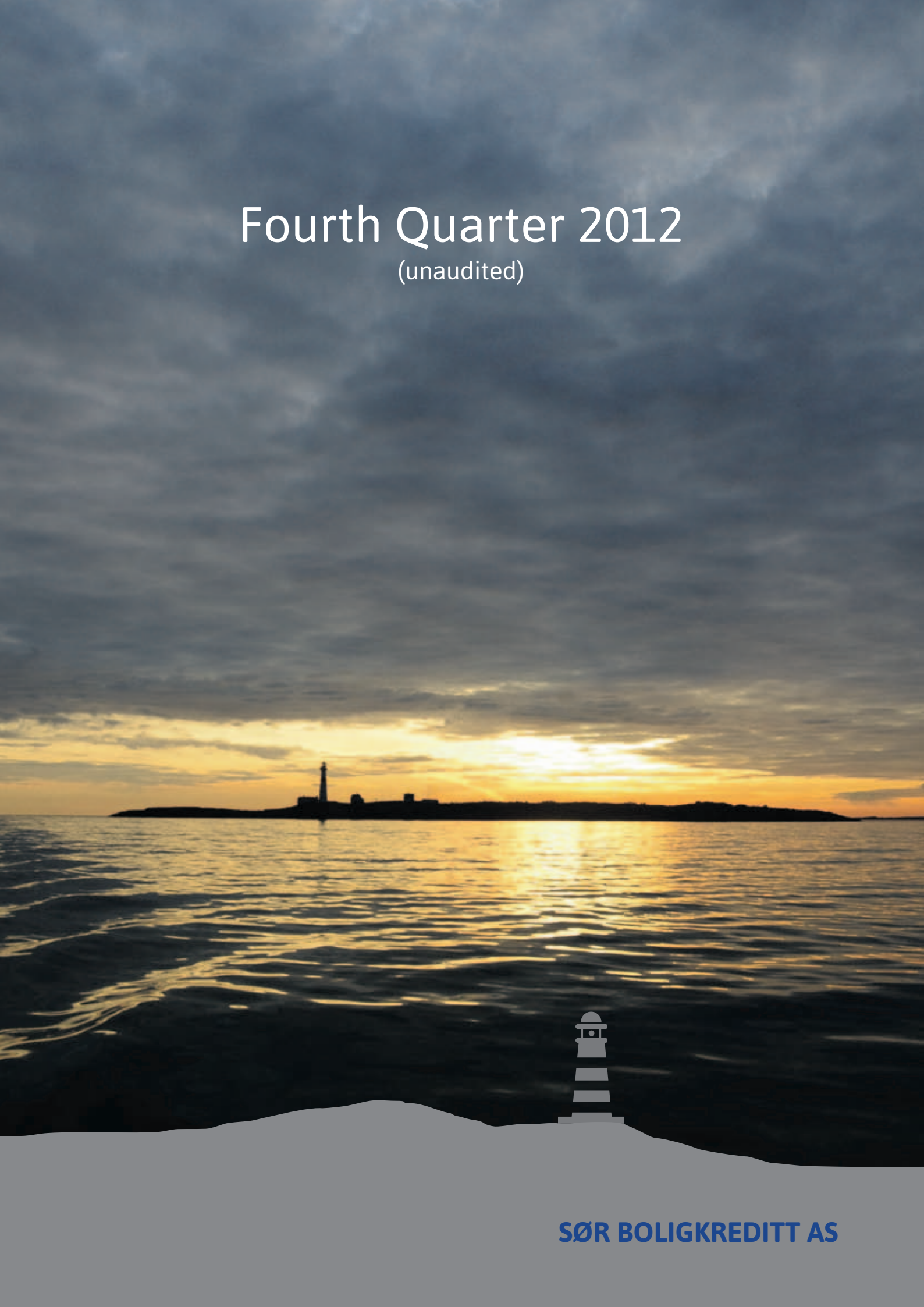


Fourth Quarter 2012

(unaudited)



General information

Sør Boligkreditt AS was established in the autumn of 2008 and is a wholly owned subsidiary of Sparebanken Sør. The company shares the same premises as the Bank's head office in Arendal. The company has a licence as a finance enterprise and may issue covered bonds to investors from the company's cover pool. The cover pool mainly consists of secured mortgages that have been granted by Sparebanken Sør, and that meet the requirements the company sets for loans that may enter the cover pool. One of the main requirements is that the outstanding balance of each loan must not exceed 75 per cent of the market value of the mortgaged property.

