The background of the cover features a close-up of autumn leaves in shades of yellow and orange in the upper left corner, and a large area of blue water with intricate ripples and reflections in the lower right. The text is centered in the upper half of the page.

4th Quarter 2013

(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, which have been granted by Sparebanken Sør, and which 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 mortgage must not exceed 75% of the market value of the mortgaged property.

Profit and loss account

At the end of the 4th quarter, profit before tax was MNOK 167.7, compared with MNOK 89.9 in the same period the previous year. Return on equity is 19.1%. 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 460.4 and interest and related costs were MNOK 254.0, which gives a net interest at the end of the quarter of MNOK 206.4.

Operating costs totalled MNOK 36.8. 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 are MNOK 33.9.

In the 3rd quarter, collective write-downs are up by MNOK 2.0 and the total collective write-downs are now MNOK 6.0.

Balance sheet/ funding / capital adequacy

At the end of the quarter, total assets amounted to MNOK 13,091, of which net loans to customers totalled MNOK 11,889 and the average loan-to-value ratio was 55.7%. Defaulted commitments totalled MNOK 1.7.

At the end of the quarter, covered bonds total MNOK 11,035. The cover pool totalled MNOK 12,986, of which mortgages totalled MNOK 11,821. Over-collateralisation is 117%.

In the 2nd quarter, the company's share capital was increased by MNOK 100 to MNOK 500.

At the end of the 4th quarter, the capital adequacy ratio was 15.1%, all of which is 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 laws, 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 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 losses 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 losses due to unfavourable changes in market prices of 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 will be 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.

As at 30 December 2013, Sør Boligkreditt AS has an approved credit limit of MNOK 2,500 in Sparebanken Sør. Sør Boligkreditt AS also has a revolving credit facility in the parent bank, which may be used to cover issued bonds that reach maturity and which may not be refinanced. An annual commission is paid on the credit facility.

Operational risk

Operational risk is defined as the risk of losses 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 and risk is low and this situation is expected to continue in the months ahead.

As a result of the merger between Sparebanken Sør and Sparebanken Pluss, the company will merge with Pluss Boligkreditt AS during the 1st quarter 2014.

Arendal, 10 February 2014

Board of Directors of Sør Boligkreditt AS

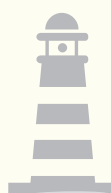
Geir Bergskaug
Chairman

Frode Mathiesen
Deputy Chairman

Dagfinn Vaage

Seunn Smith-Tønnessen

Rolf H. Søraker
Managing Director



4 PROFIT AND LOSS ACCOUNT

NOK 1 000	Notes	2013	2012	2011
Interest and related income	2,10	460 351	396 279	277 983
Interest and related costs	2,10	253 971	268 565	227 147
Net interest and commission income	2	206 380	127 714	50 836
Net commission income		-83	157	112
Other operating costs		182	-4 759	0
Personnel costs		649	598	557
Administration costs	10	36 126	32 393	22 457
Amortisation of intangible assets			172	676
Total operating costs		36 775	33 163	23 690
Operating profit before losses		169 704	89 949	27 258
Losses on loans		2 000	0	0
Profit before tax		167 704	89 949	27 258
Tax on ordinary profit		46 991	25 183	7 640
Profit on ordinary operations after tax / net profit		120 713	64 766	19 618
Expanded income statement				
Profit for the period		120 713	64 766	19 618
Other income and losses		0	0	0
Total net profit for the period		120 713	64 766	19 618



NOK 1 000

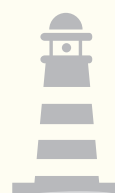
ASSETS	Notes	2013	2012	2011
Loans to and claims on financial institutions	10	1 164 879	319 957	120 401
Gross loans		11 895 140	8 949 843	7 983 074
Write-downs on groups of loans		-6 000	-4 000	-4 000
Net loans to customers	3,6,7,9	11 889 140	8 957 729	7 990 944
Financial derivatives		37 331	0	0
Intangible assets		0	0	172
Assets through deferred tax		0	0	0
Costs paid in advance		23	0	0
TOTAL ASSETS		13 091 373	9 277 686	8 111 517
EQUITY AND LIABILITIES				
Liabilities to financial institutions	4,10	1 200 078	800 000	1 000 000
Debt established through issue of securities	8,10	11 092 572	7 901 234	6 696 133
Financial derivatives		5 715	0	0
Period tax liabilities		46 942	25 183	7 026
Other liabilities		8 271	34 188	56 043
Total liabilities		12 353 578	8 760 605	7 759 202
Share capital		500 000	400 000	300 000
Other reserves		117 081	117 081	52 315
Unallocated profit		120 714	0	0
Total equity	5	737 795	517 081	352 315
TOTAL EQUITY AND LIABILITIES		13 091 373	9 277 686	8 111 517

