	5 841	4 300	3 830
Key figures					
Return on equity %	**17,5**	8,0	19,4	23,1	24,7
Cost ratio	**46,7**	58,5	51,7	52,4	49,7
No. of man-years	**1 093**	1 117	1 021	944	862
Loss ratio on loans	**0,38**	0,41	0,01	-0,13	-0,12
Gross non-performing loans as percentage of loans	**0,42**	0,35	0,10	0,14	0,21
Other doubtful loans as percentage of gross loans	**0,81**	1,26	0,73	0,27	0,54
Capital adequacy ratio %	**11,86**	9,80	9,77	10,56	11,84
Core capital ratio %	**9,61**	6,44	7,35	7,39	8,98
Average total assets	**124 283**	110 244	94 246	73 997	63 376

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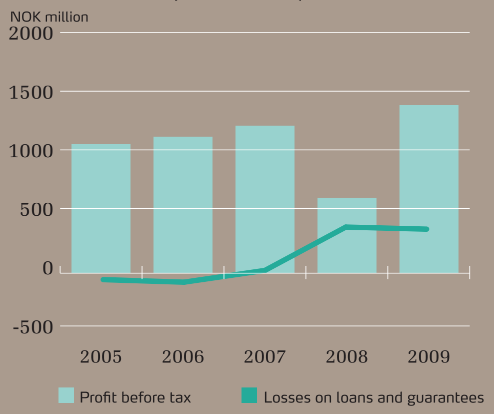
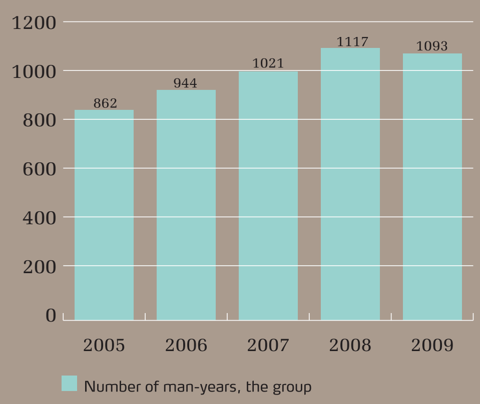
KEY FIGURES

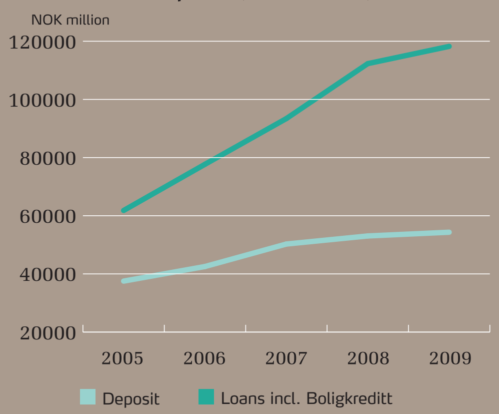
Profit and loss (NOK million)



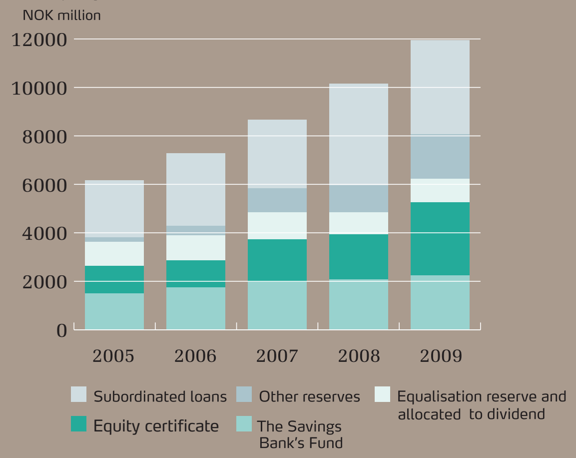
Number of man-years, the group



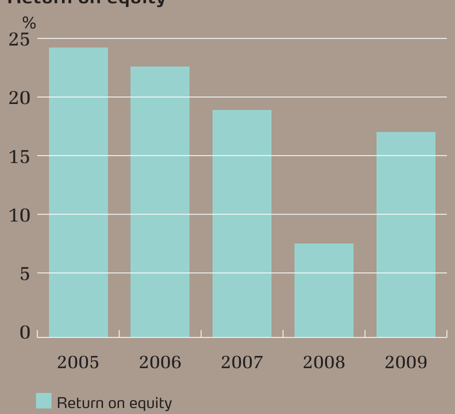
Loans and deposits (NOK million)



Equity and subordinated loans



Return on equity



Operating expenses
% of average total assets

EQUITY CAPITAL CERTIFICATES

Equity capital certificates
At the end of 2009, SpareBank 1 SR-Bank had equity certificate capital of NOK 3 014 million divided into 120 580 614 outstanding equity capital certificates with a nominal value of NOK 25 each. The bank's own holding of its equity capital certificates totalled 353 116 certificates. At the end of 2009, the total number of equity capital certificates issued was 120 933 730. Furthermore, the equity capital certificate holders' capital is made up of the dividend equalisation fund amounting to NOK 759 million and the premium reserve amounting to NOK 458 million. Capital belonging to the equity certificate holders aggregated NOK 4 231 million (parent bank) in addition to proposed dividend for 2009 of NOK 212 million.

SpareBank 1 SR-Bank carried out new issues in the 4th quarter of 2009. A private placement was arranged with Gjensidige Forsikring BA in the amount of NOK 866 million, a rights issue amounting to NOK 331 million and a private placement with the employees totalling NOK 31 million. These issues strengthen the capital base, help finance the company's growth and allow for the exploitation of interesting business opportunities.

Dividend policy
New regulations governing savings banks were passed in June 2009. These amendments to the regulations mean that the earlier limitations on giving endowments and gifts were rescinded and it became possible to pay out the same share of profits in endowments as in dividends. SpareBank 1 SR-Bank's dividend was adjusted to the new savings banks regulations in the 4th quarter of 2009. The dividend policy reads as follows:
"SpareBank 1 SR-Bank's economic objective for its operation is to achieve results that yield a healthy and stable return on the bank's total equity, thus creating value for equity certificate holders in the form of a competitive return by way of dividends and an increase in the value of the equity certificates.
The annual profit is to be divided between the equity certificate holders and the savings bank's reserve in proportion to their respective ownership stake. SpareBank 1 SR-Bank aims at paying about half of the profit belonging to the equity certificate holders as dividend and about half of the profit belonging to the savings bank's reserve being distributed as bequests or transferred to foundations for public benefit, assuming that the capital strength is satisfactory. When determining the dividend or deciding on endowments, consideration will be given to the bank's profits trend, the market situation, the stability of dividends as well as the need for core capital.

When assessing the distribution of the profit for the year as dividends and as endowments respectively, emphasis will be placed on ensuring that the equity certificate holders' share of the total equity (ownership ratio) remains stable.

The allocation of the profit for 2009 is based on the available profit of the parent bank, which amounted to NOK 883 million, or NOK 4.18 per issued equity capital certificate at the end of 2009. Based on the bank's dividend policy, the Board proposes a dividend of NOK 1.75 per equity capital certificate for 2009.

Investor policy
It is of great importance to the bank that accurate, relevant and timely information about the bank's development and result inspires confidence in the investor market. Information is conveyed to the market through quarterly investor presentations, websites, press releases and accounting reports. Regular presentations are also held for international partners, lenders and investors, mainly in London and Frankfurt.

Information addresses
SpareBank 1 SR-Bank disseminates information to the market through the internet:
- SpareBank 1 SR-Bank's website: www.sr-bank.no
- Other links for financial information: www.huginonline.no, www.ose.no (Oslo Stock Exchange)

10 largest equity capital certificate holders	Number	Percentage
Gjensidige Forsikring BA	20 713 065	17,1%
Odin Norge	2 341 693	1,9%
Odin Norden	2 319 625	1,9%
Køhlergruppen AS	1 923 657	1,6%
Coil Investment Group AS	1 904 993	1,6%
Clipper AS	1 685 357	1,4%
Frank Mohn AS	1 666 142	1,4%
Trygve Stangeland	1 622 428	1,3%
State Street Bank and Trust	1 414 363	1,2%
Lærdal AS	1 222 915	1,0%

Financial calendar for 2009	
Ex/dividend date:	26.03.2010
First quarter:	29.04.2010
Second quarter:	11.08.2010
Third quarter:	28.10.2010

Preliminary accounts for 2010 will be published in February 2011.

