

Second Quarter 2013

(unaudited)

sparebanken



KEY FIGURES - GROUP

Result	2Q	2Q	30.06.	30.06.	31.12.
MNOK	2013	2012	2013	2012	2012
Interest and credit commission income	471	456	920	919	1 841
Interest costs	275	289	540	596	1 137
Net interest and credit commission income	196	167	380	323	704
Net commission income	42	45	76	82	175
Net income from financial instruments	4	28	-31	3	-67
Other operating income	3	4	7	7	12
Total other income	49	77	52	92	120
Operating costs	126	125	250	246	511
Profit before losses	119	119	182	169	313
Losses	31	12	37	23	61
Pre-tax profit	88	107	145	146	252
Tax costs	24	31	41	44	79
Profit after tax	64	76	104	102	173
Profit as a % of average total assets					
Interest and credit commission income	4.03 %	4.26 %	4.04 %	4.30 %	4.27 %
Interest costs	2.35 %	2.70 %	2.37 %	2.79 %	2.64 %
Net interest and credit commission income	1.68 %	1.56 %	1.67 %	1.51 %	1.63 %
Net commission income	0.36 %	0.42 %	0.33 %	0.38 %	0.41 %
Net income from financial instruments	0.03 %	0.27 %	-0.13 %	0.02 %	-0.16 %
Other operating income	0.03 %	0.04 %	0.03 %	0.03 %	0.03 %
Total other income	0.42 %	0.73 %	0.23 %	0.43 %	0.28 %
Operating costs	1.08 %	1.17 %	1.10 %	1.15 %	1.19 %
Profit before losses	1.02 %	1.12 %	0.80 %	0.79 %	0.72 %
Losses	0.26 %	0.11 %	0.16 %	0.11 %	0.14 %
Pre-tax profit	0.76 %	1.01 %	0.64 %	0.68 %	0.58 %
Tax costs	0.21 %	0.30 %	0.18 %	0.21 %	0.18 %
Profit after tax	0.55 %	0.71 %	0.46 %	0.47 %	0.40 %
Average total assets	46 700	42 800	45 600	42 700	43 100
Balance sheet					
Total assets			47 088	42 717	44 456
Gross loans			38 549	35 736	37 168
% lending growth in last twelve months			7.9 %	10.5 %	9.6 %
Deposits from customers			21 923	20 303	20 999
% deposit growth in last twelve months			8.0 %	16.3 %	10.4 %
Deposits as a % of gross loans			56.9 %	56.8 %	56.5 %
Equity			3 172	3 056	3 071
Capital adequacy ratio			12.9 %	13.1 %	14.0 %
Core capital adequacy ratio			12.9 %	13.1 %	14.0 %
Pure core capital ratio			12.1 %	12.3 %	13.2 %
Other key figures					
Return on net capital after tax			6.8 %	6.9 %	6.0 %
Result per equity certificate			3.57 kr		6.08 kr
Costs as a % of income			57.9 %	59.3 %	62.0 %
Costs as a % of income, ex. financial instruments			54.0 %	59.7 %	57.4 %
No. of employees (FTE), group			369	366	375

GENERAL INFORMATION

Sparebanken Sør is an advisory bank with offices in 30 locations and estate agency business in 12 locations in Aust-Agder, Vest-Agder and Telemark. The bank offers a wide range of financial products and services to the retail banking and corporate market.

The estate agency business is managed through estate agency chain ABCenter. Insurance company, Frende, where the bank is co-owner, provides general and life insurance products. The Group is also co-owner of companies Norne and Brage, which provide services in securities and leasing products respectively.

FRAMEWORK CONDITIONS

Activity in the Norwegian economy is somewhat lower than previously anticipated and growth prospects at home and abroad are slightly weakened. Norges Bank has kept the base interest rate unchanged at 1.5% and this is likely to remain low longer than previously expected.

In the 2nd quarter, the situation in the finance markets has been generally good and there have only been minor changes in credit margins in the quarter.

Gross domestic debt (K2) was up 6.4% on a yearly basis, measured at the end of May. Growth in the retail banking market was 7.2% and 4.2% in the corporate market.

SECOND QUARTER

In March, a Letter of Intent was entered into between the boards of directors of Sparebanken Sør and Sparebanken Pluss regarding a merger between the two banks. On 20 June this year, the supervisory boards of both banks endorsed the merger. The banks have already applied for the necessary government approvals.

A merged bank will have stronger competitive power and therefore will be more attractive to customers and employees. The agreement maintains the balance and equality between the banks, and equality shall also govern the actual merger.