Arendal, 10 February 2014

Geir Bergskaug
ChairmanFrode Mathiesen
Deputy Chairman

Dagfinn Vaage

Seunn Smith-Tønnessen

Rolf H. Søraker
Managing Director

6 CASH FLOW STATEMENT

NOK 1 000	2013	2012	2011
Interest received	455 668	396 263	274 086
Interest paid	-307 535	-290 208	-204 879
Operations-related payments	-63 819	-44 151	-32 468
Net cash flow from operations	84 314	61 904	36 739
Change in loans	-2 943 297	-966 769	-2 123 520
Change in other assets	-20 785	0	0
Change in loans from financial institutions	400 078	-200 000	-573 765
Change in other liabilities	43 214	-680	-15 519
Net cash flow from current financial activities	-2 520 790	-1 167 449	-2 712 804
Paid-up share capital	100 000	100 000	100 000
Change in debt established through issue of securities	3 181 398	1 205 101	2 696 466
Net cash flow from non-current financial activities	3 281 398	1 305 101	2 796 466
Net change in cash and cash equivalents	844 922	199 556	120 401
Cash and cash equivalents as at 01/01	319 957	120 401	0
Cash and cash equivalents as at the end of the period	1 164 879	319 957	120 401

As at 31 December 2013, the company has an unused credit facility in the parent bank of MNOK 1,300, cf. Note 5.

EQUITY MOVEMENTS

NOK 1 000	Share capital	Other reserves	Unallocated profit	Total
Equity as at 1 January 2012	300 000	52 315		352 315
Paid-up equity	100 000			100 000
Profit 2012			64 766	64 766
Equity as at 31 December 2012	400 000	52 315	64 766	517 081
Equity as at 1 January 2013	400 000	117 081		517 081
Paid-up equity	100 000			100 000
Profit 2013			120 714	120 714
Equity as at 31 December 2013	500 000	117 081	120 714	737 795



Note 1 Accounting principles

The accounts have been prepared in accordance with the International Standards for Financial Reporting, IFRS. The accounting principles are the same as those used in the 2012 annual accounts, and these have been described therein.

Note 2 Net interest income

NOK 1 000	2013	2012	2011
Interest on liabilities to financial institutions	29 648	16 256	11 504
Interest on loans to and claims on customers	430 703	380 023	266 479
Total interest income	460 351	396 279	277 983
Interest on liabilities to financial institutions	28 907	38 301	61 009
Interest on issued securities	224 937	230 264	166 110
Other interest costs	127	0	28
Total interest costs	253 971	268 565	227 147
Net interest income	206 380	127 714	50 836

Note 3 Loan-to-value ratio

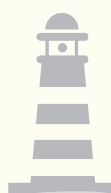
	2013	2012	2011
Average loan-to-value ratio	55.7 %	50.9 %	50.4 %

Portfolio divided by intervals of loan-to-value ratio:

below or equivalent to 40%	19.6 %	24.8 %	26.0 %
41 - 50%	13.0 %	17.2 %	18.0 %
51 - 60%	17.6 %	22.9 %	21.9 %
61 - 70 %	26.9 %	26.7 %	26.5 %
71 - 75%	15.6 %	6.6 %	5.2 %
above 75%	7.3 %	1.8 %	2.4 %
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	2013	2012	2011
Equity and related capital			
Share capital	500 000	400 000	300 000
Other reserves	237 795	117 081	52 315
Deductions	0	0	172
Net equity and related capital (core capital)	737 795	517 081	352 143
Minimum capital adequacy requirement			
Credit risk	380 756	272 769	240 857
Market risk	0	0	0
Operational risk	11 325	6 488	4 941
~Deductible items	480	320	320
Total minimum capital adequacy requirement	391 601	278 937	245 478
Calculation basis	4 895 013	3 486 438	3 068 475
Capital adequacy	15.1 %	14.8 %	11.5 %