Ownership
SpareBank 1 SR-Bank aims to ensure good liquidity in it equity capital certificates and achieve a good diversity of holders who represent customers, regional investors, as well as Norwegian and international investors. The bank's holding of its own equity capital certificates was unchanged in 2009 and totalled 353 116 certificates at year-end. At the end of 2009, there were 12 219 registered equity capital certificate holders, 750 more than at the end of the preceding year. The percentage of equity capital certificates owned by foreigners was

7.1 (7.4 per cent in 2008). The percentage of equity capital certificates held in Rogaland, Agder and Hordaland was 47.2 (64.7 per cent in 2008). The 20 largest equity capital certificate holders owned 37.5 per cent of the issued certificates at the end of 2009 (24.9 percent in 2008).

	2009	2008	2007	2006	2005
Regional share	47 %	62 %	65 %	63 %	48 %
Other Norwegian holders	46 %	31 %	26 %	30 %	33 %
Foreign holders	7 %	7 %	9 %	7 %	19 %
Number of holders	12 219	11 482	11 232	11 376	10 361

RISK adjustment

The adjustment for taxable opening (original) value for Norwegian certificate holders pursuant to the RISK regulations (Adjustment for opening value of shares based on the change in retained taxed capital) took place for the last time in 2005. Owing to amendments to the tax rules, the RISK amount was abolished with effect from 2006.

Yield on the bank's equity capital certificate in 2009

The market price of the bank's equity capital certificate rose from NOK 27.08 to NOK 50.00 in the course of 2009. This represents a rise of 87,7 per cent. Oslo Børs rose by just under 55,3 per cent in 2009.

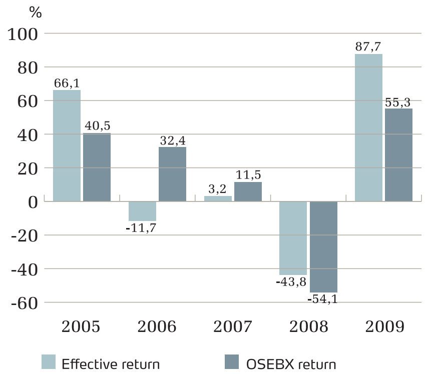
In 2009, turnover of SpareBank 1 SR-Bank equity capital certificates corresponded to19.4 per cent of the number of certificates issued, against 29.9 per cent in 2008.

Credit rating

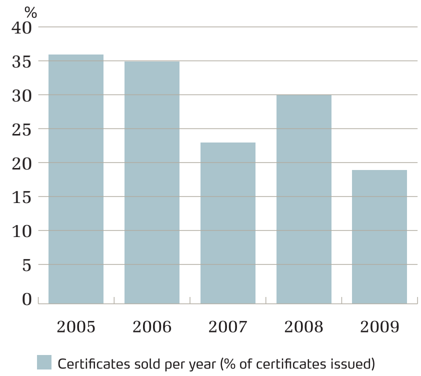
At the end of 2009, Moody's Investor Services' rating of SpareBank 1 SR-Bank was A1 with a negative (Aa3 in 2008). The rating on short-term financing was maintained throughout 2009 at Prime 1.

In 2009, Fitch Ratings maintained its rating of SpareBank 1 SR-Bank of A (long-term) and F1 (short-term). In 2009, prospects were changed to negative outlook.

Return on the bank's primary capital certificates



Sales of the bank's primary capital certificates



Key figures	2009	2008	2007	2006	2005
Market price 31.12, NOK	50,00	27,08	55,21	57,01	69,38
Value for tax purposes 01.01 following year, NOK	50,25	32,70	56,10	54,44	54,00
Dividend per equity capital certificate, NOK	1,75	0,83	3,96	3,62	4,23
Direct return 1)	3,5 %	3,1 %	7,2 %	6,3 %	6,1 %
Effective return 2)	87,7 %	-43,8 %	3,2 %	-11,7 %	66,1 %
Book value per equity capital certificate, NOK 3)	42,07	37,23	37,64	29,09	28,59
Earnings per equity capital certificate, NOK 4)	6,88	3,00	6,54	6,48	6,46
Payout ratio, net 5)	42 %	33 %	84 %	68 %	67 %
Equity capital certificate ratio 6)	62,9	56,1	54,9 %	51,0 %	53,0 %
RISK amount at 01.01 following year, NOK	n.a.	n.a.	n.a.	n.a.	0,65
No. of certificates issued 31.12	120 933 730	74 903 345	70 969 909	60 305 560	60 305 560
Holding of own certificates 31.12	353 116	294 264	294 264	244 264	157 269
No. of outstanding certificates 31.12	120 580 614	74 609 081	70 675 645	60 061 296	60 148 291
Certificates sold per year (% of issued certificates)	19 %	30 %	23 %	35 %	36 %

1) Dividend as percentage of market price at year-end

2) Appreciation during the year plus dividend paid as percentage of market price at the beginning of the year

3) Equity capital certificate holders' equity (ownership capital, dividend equalisation reserve and premium reserve) divided by number of certificates issued. The group for 2008 and 2009. Parent bank for 2005 and 2006

4) Equity certificate holders' share of the group profit after tax.

5) Dividend as a percentage of the equity capital certificate holders' share of the profit available for distribution.

6) Ownership capital, dividend equalisation reserve and premium reserve as a percentage of the parent bank's equity at year-end (excluding dividend allocations, reserve for valuation differences and reserve for unrealised gains). As a result of the issue in 2009, the ownership ratio rose in 2009 and the ratio applied in 2009 is 57.2 per cent.

HUMAN CAPITAL

OUR SKILLED EMPLOYEES

How is it possible to provide the best result in the history of the bank while at the same being in the very middle of the bank's greatest skills boost ever? How is it possible for us, every single day of 2009, to have performed far better than expected, despite the financial crisis, tougher competition than ever before and a technological development that is forever challenging us as a knowledge-based company? How is it possible, with such framework conditions, to maintain a particularly good working environment where the employees themselves say they thrive so well, at the same time as we have reduced the number of staff by almost 8 per cent? How is it possible that we, contrary to many other companies, have managed to bring a negative development in absence due to sickness to a halt?

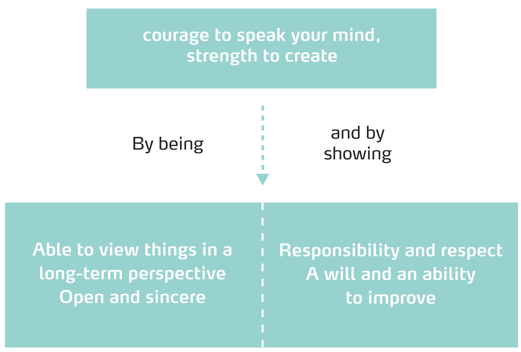
SpareBank 1 SR-Bank's employees
create excellent results, thrive and are busy

In many ways the answer has to be "Our corporate culture". People who work for SpareBank 1 SR-Bank know that they are lucky to be working in a bank with solid traditions and a strong performance culture. This culture has been built up over 170 years with sound management, focus on the ability to create and on innovation. It is not the individual who creates such results; it is us as a team, by working together, by having good communication and a clear understanding of where we are going. Indomitable optimism, with a touch of innovative "craziness" and not least the voluntary spirit that is deep-rooted in our culture, together with a belief that we can create added values for the region we are part of and really be "the recommended bank". That is the reason we deliver, the reason we thrive and the reason we are so busy.

ETHICS AND VALUES

SpareBank 1 SR-Bank has for many years been focusing on ethics and values. We are extremely conscious of the fact that the bank has a special responsibility for acting "decently". A responsibility to be "decent" to our customers, our owners, our colleagues and the world at large. We cannot take a false step. We achieve good attitudes and good ethical behaviour by continually focusing on conduct and unambiguous guidelines for all our employees. Having ethical guidelines and fine words on paper is not enough. We go through the real test every working day, when we are in a dialogue with the customer and doing a good bank job. Our livelihood is founded on confidence, and we therefore take great care when employing new staff. We are open and honest about what we expect of the individual employee. It is important that new colleagues concur with the bank's principles and basic values. For us, it is important to create a safe culture where we dare challenge ourselves though dialogue and debate on important ethical dilemmas. There is no perfect answer, but a good portion of common sense, a good upbringing and a safe culture where there is openness about ethical challenges and dilemmas. In 2009 we established an Ethics Council in the bank, with internal members and one external, professional member. We have done this because we really want to learn more about ethics and to disseminate this knowledge to the entire organisation by way of good training and important ethical discussions in our day–to-day activities.