Profit and loss account

At the end of the 4th quarter, pre-tax profit was MNOK 89.9, compared with MNOK 27.3 at the same time last year. Return on equity was 15.8%. The increase in profit is due to greater lending volume and improved margins compared with the same period last year.

Interest and related income was MNOK 396.3 and interest and related costs were MNOK 268.6, which gives a net interest at the end of the quarter of MNOK 127.7.

Operating costs were MNOK 33.2. An agreement has been entered into with the parent bank, Sparebanken Sør, which includes loan administration, group support and treasury functions, etc. The costs associated with this agreement were MNOK 30.1.

There have been no losses on loans in the company in 2012.

Balance sheet / funding / capital adequacy

At the end of the quarter, total assets amounted to MNOK 9.278, of which net loans to customers were MNOK 8.946 and the average debt-to-asset ratio was 50.9%. Defaulted commitments totalled MNOK 0.1.

At the end of the quarter, covered bonds totalling MNOK 7,900 had been issued. The cover pool totalled MNOK 9.109, of which mortgages totalled MNOK 8.790. Cover pool filling ratio was 115%.

In the 2nd quarter, the company's share capital was increased by MNOK 100.

At the end of the quarter, capital adequacy was 14.8%, all of which was core capital.

Rating

Sør Boligkreditt AS has an Aaa rating from Moody's for covered bonds.

Risk and capital management

Risk management ensures that the company's risk exposure is known at any time and helps ensure that the company achieves its strategic objectives, and also that statutes, regulations and regulatory requirements are complied with. Management objectives have been set for the company's total risk level and specific management objectives have been set within each risk area. Systems have been established for measurement, management and control of risk. Capital management will ensure that the company has good core capital adequacy, financial stability and satisfactory return in relation to the risk profile.

The company's capital adequacy and risk exposure are followed-up through periodic reports.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties not being able to meet their obligations. Credit risk is managed through the company's strategy and policy documents, credit routines and processes, scoring models and lending authority.

Market risk

Market risk is the risk of loss due to unfavourable changes in market prices for interest and exchange rates and in the stock market. The company's market risk management strategy ensures that the operations are run in accordance with the company's overall strategy plan and that the risk is reflected in the return.

Funding risk

Funding risk is the risk that the company is unable to meet its obligations without increasing borrowing costs, or at worst, not being able to meet its obligations at the time of ordinary maturity. The company's funding risk management



strategy ensures prudent liquidity management, which in turn helps to ensure that the company can survive critical situations.

Operational risk

Operational risk is defined as the risk of loss due to inadequate or failing internal processes, routines or systems, human errors, crime or external events.

Operational risk management takes place through human resource development, good systems and routines, good internal control and quality assurance.

The company has entered into a framework agreement with Sparebanken Sør, which includes loan administration,

group support and treasury functions, etc. Under the agreement, the bank bears the risk of any errors within the supplies and services provided.

Future outlook

The company has had stable earnings, risk is low and we expect this situation to continue in the months ahead.

In 2013, the company plans to take over more loans from Sparebanken Sør.

Arendal, 12th February 2013

Board of Directors of Sør Boligkreditt AS

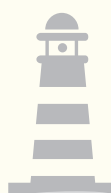
Geir Bergskaug
Chairman

Frode Mathiesen
Deputy Chairman

Dagfinn Vaage

Seunn Smith-Tønnessen

Rolf H. Søraker
Managing Director



4 PROFIT AND LOSS ACCOUNT

NOK 1 000	Notes	2012	2011	2010
Interest and related income	2,10	396 279	277 983	216 571
Interest and related costs	2,10	268 565	227 147	168 975
Net interest and credit commission income	2	127 714	50 836	47 596
Net commission income		157	112	86
Other operating income		-4759	0	-4351
Personnel expenses		598	557	205
Administration costs	10	32 393	22 457	17 207
Amortization of intangible assets		172	676	676
Total operating costs		33 163	23 690	18 088
Operating profit before losses		89 949	27 258	25 243
Losses on loans		0	0	0
Pre-tax profit		89 949	27 258	25 243
Tax on ordinary profit		25 183	7 640	7 102
Profit on ordinary operations after tax / net profit		64 766	19 618	18 141
Expanded income statement				
Profit for the period		64 766	19 618	18 141
Other income and costs		0	0	0
Total net profit for the period		64 766	19 618	18 141