Note 6 Loans according to sectors and industries

NOK 1 000	2013	2012	2011
Retail banking customers	11 479 016	8 658 055	7 730 695
Primary industry	20 902	15 140	16 051
Industry	15 265	11 803	13 593
Building and construction	109 443	83 523	73 553
Transport and communication	51 240	35 743	28 554
Wholesale and retail	33 260	23 175	26 541
Hotel and restaurant	11 719	5 709	12 239
Real estate	17 641	11 365	4 172
Financial/business services	65 347	57 918	41 006
Sundry/other industries	74 737	47 412	36 670
Accrued interest loans	16 570	11 886	11 870
Total gross loans	11 895 140	8 961 729	7 994 944
Collective write-downs	6 000	4 000	4 000
Net loans	11 889 140	8 957 729	7 990 944

Note 7 Default

NOK 1 000	30.09.13	30.09.12	2012
Defaulted commitments	1 727	118	0
Individual write-downs	0	0	0
Net defaulted commitments	1 727	118	0



Note 8 Bond debt according to maturity

NOK 1 000

ISIN number	Nom. Value	Of which owned	Fair value	Book value	Coupon	Repayment structure	Maturity
NO 0010633415	1 225 000	0	1 231 991	1 225 844	NIBOR 3M + 0.44	Interest only	23.03.2015
NO 0010508443	1 000 000	0	1 001 700	999 979	NIBOR 3M + 0.50	Interest only	08.04.2015
NO 0010625841	1 250 000	0	1 249 236	1 250 537	NIBOR 3M + 0.53	Interest only	05.10.2015
NO 0010614688	1 200 000	0	1 199 941	1 200 603	NIBOR 3M + 0.50	Interest only	29.06.2016
NO 0010518129	1 000 000	0	1 006 200	999 965	NIBOR 3M + 0.55	Interest only	04.07.2016
NO 0010623945	1 200 000	0	1 198 951	1 197 118	NIBOR 3M + 0.53	Interest only	24.08.2017
NO 0010649056	1 250 000	0	1 264 129	1 256 961	NIBOR 3M + 0.72	Interest only	20.06.2018
NO 0010679806	1 250 000	0	1 248 772	1 249 464	NIBOR 3M + 0.44	Interest only	22.05.2019
NO 0010664659	800 000	0	803 279	800 728	NIBOR 3M + 0.54	Interest only	27.11.2019
NO 0010671597	350 000	0	352 975	352 975	Fast 3.85%	Interest only	13.02.2023
NO 0010670409	500 000	0	501 250	501 250	Fast 4%	Interest only	24.01.2028
Total	11 025 000		11 058 424	11 035 424			

Note 9 Cover pool

NOK 1 000

	2013	2012	2011
Gross loans secured by residential property mortgages*	11 821 478	8 940 720	7 921 829
Receivables that represent substitute assets	1 164 879	319 957	120 401
Total cover pool	12 986 357	9 260 677	8 042 230
Cover pool's over-collateralisation	117 %	117 %	120 %

*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

	2013	2012	2011
Profit			
Interest from Sparebanken Sør on deposits	29 648	16 256	11 504
Interest and credit commission from Sparebanken Sør on loans	28 908	38 301	61 009
Interest costs on bond debts to Sparebanken Sør	48 095	113 481	140 388
Management fees paid to Sparebanken Sør	33 909	30 111	20 959
Balance sheet			
Deposits in Sparebanken Sør	1 164 879	319 957	120 401
Covered bonds owned by Sparebanken Sør (nominal value)	2 000 000	2 130 000	4 400 000
Loans/credit facility in Sparebanken Sør	1 200 000	800 000	1 000 000



QUARTERLY PROFIT TREND

NOK 1 000	4Q	3Q	2Q	1Q	4Q	3Q
	2013	2013	2013	2013	2012	2012
Net interest	58 505	55 701	48 857	43 317	38 810	32 232
Other income	-93	106	247	-161	-5 463	779
Operating costs	9 467	9 323	9 189	8 796	8 075	8 152
Oper. profit before losses	48 945	46 484	39 915	34 360	25 272	24 859
Losses on loans	0	2 000	0	0	0	0
Profit before tax	48 945	44 484	39 915	34 360	25 272	24 859
Tax on ordinary profit	13 739	12 455	11 176	9 621	7 074	6 960
Profit after tax	35 206	32 029	28 739	24 739	18 198	17 899