The bank's core values



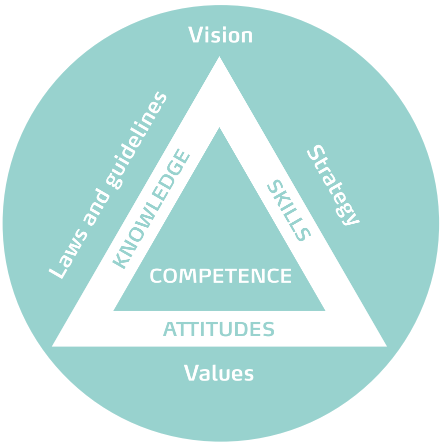
PLEDGE TO EMPLOYEES AND CAREER OPPORTUNITIES

In 2009, we have worked a great deal on designing and wording an unambiguous pledge to our employees. What can you, as an employee, expect if you decide to work with us?

ONLY OPPORTUNITIES
It's about being able to grow in your job.
It's about influence and responsibility.
It's all to be had, here with us!

Giving pledges is demanding, but we want to bind ourselves to the following promise.

Over the last decade, SpareBank 1 SR-Bank has grown into an environment with a much broader range of expertise is now a complete financial services group. We offer jobs in financial advisory services, real estate brokering, various positions in the corporate field, diverse broker environments and many exciting managerial jobs and key positions in staff and support, to mention but a few. We want the most capable people, because it is our employees who are to ensure that we are a customer-oriented, profitable bank in the foreseeable future. We are continually looking for people that satisfy the group's demands for expertise, talented employees with the ability to convert knowledge into skills and carry out their day-to-day work with a healthy attitude.



THE FUTURE AND THE ABILITY TO ADJUST

How are we planning for tomorrow? We know that competition will be tougher; we know that the demands from our customers will increase; we also know that the authorities' and owners' framework conditions will change. Market structure is changing and opening up new opportunities. New technology provides new ways to work and create exciting opportunities for our employees. Social media are here to stay and are challenging us as a traditional bank in a completely new manner. This creates new opportunities. In the future, the focus will be on ensuring a secure and steady course while at the same time daring to face the future with an opportunity-oriented focus. In the future, demands on competence will grow. Some employees will decide to develop in line with the requirements, while others will seek new challenges outside of the group. Our greatest challenge will be the timing of this adjustment so that we have a continually positive adjustment that best serves the individual and the organisation.

In a labour market where performance demands are steadily rising, there will always be some who drop out, some who get sick and/or some who cannot cope. As a large organisation, we will always have colleagues who become sick or experience stressful situations where they, for a period of time, cannot perform so well. That is the test of a good corporate culture: do we have managers with the ability to see the individual? Do we have colleagues who care, who take a break in the day-to-day activities and make contact, are we good enough at looking after ourselves and our health? Are we physically active and do we put enough effort into watching our diets? These will be important areas of focus in the future if we are to maintain good profitability, low sick-leave figures and a good working environment. We don't believe our employees shirk or have bad attitudes. We do believe in a good and inclusive working environment where the basic philosophy is that we all want to do a good job and to show respect for the fact that everyone can be sick, in which case we must make suitable arrangements for the individual through dialogue and by showing consideration.

CORPORATE MARKET

HIGHLIGHTS 2009:

- High level of activity with more than 1200 new customers
- Focus on strengthening customer relationships and finding good solutions in a challenging market
- Good risk managment and active efforts to minimise losses
- Lending margins adjusted according to increased risk and funding costs
- Increase in expertise through our internal Adviser School

No. of customers:	7 300	Growth in deposits:		0.1%
Growth in lending:	-1.1%	Gross lending:	MNOK	39 877
		Deposits:	MNOK	18 594

WE CREATE VALUES LOCALLY

The Corporate Market Division will be an expanding and profitable operation with strong links to companies in the South and West of Norway. The division serves customers from Hordaland in the north to Aust-Agder in the south and has four regional corporate market departments, a specialist department devoted to the energy and maritime sectors, as well as the group's 51 branch offices. In addition, customers are served through the internet (www.sr-bank.no) and by our corporate customer call centre (when phoning from abroad please call +47 915 02008). SpareBank 1 SR-Bank has business relationships with almost 14 800 corporate customers, including the SMB segment.

EMPLOYEES

The Corporate Market Division employs 171 man-years. This includes 20 employees at SpareBank 1 SR-Finans AS and 6 employees engaged in the sale of commercial real estate at EiendomsMegler 1 SR-Eiendom.

The division is very active in continually improving the level of expertise and 2009 was a year when employee expertise was in sharp focus. Many of our employees have attended the Corporate Market Division's Adviser School. The goal is to raise the level of competence and the skills of the employees in order to better serve the customers.

In a knowledge-intensive company, sharing knowhow is very important. In 2009, new technology was introduced in order to support the sharing of knowledge. By using competence profiles, blogs and fellowship, the employees have a good tool for sharing knowhow and learning from each other.

CUSTOMERS AND MARKETS

The number of customers grew substantially and in 2009 the Corporate Market Division could register more than 1 200 new customers. In Rogaland, the market share is approximately 25 per cent, in terms of lending and deposits alike. The lending volume was, however, virtually unchanged from the end of 2008 to the end of 2009 as a result of repayments and moderate activity in trade and industry resulting in moderate credit demand. Competition for deposits was tough yet again in 2009 and the division's deposit volume stayed more or less the same throughout the year.

The largest growth was in the number of customers in the SMB segment, which is an important area of concentration for the bank. PRO, a market concept for small and medium-sized business customers, has proved extremely successful and has contributed to the sharp rise in the number of customers. At year-end, SpareBank 1 SR-Bank had about 3 000 PRO customers.

The PRO School programme has also been a great success. The concept has been developed by the corporate market division and the target group is management, middle management and other key staff in small and medium-sized businesses. At the end of 2009, more than 400 satisfied customers had attended. We are constantly working to further develop the course programme. The PRO School focuses on increasing the customers' profitability, expertise and network building.

The group is very interested in contributing to having light shed on important social and economic problems and has accordingly published the Retail Trading Report, the Economic Barometer for Agder and the Economic Barometer for Rogaland in 2009. There is a great deal of interest shown in these reports, by the bank's customers and by other interested parties.

The Retail Trading Report looks at status, challenges and trends within retail trade. The report was presented in May 2009 at seminars in Hordaland, Rogaland and Vest-Agder. SpareBank 1 SR-Bank is responsible for the publication, in close association with trade associations.
Three issues of the Economic Barometer are published in Rogaland and one issue is published in Agder. In 2009,

the reports were presented at 8 different places, with many enthusiastic people attending. The Economic Barometers have reinforced their position as an important management tool for trade and industry and are published in association with the three county administrations, Greater Stavanger Economic Development, Innovation Norway, the Norwegian Confederation of Trade Unions (LO), the Norwegian Labour and Welfare Organisation (NAV), and the Confederation of Norwegian Enterprise (NHO).

More than 100 different events were arranged for our customers in 2009. These events shall shed light on current problems and conditions; provide professional input and an opportunity to build networks. They are a very good way for the group's customers to become more acquainted with the activity and trade and industry in the region.

PRODUCTS AND SERVICES

SpareBank 1 SR-Bank wants to offer companies and public sector enterprises in Rogaland, Hordaland and Agder a chance to develop. The group is a complete financial enterprise that provides advisory services and is considered by the customers to be an attractive partner. Over the last few years we have focused on further developing our expertise in the field of corporate savings, which means that the group can now offer new products and services. In addition to this the group has its own trade departments, as well as specialist departments for a range of product areas such as SR-Markets, Corporate and Insurance (Life/Non-life).