NOK 1 000

ASSETS	Notes	2012	2011	2010
Loans to and claims on financial institutions	10	319 957	120 401	0
Gross loans		8 949 843	7 983 074	5 859 554
Write-downs on groups of loans		-4 000	-4 000	-4 000
Net loans to customers	3,6,7,9	8 945 843	7 979 074	5 855 554
Intangible assets		0	172	848
Assets relating to deferred tax		0	0	615
Accrued interest		11 886	11 870	7 974
TOTAL ASSETS		9 277 686	8 111 517	5 864 991
EQUITY AND LIABILITIES				
Liabilities to financial institutions	4,10	800 000	1 000 000	1 573 765
Debt established through issue of securities	8,10	7 901 234	6 696 133	3 999 667
Financial derivatives		0	0	5 227
Period tax liabilities		25 183	7 026	8 192
Other liabilities		34 188	56 043	45 443
Total liabilities		8 760 605	7 759 202	5 632 294
Share capital		400 000	300 000	200 000
Other reserves		52 315	52 315	32 697
Unallocated profit		64 766	0	0
Total equity	5	517 081	352 315	232 697
TOTAL EQUITY AND LIABILITIES		9 277 686	8 111 517	5 864 991

Arendal, 12th February 2013

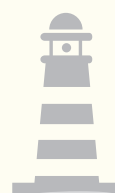
Geir Bergskaug
Chairman of the Board

Frode Mathiesen
Deputy Chairman

Dagfinn Vaage

Seunn Smith-Tønnessen

Rolf H. Søraker
Managing Director



6 CASH FLOW STATEMENT

NOK 1 000	2012	2011	2010
Interest received	396 263	274 086	215 824
Interest paid	-290 208	-204 879	-154 079
Operations-related payments	-44 151	-32 468	-21 531
Net cash flow from operations	61 904	36 739	40 214
Change in loans	-966 769	-2 123 520	-514 564
Change in other assets		-	0
Change in loans from financial institutions	-200 000	-573 765	302 545
Change in other liabilities	-680	-15 519	-1 720
Net cash flow from current financial activities	-1 167 449	-2 712 804	-213 739
Paid-up share capital	100 000	100 000	-
Change in debt established through issue of securities	1 205 101	2 696 466	-
Net cash flow from non-current financial activities	1 305 101	2 796 466	-
Net change in cash and cash equivalents	199 556	120 401	-173 525
Cash and cash equivalents as at 01/01	120 401	0	173525
Cash and cash equivalents at the end of the period	319 957	120 401	-

The company has unused drawing rights of MNOK 1,700 in the parent bank as at 31.12.2012, cf. note 5.

EQUITY MOVEMENTS

NOK 1 000	Share capital	Other reserves	Unallocated profit	Total
Equity as at 1st January 2011	200 000	32 697		232 697
Paid-up equity	100 000			100 000
Profit 2011		19 618		19 618
Equity as at 31.12.2011	300 000	52 315	0	352 315
Equity as at 1st January 2012	300 000	52 315		352 315
Paid-up equity	100 000			100 000
Profit 2011			64 766	64 766
Equity as at 31.12.2012	400 000	52 315	64 766	517 081



Note 1 Accounting principles

The accounts have been prepared in accordance with International Standards for Financial Reporting, IFRS. The accounting principles are the same as those used in the 2011 accounts, and these have been described therein.

Note 2 Net interest income

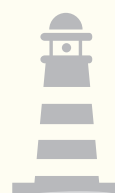
NOK 1 000	2012	2011	2010
Interest on loans and claims on financial institutions	16 256	11 504	1 411
Interest on loans and claims on customers	380 023	266 479	215 160
Total interest income	396 279	277 983	216 571
Interest on liabilities to financial institutions	38 301	61 009	46 223
Interest on issued securities	230 264	166 110	122 627
Other interest costs	0	28	125
Total interest costs	268 565	227 147	168 975
Net interest income	127 714	50 836	47 596

Note 3 Debt-to-asset ratio

	2012	2011	2010
Average debt-to-asset ratio as a %	50.9 %	50.4 %	52.9 %
Portfolio by intervals of debt-to-asset ratio			
below or equal to 40%	24.8 %	26.0 %	23.6 %
41 - 50 %	17.2 %	18.0 %	15.0 %
51 - 60 %	22.9 %	21.9 %	20.3 %
61 - 70 %	26.7 %	26.5 %	27.0 %
71 - 75 %	6.6 %	5.2 %	12.2 %
above 75%	1.8 %	2.4 %	1.9 %
Total	100.0 %	100.0 %	100.0 %

Note 4 Liabilities to financial institutions

The company has entered into an agreement with Sparebanken Sør regarding a credit facility of BNOK 2.5, which is primarily used for settlement of purchased loans and repayment of covered bonds. The agreement has been entered into in accordance with the arm's length principle.