Through EiendomsMegler 1 SR-Eiendom AS the group can offer commercial real estate and project brokerage. Leasing and special¬ financing is available through SpareBank 1 SR-Finans AS. In addition, factoring is offered through SpareBank 1 Factoring AS. Knowledge of the local market and the expertise of the group's employees are considered to be important if we are to serve our customers in the best possible manner and give the group a substantial competitive advantage in the market.

CREDIT RISK TRENDS

The group has developed and actively makes use of state-of-the-art risk classification systems, risk pricing models and portfolio management systems to manage the risk inherent in the loan portfolio. In conjunction with the credit review procedures, these contribute to high quality credit review processes and risk assessment.

The portfolio quality is good. The economic downturn in 2009 had limited impact on the portfolio. The percentage of high risk loans is still low. Loans classified as high risk were reduced from 7.1 per cent at the end of 2008 to 5.9 per cent at the end of 2009. This decline was due to a combination of improvement in market outlook and the effect of risk-reducing measures. The bank focuses especially on customers in the low to medium risk categories, and has seen a significant increase in lending volume in these risk categories.

In 2009, net loan losses amounted to NOK 248 million. This was at the same level as in 2008. Defaults during 2009 have been stable. At the end of the year, loans in default accounted for 0.48 per cent of gross lending. The division has dedicated resources to ensure early treatment of risk linked to high risk loans and non-performing commitments.

OUTLOOK FOR 2010

2009 was a challenging year for some of the division's customers, and challenges will arise in 2010 as well. The Corporate Market Division is well positioned to face the opportunities and the challenges that are expected and will help solve these in the best possible manner for customers and the group alike. The group's capital situation is good. This is a requirement for activities in the coming year.

Today, the Corporate Market Division has a sound and efficient organisation staffed by competent people who are experienced in coping with uncertainty and risk. If customers are to select us as their partner in the future, the overall competence in the division will be a deciding factor. It will be important for the Corporate Market Division to focus on good solutions also in the year to come, so that we are the customers' recommended bank.

RETAIL MARKET

OUTLINE OF 2009:

- Healthy growth in earnings as a result of good access to customers and higher product coverage
- Stable growth in lending, exceeding 10 per cent
- 15 000 new private customers, of which 7 000 primary bank customers aged 18 or older
- Focus on competence – 50 of the group's employees became authorised financial advisers in 2009 under the new public authorisation scheme
- Focus on Hordaland was strengthened through the opening of offices in Åsane and Fana

▪ Number of customers over the age of 18 with SpareBank 1 SR-Bank as their main bank:	177 697
▪ Number of agricultural customers:	2 974
▪ Number of small and medium-sized companies:	6 120
▪ Number of clubs and associations:	2 769
▪ Number of customers with savings agreements in funds:	26 509
▪ Number of customers with investments in funds:	52 131
▪ Number of customers with non-life insurance policies:	63 700
▪ Lending (NOK million):	71 582
▪ Deposits (NOK million):	29 471

EFFECTIVE SERVICES AND COMPETENT ADVISERS

Customers shall see that SpareBank 1 SR-Bank takes relevant initiatives and is available to the customer on request. Training of financial advisers and continuous improvement of effective tools are given high priority in order to create good customer experiences.
The further development of the group's state-of-the-art customer centre and the availability of digital platforms provide the customer with efficient services. The distance between the customer and our nearest branch is short. The combination of efficient services and access to professional advice should result in an increasing number of people recommending SpareBank SR-Bank to their friends and family. Together with the forward-looking service range offered, this is considered to be an important reason for the group's customer and income growth.

EMPLOYEES

The Retail Market Division employs 503 fulltime equivalents. In addition, there are 163 fulltime equivalents in Eiendoms-Megler 1 SR-Eiendom AS. The division recruited 16 new employees in 2009. The average age of the new employees is 33.5 years. Women account for 51.2 per cent of the division's management.
There is a strong focus on development of expertise and competence. During the year, 50 employees were authorised as financial advisers. The group wants to be very much to the fore in relation to the new public authorisation scheme for financial advisers.

CUSTOMERS AND MARKETS

Deliberate concentration on customer recruitment resulted in a good net increase of customers in 2009. Our business in the entire market area developed well, with total lending growing by 11.6 per cent. The development was especially good in the priority areas Hordaland and Agder. Less uncertainty regarding future economic cycles and the low interest rates caused the level of activity in the housing and holiday home market to develop positively in 2009.

The division's deposit volume grew by 1 per cent in 2009. This must been seen in light of the fact that competition for deposits was high in 2009 as well. Several players offered deposits rates that were periodically well above the market interest rates.

All in all, the group's market share of deposits and loans in Rogaland was just under 40 per cent.

AGRICULTURE AND SMALL BUSINESSES

Activity within the agricultural sector was high in 2009, even though a significant rise in costs made the establishment of new profitable production very demanding. Good market balance in most productions and low interest rates made a positive contribution to agriculture's economy.
SpareBank 1 SR-Bank aims to be the region's best agricultural bank and developed well in 2009 as well.

The smallest companies are served by the Retail Market Division through dedicated advisers at the local branch offices. The working method is similar to that used in agriculture. In 2009, therefore, resources for both segments were gathered under a common management.

Small companies are sole proprietorships and small limited companies with a low level of complexity and risk. Growing enterprises that experience a change in their needs are transferred to the Corporate Market Division, which offers more specialised expertise.

PRODUCTS AND SERVICES

SpareBank 1 SR-Bank wants to provide a wide range of financial services to the general public. Product coverage per customer rose in 2009 as a result of systematic customer follow-up and continuing development of the service range. A new loan concept (with better interest rates for those who buy several products), the launching of the SMS (text message) service and the expansion of automated services in the cash handling field were important events during the year.

DEVELOPMENT IN CREDIT QUALITY

The quality of the portfolio is good. The recession has been relatively mild and the level of unemployment is still low. The low interest rate levels contribute to good solvency for most people. Together with the close customer relationships, these factors have resulted in a low default level. Gross defaults measured in terms of gross lending were low throughout the year and stood at 0.32 per cent at the end of 2009.

SpareBank 1 Boligkreditt AS was an important source of funding for secure housing loans in 2009. At the end of the year, SpareBank 1 SR-Bank had transferred approximately NOK 24.8 billion to SpareBank 1 Boligkreditt AS.

OUTLOOK FOR 2010

At the beginning of 2010, there was a good level of activity in SpareBank 1 SR-Bank's retail market. Framework conditions appears to be good. A slight rise in unemployment, gradually normalised competition and higher interest rates will have some impact on demand, but based on expected activity levels and the customers' response to what the group can offer, market opportunities are once again considered to be promising in 2010.

CAPITAL MARKET

OUTLINE OF 2008

- Continued healthy growth and activity in the division
- High return on investments in securities
- High level of activity in a market characterised by significant market fluctuations
- Stable results from corporate finance services
- SpareBank 1 Fondsforvaltning AS was granted a licence by the Financial Supervisory Authority of Norway to manage securities funds and launched three new combination funds
- The ambition is to be the largest securities firm outside of Oslo

WE CREATE VALUES LOCALLY

The Capital Market Division comprises the group’s securities firm, SR-Markets and a number of subsidiaries (all described in a separate article) that manage the customers’ and the group’s assets in the form of securities, securities funds and property.

SR-Markets is the group’s securities firm and primarily serves customers in the group’s market area from Hordaland in the north to Aust-Agder in the south. Measured in terms of sales and results SR-Markets intends to be the largest securities firm in Norway, outside of Oslo, and by creating added values for the customers it will be:

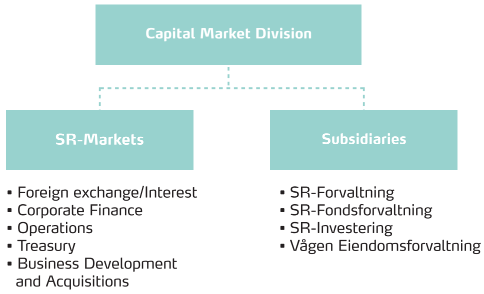
“The recommended provider of capital market services and products”

CUSTOMERS AND MARKETS

Our main activities are customer-related. SR-Markets will further develop service concepts and financial advisory services that give the customers added value and are adapted to their different demands.

The business area’s largest customer groups are the group’s retail and corporate customers and the public sector. Other important customer groups include institutional clients and others seeking financial services and products in Norway. SR-Market’s added value creation is based on collaboration with the group’s other business areas, especially the Corporate Market Division and the Retail Market Division, good customer relationships and highly skilled employees.

The positive development in the finance markets in 2009 contributed to the good result. The division’s overall profit was NOK 150 million in 2009, against a loss of NOK 103 million in the preceding year.



EMPLOYEES AND ORGANISATION

The Capital Market Division employs 58 fulltime equivalents, 28 in SR-Markets and 30 in the subsidiaries related to the division.

SR-Markets is organised into five areas of expertise:

- Foreign exchange/interest
- Corporate Finance
- Treasury
- Operations including securities administration services
- Business Development and Acquisitions

SR-Markets aims to offer the group’s customers share trading and analysis by establishing a new stockbroking function in 2010. This effort will complete the group’s existing range of financial services and SR-Markets will then be a fully fledged securities firm.

The Capital Market Division has become an attractive and exciting workplace that offers the employees great chances of developing both professionally and personally. Over the last few years the division’s development has contributed to confirm Stavanger’s position as the “capital of finance” outside of Oslo.

OUTLOOK FOR 2010

The performance in the stock, credit, commodity, foreign exchange and interest markets will be important for the division’s results. Even though the financial markets have been extremely volatile over the last few years, prospects appear to be good.

SR-Markets’ strong market position among the group’s customers forms a good starting point for further efforts, and the business area’s diversified activities and emphasis on trading for customers’ account is considered to be very advantageous. In line with this, the stockbroking activity that is to be established in 2010 is expected to give a positive contribution.

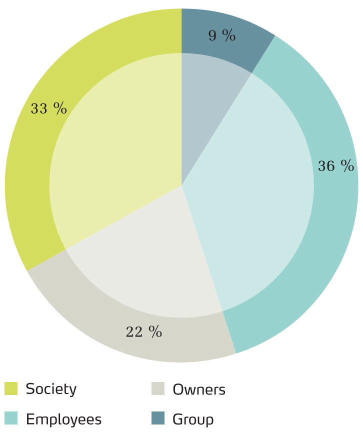
SOCIAL AUDIT

170 YEARS OF CREATING ADDED VALUE

Since SpareBank 1 SR-Bank's predecessor was established in Egersund in 1839, the group has created significant added value for society. In 2009 we created quantifiable values worth approximately NOK 2.3 billion, an increase of NOK 815 million from 2008.

- NOK 775 million (33 per cent) was transferred back to society by way of direct and indirect taxes paid by the company and its employees, and through endowments and donations benefitting the public at large
- NOK 830 million (36 per cent) benefitted the employees in the form of net pay, pensions and other benefits
- NOK 505 million (22 per cent) went to our capital equity certificate holders in the form of cash dividends and allocations to the dividend equalisation fund
- NOK 220 million (9 per cent) was retained by the group to support further growth in our market area.

Distribution of value creation



GOODS AND SERVICES ARE PURCHASED LOCALLY

In addition to the direct creation of values, the group's operations also have ripple effects because of our demand of goods and services from the local business community.

In 2009, SpareBank 1 SR-Bank purchased goods and services worth more than NOK 625 million. In addition to being a large-scale consumer of IT services, the group spends substantial sums on communications (telephony, postage and freight) and marketing. The large number of buildings we have in the group's market area need maintenance, which employ craftsmen of all types. We purchase the majority of goods and services from regional and local suppliers provided these are considered competitive.

OUR ACTIVITY IS IMPORTANT TO SOCIETY

SpareBank 1 SR-Bank is one of Rogaland's biggest taxpayers. Approximately NOK 321 million of last year's profit devolves on society in the form of taxes.
The employees paid a total of NOK 205 million in tax in 2009. This is an addition to the NOK 321 million paid by the group, and in turn they help to maintain the well-developed supply of good public services in the region.

In addition to direct income tax, the group pays substantial amounts of indirect tax, mainly employer's social security contributions and value added tax. Together, these aggregate some NOK 90 million.

In all, the group and its employees contribute NOK 615 million in direct and indirect taxes.

AN ATTRACTIVE EMPLOYER

In 2009 just under 1 200 people were employed in SpareBank 1 SR-Bank..
Together, they received NOK 830 million in net pay, pensions and other personnel benefits. We are one of the largest employers in the district, and we do our utmost to be an attractive employer that can attract well educated and competent people. Our employees also play a major role outside of the organisation inasmuch as they contribute through their own activities. The know-how benefits society inasmuch as a large part of the staff is engaged in external networks and are members of non-profit organisations and other voluntary groups.

Our presence as a major locally based financial institution contributes to the diversity of trade and industry that is necessary if our district is to remain a pleasant and attractive place to live.

THE REGION'S SUSTAINABILITY IMPROVES YEAR BY YEAR

SpareBank 1 SR-Bank has a comprehensive social engagement. We support local initiative in the fields of culture, sport, research and education. This is done by making active use of the endowment fund for public benefit.

In the course of 2009, more than NOK 20 million was given to various projects in our region. Since 2001 we have donated in excess of NOK 350 million to various socially beneficial purposes in the region. The donations are widely spread geographically and cover a vast range of measures. Examples include a contribution to the development of the "Applied Finance" studies at the University of Stavanger and the building of the emigrant ship "Restoration", at Finnøy in Ryfylke.

In addition we have contributed almost NOK 15 million by way of sponsorship agreements, especially in the fields of sports and culture.

We believe that it is important for trade and industry in our region that SpareBank 1 SR-Bank is able to contribute capital for growth and development. In 2009, therefore, several millions of NOK were donated to a range of projects through our five business development foundations in Dalane and Lister, Haugalandet, Southern Norway, the Bergen region and the Stavanger region.

The objective of the foundations is to contribute financial grants to and make investments in trade and industry and activities that promote trade and industry. The business foundation in the Bergen region was established in 2009.

THE SUBSIDIARIES

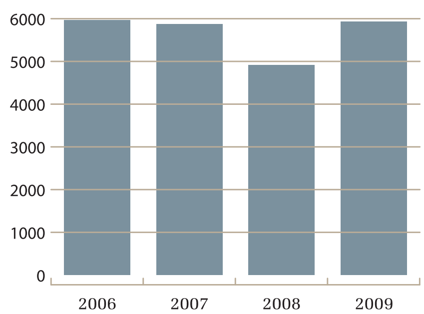
EIENDOMSMEGLER 1 SR-EIENDOM AS

Highly skilled employees

The company employed 163 man-years in 2009. There is a good balance between the genders and 39 per cent of the company's management are women. A high level of job satisfaction and motivated staff help to secure good earnings.

Competent staff with a high level of professional expertise are the company's most important asset. Attention is given to strengthening the formal education of the employees. Almost 40 employees have now completed their training as real estate brokers. This is in addition to almost 100 employees who were already qualified brokers. The share of employees with formal qualifications is high in industrial terms.

Number of homes sold 2006 – 2009



Customers and markets

EiendomsMegler 1 SR Eiendom AS holds a leading position in the market area and the activity has a large circle of contacts. About 10 000 families have been in contact during the year, either as buyers or sellers of properties. In addition, many have been in contact showing interest in the properties we have for sale.

Buying a home is an important event for most of us. EiendomsMegler 1 SR Eiendom AS' task is to conduct this process properly and expediently. Our ambition is that by being satisfied with the job we do our customers will be ambassadors for our enterprise. As many as 87 per cent of those who have sold properties through us say that they will recommend us to others.
EiendomsMegler 1 SR Eiendom AS has 30 offices from Grimstad to Bergen. The business comprises commercial brokerage, holiday homes, new builds and used homes. The company is market leader in Rogaland, a position that was reinforced in 2009, also in the commercial property field and the sale of new builds/housing projects. Its market share exceeds 40 per cent. The market share developed well in the Agder counties and the company is now market leader, with more than 20 per cent of the market. The activities in Hordaland developed well also and the number of properties sold doubled from 2008 to 2009. The market share is rising, reaching 6 per cent in 2009. The company opened new offices in Fana and Åsane in February 2009.