Note 5 Capital adequacy

NOK 1 000	2012	2011	2010
Equity and related capital			
Share capital	400 000	300 000	200 000
Other reserves	117 081	52 315	32 697
Deductions	0	172	1 463
Net equity and related capital (core capital)	517 081	352 143	231 234
Minimum capital adequacy requirement			
Credit risk	272 769	240 857	176 523
Market risk	0	0	0
Operational risk	6 488	4 941	3 557
Deductible items	320	320	320
Total minimum capital adequacy requirement	278 937	245 478	179 760
Calculation basis	3 486 438	3 068 475	2 247 000
Capital adequacy	14.8 %	11.5 %	10.3 %

Note 6 Loans according to sectors and industries

NOK 1 000	2012	2011	2010
Retail banking customers	8 658 055	7 730 695	5 721 103
Primary industry	15 140	16 051	7 802
Industry	11 803	13 593	6 783
Building and Construction	83 523	73 553	38 873
Transport and communication	35 743	28 554	10 729
Wholesale and retail	23 175	26 541	21 250
Hotel and restaurant	5 709	12 239	2 667
Real estate	11 365	4 172	-
Financial/ business services	57 918	41 006	24 579
Sundry/ other industries	47 412	36 670	25 768
Total gross loans	8 949 843	7 983 074	5 859 554
Collective write-downs	4 000	4 000	4 000
Net loans	8 945 843	7 979 074	5 855 554

Note 7 Default

NOK 1 000	2012	2011	2010
Defaulted commitments	118	0	0
Individual write-downs	0	0	0
Net defaulted commitments	118	0	0



Note 8 Bond debt according to maturity

NOK 1 000

ISIN number	No. value	Of which owned	Fair value	Book value	Coupon	Repayment structure	Maturity
NO 0010633415	1 250 000	0	1 246 200	1 251 564	NIBOR 3M + 0.44	Interest only	23.03.2015
NO 0010508443	1 000 000	0	1 004 367	999 962	NIBOR 3M + 0.50	Interest only	08.04.2015
NO 0010625841	1 250 000	0	1 248 949	1 250 841	NIBOR 3M + 0.53	Interest only	05.10.2015
NO 0010614688	1 000 000	0	1 000 609	999 130	NIBOR 3M + 0.50	Interest only	29.06.2016
NO 0010518129	1 000 000	0	1 006 648	999 950	NIBOR 3M + 0.55	Interest only	04.07.2016
NO 0010623945	1 200 000	0	1 199 434	1 196 329	NIBOR 3M + 0.53	Interest only	24.08.2017
NO 0010664659	300 000	0	299 522	299 586	NIBOR 3M + 0.54	Interest only	27.11.2019
NO 0010649056	900 000	0	910 089	903 872	NIBOR 3M + 0.72	Interest only	20.06.2018
Total	7 900 000		7 915 818	7 901 234			

Note 9 Cover pool

NOK 1 000	2012	2011	2010
Gross loans secured by residential property mortgages*	8 789 515	7 790 672	5 742 792
Receivables that represent substitute assets	319 957	120 401	-
Total cover pool	9 109 472	7 911 073	5 742 792
Cover pool's filling ratio	115 %	118 %	144 %

*The composition of the cover pool has been defined in Section 2-28 of the Financial Services Act.

Note 10 Close parties

NOK 1 000	2012	2011	2010
Profit			
Interest from Sparebanken Sør on deposits	16 256	11 504	1 411
Interest and credit commission from Sparebanken Sør on loans	38 301	61 009	46 223
Interest costs on bond debts to Sparebanken Sør	113 481	140 388	122 627
Management fees paid to Sparebanken Sør	30 111	20 959	15 010
Balance sheet			
Bank deposits in Sparebanken Sør	319 957	120 401	-
Covered bonds owned by Sparebanken Sør (nominal value)	2 130 000	4 400 000	4 000 000
Loans / credit facility in Sparebanken Sør	800 000	1 000 000	1 573 765



QUARTERLY PROFIT TREND

NOK 1 000	4Q	3Q	2Q	1Q	4Q	3Q
	2012	2012	2012	2012	2011	2011
Net interest	38 810	32 232	33 806	22 866	14 707	13 043
Other income	-5 463	779	47	35	35	28
Operating costs	8 075	8 152	9 117	7 819	7 232	6 371
Oper. profit before losses	25 272	24 859	24 736	15 082	7 510	6 700
Losses on loans	0	0	0	0	0	0
Pre-tax profit	25 272	24 859	24 736	15 082	7 510	6 700
Tax on ordinary profit	7 074	6 960	6 925	4 224	2 111	1 876
Profit after tax	18 198	17 899	17 811	10 858	5 399	4 824