Key figures:	
Sold 2009:	5 937 properties
Worth an aggregate	NOK 13.5 billion
Total revenue:	NOK 315.2 million
Profit before tax:	NOK 41.0 million

House rentals are also an area that the company is focusing on. The goal is to be the market leader in Rogaland. As a step in this direction, an agreement was reached in 2010 to acquire the Housing Agents Reianes og Sømme AS. This company is the rental outlet of Relocation AS, which is the market leader in home rentals in Rogaland.

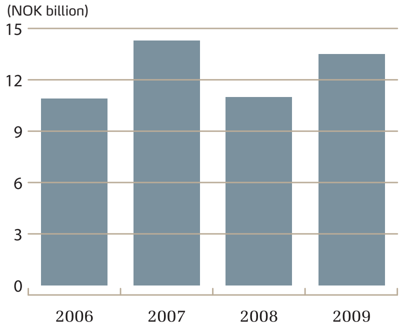
Prospects

Over the last year the housing market has developed positively and hardly been affected by the cyclical downturn. The number of properties sold rose from 2008 to 2009. Housing prices rose sharply during the year and were higher at year-end than at the end of the record year 2007. Expectations of low unemployment and low interest rate levels give grounds for expecting good activity in the property market in 2010.

Sales of new housing projects showed a positive trend in 2009, as a result of the supply limited supply of new buildings and market adaptation to price levels and types of housing.

The commercial property market was challenging in 2009. Rental activity stagnated. Turnover of commercial property was low. The commercial property market is expected to remain weak in 2010, albeit with some improvement in the second half of the year.

Sales value 2006 – 2009



SR-INVESTERING AS

SR-Investering AS' object is to contribute to long-term creation of value through investments in trade and industry in the group's market area. The company primarily invests in private equity funds and companies in the SMB segment that have a demand for capital if they are to develop and grow further. The company is a 100 per cent owned subsidiary of Sparebank 1 SR-Bank.

In 2009, the result before tax was a loss of NOK 8.1 million (NOK 29 million). The negative result in 2009 was mainly due to a loss on a single investment and the impairment in values of certain private equity investments. At the end of 2009, SR-Investering AS had total investments and commitments of NOK 195 million, distributed between 30 companies and private equity funds. SR-Investering AS had good access to investment enquiries in 2009, but has adopted a waiting attitude to new investments due to the uncertainty in the cyclical movements.
The economic outlook at the beginning of 2010 appears to be better than at the beginning of 2009. For certain industries and companies, moderate order books will be a challenge. The banks' strengthening of their capital adequacy in 2009 will put them in a better position to assist companies and private individuals with external finance. The number of transactions in the market seems to be on the rise. This is positive for the private equity sector in general and is expected to have a positive impact on SR-Investering AS in 2010. SR-Investering AS expects to see good business opportunities in 2010 with increasing demand for equity for growth and development.

SR-FORVALTNING ASA

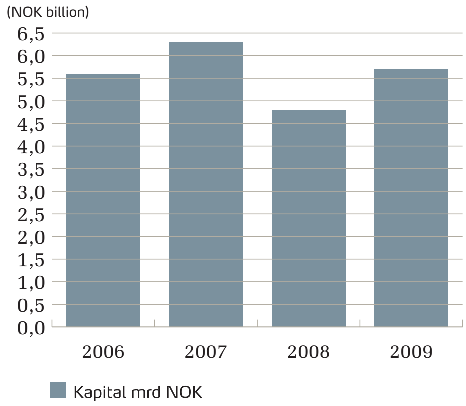
SR-Forvaltning ASA is a securities firm with a licence to provide asset management. The company's goal is to be a local alternative with a high level of competence in asset management. The company has a staff of 11 people and manages the portfolio belonging to SpareBank 1 SR-Bank's pension fund, as well as portfolios for about 3 200 external customers.

The external customer base comprises pension funds, public and private enterprises and wealthy individuals.

SR-Forvaltning's activities are based on conservative philosophy and a long-term approach. A range of portfolio models forms the basis for building up and adjusting the management of the individual investor's assets. The management concept is based on exploiting different combinations that contribute to higher yields and minimal risk. The goal is to generate a good risk-adjusted result for the individual investor.

In 2009, the profit before tax was NOK 18.9 million, compared with NOK 46.8 million in 2008. The decline in profit was mainly due to an amended distribution agreement with Sparebank 1 SR-Bank. Total assets amounted to NOK 5.7 billion at year-end, of which NOK 0.9 billion referred to the management of SpareBank 1 SR-Bank's pension fund. Total assets rose by NOK 900 million during the year to NOK 5.7 billion. Existing and new customers invested NOK 414 million in new capital in SR-Forvaltning's investments solutions in 2009. Customers withdrew NOK 294 million during the year. New customer assets rose by NOK 120 million. The increased market value of the underlying securities contributed about NOK 800 million of the increase in total assets.

SR-Forvaltning, development in assets under management, 2006 – 2009



In 2009 SR-Forvaltning ASA celebrated its 10th anniversary. History shows that the customers have received a good risk-adjusted return, with significantly better results than comparable benchmarks and at the same time lower underlying portfolio risk. During this decade, SR-Forvaltning ASA has enjoyed a high degree of customer loyalty. 6 of 11 customers at the very beginning, in the autumn of 1999, are still customers. The average annual withdrawal from the portfolios has been below 7 per cent, which is low compared in industrial terms.

Management performance, quality of service and good, effective operations are considered to be key factors for good development also in 2010.

SPAREBANK 1 SR-FONDSFORVALTNING AS

The company has a licence issued to manage securities funds by the Financial Supervisory Authority of Norway (Finanstilsynet) and currently manages three combination funds. It also manages a equity fund and a bond fund that are used by the combination funds. The funds were launched on 1 September 2009 and have been well received by the market. At the end of 2009, 532 customers had purchased units, of which 362 had entered into monthly savings schemes. Each customer invests an average NOK 2 059 per month. These funds had total assets of NOK 301 million at the end of 2009. The respective markets in which these funds invest have had a positive development since the start in September 2009. All the funds reported better yields than their respective benchmarks in 2009. 2009 was a start-up year and the pre-tax result was a loss of NOK 5.3 million.

SR-Fondsforvaltning's products give participation in the bond and stock market

The combination funds represent an alternative to traditional bank saving and saving in unit trusts. The funds have different risk profiles and the manager decides to what extent a fund shall have an exposure to the bond and stock market. Furthermore, the manager selects the securities that are expected to generate the best risk-adjusted yield for the respective equity or bond portfolios. The objective is to provide a predictable and liquid savings format that generates added value over time. With a predictable savings product the customer customers can have a longer time span and thus gain from the benefits that the securities fund paves the way for.

SPAREBANK 1 SR-FINANS AS

The company's operation is lease financing to business and industry and car financing to retail customers. The profit before tax was NOK 114.3 million in 2009, compared with NOK 46.2 million in the preceding year. The improved result was mainly attributable to the rise in interest margins and strong focus on costs. The company's total assets were virtually unchanged in 2009, totalling approximately NOK 5 billion. New sales have been satisfactory, taking into account the development in the overall market for leasing and car loans. Overall, gross new sales in 2009 totalled NOK 1.9 billion, which is 22 per cent lower than in 2008.

Cooperation with the bank's distribution network is a major factor for the positive development in new sales over the last few years. Car financing are sold in their entirety through the retail markets area of the bank, via one-to-one contact between the bank's advisers and the customers.

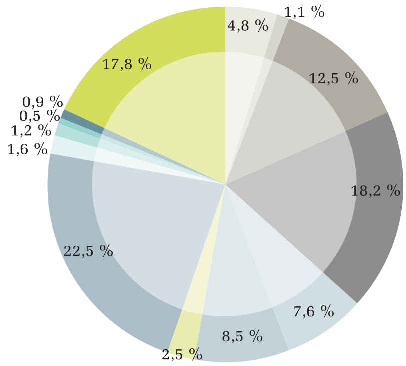
Sales to the corporate market are made partly through the company's own sales force and partly through the bank's advisers. Approximately 50 per cent of new leasing sales are to customers of both SpareBank 1 SR-Finans AS and SpareBank 1 SR-Bank.

At the end of 2009 the company had 33 employees, representing 30.6 man-years. This is five people less than in 2008 and illustrates the company's ability to adjust staff numbers to the market situation.

The company serves small, medium-sized and large enterprises. The majority of customers are based in Rogaland, but the ambition is to be a significant player in Hordaland and the Agder counties as well. There are two salespersons in Kristiansand and two in Bergen. The company has a distribution agreement for leasing with 14 Samspar banks that are part of the SpareBank 1 Alliance. This agreement results in about 10 per cent of the activity involving customers based outside of Rogaland, Hordaland and the Agder counties.

2010 is expected to be a year of consolidation, based on the economic trends. The sales force will work actively with the customers that have an investment demand, while at the same time actively seeking good solutions for customers that have a need for adjustments in the scheduled repayment plans.

Portfolio distribution



Retail customers	17.8 %
Shipbuilding	0.9 %
Graphic activity	0.5 %
Food production	1.2 %
Extraction of oil and gas	1.6 %
Service sector	22.5 %
Property management	2.5 %
Transport, pipe transport and overseas shipping	8.5 %
Retail trades, hotels and restaurants	7.6 %
Power and water supply/building and construction	18.2 %
Industry	12.5 %
Fisheries/fish farming	1.1 %
Agriculture/forestry	4.8 %

VÅGEN EIENDOMSFORVALTNING AS

In 2009, Vågen Eiendomsforvaltning AS recorded a pre-tax profit of NOK 1.3 million, compared with NOK 3.0 million in 2008. The company manages 49 properties worth between NOK 4 billion and NOK 4.5 billion. The subsidiary Vågen Drift AS recorded a pre-tax profit of NOK 0.7 million in 2009, against a loss of NOK 0.1 million in 2008.

Vågen Eiendomsforvaltning AS and the subsidiary Vågen Drift AS provide caretaker services, business management services, technical operations and the follow-up of tenants. Together, the two companies employ 13 people. Vågen Eiendomsforvaltning AS manages properties from Kristiansand in the south to Bergen in the north, the majority being in the Stavanger region.

CORPORATE GOVERNANCE

THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

The following description explains how the 15 sections of the Norwegian Code of Practice for Corporate Governance of 21 October 2009 are integrated in SpareBank 1 SR-Bank. The Norwegian Code of Practice, published by Norsk utvalg for eierstyring og selskapsledelse (The Norwegian Corporate Governance Board), is available at www.nues.no.

SECTION 1 CORPORATE GOVERNANCE

SpareBank 1 SR-Bank follows up the Norwegian recommendations for corporate governance of 2009 and complies with the recommendations to the extent that this is possible for a savings bank with equity capital certificates.
SpareBank 1 SR-Bank will create values for the region that the bank is a part of. Separate ethical guidelines have been drawn up based on the group's core values: "Courage to have an opinion, strength to create by being enduring and stable, open and honest and by showing conscientiousness and respect and a will and ability to improve." .

Please go to www.sr-bank.no under Investor Relations for the bank's complete corporate governance policy.
Read more about the group's targets and main strategies on page 10.

SECTION 2 OPERATIONS

SpareBank 1 SR-Bank's object is to manage the funds controlled by the group in a prudent manner in accordance with the regulations that apply to savings banks. The savings bank can perform all normal banking transactions and banking services in accordance with current legislation. Furthermore, the bank can provide investment services within the limits of the current licences. The articles of association, in extenso, are available on the group's website.

www.sr-bank.no under Investor Relations

SECTION 3 EQUITY CAPITAL AND DIVIDENDS

As at 31 December 2009, SpareBank 1 SR-Bank had equity capital totalling NOK 8.1 billion. In accordance with stipulated calculation rules for capital adequacy for financial institutions, the group had an overall capital adequacy of 11.9 per cent and a core capital adequacy of 9.6 per cent. The authorities' minimum requirements for such capital adequacy are 8 and 4 per cent respectively. The Board of Directors assesses the capital situation on an ongoing basis in light of the company's objectives, strategies and desired risk profile. The Board of Directors considers the capital adequacy as at 31 December 2009 to be satisfactory.

SpareBank 1 SR-Bank aims at paying about half of the profit belonging to the equity certificate holders as dividend and about half of the profit belonging to the savings bank's reserve being distributed as bequests or transferred to foundations for public benefit, assuming that the capital strength is satisfactory.
The Supervisory Board may grant the Board of Directors of SpareBank 1 SR-Bank authority to purchase own equity capital certificates. The Board's authority to arrange increases in equity capital are limited to specific cases. The authority must be limited in time and cannot be valid for a period longer than through to the next ordinary meeting of the Supervisory Board.

For further details of the equity capital adequacy regulations (Basel II), see www.sr-bank.no under Investor Relations. Full details of the dividend policy can be found on page 96.

SECTION 4 EQUAL TREATMENT OF SHAREHOLDERS

All equity capital certificate holders shall be treated equally and shall have the same influence. All equity capital certificates have equal voting rights. The bank complies with the regulations of the Financial Institutions Act concerning owner and voting right restrictions provided the provisions apply to savings banks with equity capital certificates.
In the event of equity capital increases, existing equity capital certificates shall have pre-emptive rights unless special conditions dictate otherwise. In the event of this, such deviation will be justified. Repurchases of own equity capital certificates shall be carried out at market rates.

Transactions with close associates

The group's code of ethics includes rules relating to how possible conflicts of interest are to be dealt with. These rules apply to elected officers and employees. In the event of material transactions between the SpareBank 1 SR-Bank group and equity capital certificate holders, board members, senior employees or close associates, unless this concerns matters that are dealt with by the Supervisory Board, the

Board of Directors must ensure that a valuation is carried out by an independent third party. The Board is of the opinion that no significant transactions between equity capital holders, board members, senior management or close associates took place in 2009.

SECTION 5 FREELY NEGOTIABLE SHARES

The bank's equity capital certificates are listed on Oslo Stock Exchange and may be freely negotiated. The articles of association contain no restrictions on negotiation.

SECTION 6 GENERAL MEETINGS

A savings bank is in principle a self-owned institution and the management structure and composition of the governing bodies differ from those of limited share companies, cf. section 7 of the Savings Banks Act (Norway) regarding which bodies a savings bank must have. SpareBank 1 SR-Bank has a Supervisory Board consisting 40 members. Notice of meetings of the Supervisory Board are sent to the members and are available on the bank's web site no later than 21 days prior to the meeting being held. The intention is that the notices sent and the underlying documentation regarding the agenda shall be sufficiently detailed and complete that the Supervisory Board members can decide on the issues that are to be dealt with. Members of the Board of Directors, the Audit Committee and the Nomination Committee attend the meetings of the Supervisory Board. The Chairman of the Supervisory Board chairs the meeting, or, in his absence, it is chaired by the Vice Chairman. Furthermore, a meeting is held every year for holders of equity capital certificates at which representatives are elected to the Supervisory Board and a report on the group's financial position is presented. All holders of equity capital certificates with known addresses receive written notice of the meeting by post. Each equity capital certificate entitles the holder to one vote. All equity capital certificate holders may attend the meeting and votes may be cast by proxy.

Deviation from Code of Practice: SpareBank 1 SR-Bank adheres to the Savings Banks Act's provisions regarding the savings bank's bodies.

The composition and a list of members of the Supervisory Board can be found on the website www.sr-bank-no under Investor Relations.

SECTION 7 NOMINATION COMMITTEE

SpareBank 1 SR-Bank's Nomination Committee comprises five members elected from among members of the Supervisory Board. One observer can be elected, who has the right to meet and to speak, but not to vote. The observer does not have to be elected from among the members of the Supervisory Board.

Further information on the members and the Articles of Association is available on the bank's website, www.sr-bank.no under Investor Relations.

SECTION 8 SUPERVISORY BOARD AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

See section 6 for information about the composition of a savings bank's bodies. All Board members are independent of the bank's day-to-day management and significant business associates. Board member Tor Magne Lønnum represents the bank's largest equity capital certificate holder, Gjensidige Forsikring BA. The Chairman and the members of the Board of Directors are elected by the Supervisory Board for two years at a time. SpareBank 1 SR-Bank has no programme under which Board members purchase equity capital certificates, with the exception of members elected by and among the employees in connection with rights to purchase equity capital certificates through private placements with the employees.

A list of Board members and their holdings of equity capital certificates can be found on the website www.sr-bank.no under Investor Relations.

SECTION 9 THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors has an annual plan for its work, with special emphasis on targets, strategy and business plans. The Board has prepared its own Board regulations and issued instruction governing the day-to-day management. The bank's Supervisory Board elects the Chairman of the Board and the Vice Chairman, as well as the members and deputy members. The Board's Audit Committee and Compensation Committee were established in 2008. The Board of Directors evaluates its own work annually.

The instructions to the Board of Directors can be found on the website www.sr-bank.no under Investor Relations.

SECTION 10 RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of SpareBank 1 SR-Bank is responsible for ensuring that the group has a subordinated capital that is appropriate on the basis of the adopted risk profile and mandatory requirements. The group's Board stipulates the overriding objectives such as risk profile, projected return and how the capital is to be distributed between the different business areas. The Board also stipulates the overriding limits, authorities and guidelines for risk management in the group. The Board of Directors has adopted ethical rules that contribute to awareness of and compliance with the ethical standard set out for the group.

SECTION 11 REMUNERATION TO THE BOARD OF DIRECTORS

Board members receive an annual compensation that is stipulated by the Supervisory Board. The Board members' fee is not linked to profit or the like. None of the Board members elected by the Supervisory Board has assignments for the company beyond Board membership.

Note 10.

SECTION 12 REMUNERATION TO SENIOR EMPLOYEES

The Chief Executive Officer's salary and other remuneration are fixed by the Board of Directors. Guidelines for remuneration to senior employees are presented to the Supervisory Board for information.

Note 10

SECTION 13 INFORMATION AND COMMUNICATION

SpareBank 1 SR-Bank makes every effort to ensure that correct, relevant and timely information about the group's performance and results inspires investor market confidence. Information to the market is distributed through quarterly investor presentations. Regular presentations are given to international partners, lenders and investors. All reporting is based on openness and equal treatment of players in the securities market. The group's financial calendar is published on the bank's website. All quarterly reports, press releases and presentations are available at www.sr/bank.no .

SECTION 14 TAKE-OVERS

Owner representation in the Supervisory Board of a savings bank is 40 per cent maximum.
Structural changes call for permission from the authorities. If more than 10 per cent of a savings bank's primary capital is acquired, permission must be sought from Finanstilsynet (The Financial Supervisory Authority of Norway). In connection with the private placement in 2009, Gjensidige Forsikring BA was granted permission to own more than 10 per cent of the equity. Gjensidige Forsikring's stake of the total equity following the issue is 10.76 per cent.

A list of the 20 largest primary capital certificate holders in SpareBank 1 SR-Bank is available on the bank's website www.sr-bank.no.

SECTION 15 AUDITOR

An external auditor is elected by the Supervisory Board and carries out the financial audit. The external auditor attends board meetings at which the annual accounts are dealt with and submits an audit report to the Supervisory Board and the Audit Committee. The Board of Directors informs the Supervisory Board of the auditor's remuneration in a meeting.
The Board of Directors holds an annual meeting with the external auditor without the chief executive officer or others from the day-to-day management being present.

The external auditor meets with the Audit Committee and prepares plans for the implementation of audit work.

Specified audit fees for financial audit and services other than audit can be seen in note 9.

RISK AND CAPITAL MANAGEMENT

The core activity of the banking industry is to create values by accepting conscious and acceptable risks. The group therefore invests significant resources in developing risk management systems and processes that are in line with leading international practice.

SpareBank 1 SR-Bank is exposed to a range of different risks and the most important of them are:

- **Credit risk:** the risk of losses as a result of counterparties' inability or unwillingness to fulfil their obligations
- **Market risk:** the risk o f losses due to changes in observable market variables such as interest rates, foreign exchange rates and other financial instruments.
- **Operational risk:** the risk of losses as a result of inadequate or failing internal processes or systems, human errors or external events
- **Liquidity risk:** the risk of the group not being able to refinance its debt or being unable to finance growth in assets without a substantial increase in costs
- **Ownership risk:** the risk of SpareBank 1 SR-Bank incurring negative results from ownerships in strategically-owned companies and/or the need to provide these companies with new equity. The companies thus owned are defined as companies in which SpareBank 1 SR-Bank has a significant stake and influence
- **Commercial risk:** the risk of unexpected fluctuations in revenues and expenses as a result of changes in external conditions such as the market situation or mandatory regulations
- **Reputation risk:** the risk of a decline in earnings and access to capital due to declining confidence and reputation in the market, i.e. customers, counterparties, the stock market and the authorities
- **Strategic risk:** the risk of losses as a result of erroneous strategic decisions
- **Compliance risk:** the risk of the group incurring official sanctions/penalties or financial losses as a result of failure to comply with legislation and regulations

Risk and capital management in SpareBank 1 SR-Bank underpins the group's strategic development and achievement of its goals. Risk management ensures financial stability and prudent asset management.
This is achieved through a strong organisational culture characterised by:

- A high awareness of risk management
- A good understanding of which risks drive earnings
- Striving for optimal capital utilisation within the adopted business strategy
- Avoiding unexpected single events that can seriously damage the group's financial situation
- Exploiting synergies and diversification effects

In order to ensure an efficient and adequate process for risk and capital management, the framework is based on a variety of elements that reflect the manner in which the Board of Directors and management govern the company.
The principal elements are described below:

The group's strategic target: SpareBank 1 SR-Bank is to be a larger and more complete organisation as a result of organic growth, innovation and exploitation of strategic opportunities.

Risk identification and analysis: The process for risk identification is based on the group's strategic target.
The process is forward-looking and covers all of the group's significant risk areas. In areas where the effect of the established control and management measures is not considered to be satisfactory, improvement measures are implemented. Preventive measures shall be given priority ahead of consequences reducing. measures

Capital allocation: The return on risk adjusted capital is one of the most important strategic performance goals in the internal management of SpareBank 1 SR-Bank. This implies that capital is allocated to business units in accordance with the calculated risk of the operation and that the return on the capital is monitored continuously.

Financial projections: Projections of expected financial development are made for the next 5 years, based on the strategic target and the business plan. In addition, projections are made for a situation involving a serious economic recession.

To analyse the the consequences of a sericous economic downturn for SpareBank 1 SR-Bank, the group focuses significantly on areas of the economy that affects financial development. These are mainly development in credit demand, the stock market, the interest market and credit risk trends. In addition to having an impact on the returns from the underlying assets, a serious economic downturn will have an impact on customers saving behaviour.

The purpose of the projections is to calculate how the financial development in the activities and macro-economy will impact the group's financial development, including return on equity, the funding situation and capital adequacy.

Evaluation and measures: The analyses shall provide the management and the Board of Directors with sufficient understanding of the risks so that they can consider whether the group has an acceptable risk profile, and whether it is adequately capitalised according to the risk profile and strategic targets.

SpareBank 1 SR-Bank prepares capital plans in order to ensure long-term and effective capital management and to ensure that the group's capital adequacy is acceptable based on the risk exposure. The capital plan takes into consideration both the expected development and a situation with a serious recession over several years. In addition, SpareBank 1 SR-Bank prepares contingency plans in order to manage such critical situations in the best possible manner.

Reporting and monitoring: The group's overriding risk exposure and risk development is monitored through periodic risk reports to management and the Board of Directors. The overriding risk monitoring and reporting is the responsibility of the Department for Risk Management and Compliance.

Organisation and organisational culture: SpareBank 1 SR-Bank strives to have a strong organisational culture characterised by awareness for risk management. The organisational culture comprises management philosophy and the people in the organisation with their personal attributes, such as integrity basic values and ethics. It is difficult to compensate for an inadequate organisational culture using other control and management measures. Therefore, SpareBank 1 SR-Bank has established clear basic values and ethical guidelines that are clearly communicated and published throughout the entire organisation.

SpareBank 1 SR-Bank seeks independence in its risk management and the responsibility for risk management is therefore split between various roles in the organisation.

Idea and design: Oktan Apropos. Foto: Anne Lise Norheim. Trykk: Gunnarshaug.

EXPERTISE AT EVERY LEVEL

SpareBank 1
SR-BANK