Highlights

Profit in MNOK	2nd Q 2013	2nd Q 2012	Change in MNOK
Net interest	196	167	29
Net commission income	42	45	-3
Other operating income	6	2	4
Costs	-126	-125	-1
Losses	-31	-12	-19
Profit from ordinary operations	87	77	10
Value change assoc. with liabs.	1	30	
Pre-tax profit	88	107	10

Group pre-tax profit for the 2nd quarter was MNOK 88, compared with MNOK 107 in the same quarter last year. Adjusted for valuation of debt securities, the result was MNOK 87, compared with MNOK 77 in the same period last year.

There has been a positive trend in net interest income, due to improved lending margins in the 2nd quarter.

Within the banking sector there is still a positive trend within the various product areas. However, in total, net commission income is somewhat down on the same quarter last year due to less income from the estate agency business.

Costs in the quarter are almost on the same level as last year, despite significant growth in the business.

Losses were higher in the 2nd quarter than in the 1st quarter, mainly due to one single commitment. For this reason, net bad and doubtful commitments have also increased.

Business in the subsidiary Sør Boligkreditt is following the planned development and in the 2nd quarter achieved a profit of MNOK 40.0. At the end of the quarter, the company had a mortgage portfolio totalling BNOK 10.2.



PROFIT YEAR-TO-DATE

Highlights

Profit in MNOK year-to-date	31.03.2013	31.06.2012	Change in MNOK
Net interest	380	323	57
Net commission income	76	82	-6
Other operating income	5	27	-22
Costs	-250	-246	-4
Losses	-37	-23	-14
Profit from ord. operations	174	163	11
Value change assoc. with liabs.	-29	-17	-12
Pre-tax profit	148	146	-1
Return on equity	6.8%	6.9%	
Deposit growth in last 12 months	8.0%	16.3%	
Lending growth in last 12 months	7.9%	10.5%	
Core capital adequacy	12.9%	13.3%	

Group profit, adjusted for the change in value of the bank's debt securities totalled MNOK 174, compared with MNOK 163 in 2012. This is 0.76% of the average total assets, which is the same level as in 2012.

There has been a positive trend in net interest, while net commission is down somewhat. Valuation of the bank's fixed rate loans has had a negative impact. Cost growth is modest, but losses have increased compared with the previous year.

Return on equity after tax is 6.8% and adjusted for valuation of liabilities, this gives a return on equity after tax of 8.2%.

Net interest

Net interest is MNOK 380, which is up MNOK 57 or 17.6% compared with the previous year. This is equivalent to 1.67% of the average total assets, compared with 1.51% the previous year. The increase is due to stronger margins in the latter part of last year, which also had a positive effect on profit this year. In addition, there is also the impact of growth in the total business volume and the improvement in lending margin.

Commission income

Net fee and commission income was MNOK 75, compared with MNOK 82 in 2012. This is equivalent to 0.33% of the average total assets, compared with 0.38% in the first half-year 2012. Income from the estate agency business is down

somewhat due to fewer units sold than in the previous year. Within the other product areas there has been a growth of 11.2% or MNOK 6.9. The growth is primarily within insurance and money transmission and reflects a high level of activity in these areas.

Financial instruments

Income from financial instruments was net MNOK -31 compared with MNOK 3 the previous year. As a percentage of average total assets, this is equivalent to -0.13%, compared with 0.02% the previous year. MNOK -29 of this is due to lower credit margins in today's market when establishing new debt securities, compared with MNOK -17 in the previous year. On the asset side, other financial instruments have had a net income of MNOK -2, compared with MNOK +20 the previous year. The reduction is primarily due to the impairment in value of fixed rate loans, due to higher margins on new fixed rate loans.

Operating costs

Group costs totalled MNOK 250, which is equivalent to 1.10% of the average total assets, compared with MNOK 246 and 1.15% of the average total assets in the previous year. There has also been a positive trend in costs measured against income. Most of the cost growth is due to personnel costs and reflects an enhancement of the expertise in strategic priority areas and also opening of the new branch in Skien.

Credit losses and defaulted commitments

Losses on loans have been charged to the accounts with net MNOK 37, which is equivalent to 0.19% of gross loans. The equivalent figures for last year were MNOK 23 and 0.13% of gross loans. The increase in net losses is mainly due to one single commitment.

There has been no reason to increase collective write-downs year-to-date and therefore these remain unchanged at MNOK 128.

Net defaulted and doubtful loans totalled MNOK 642, which is equivalent to 1.67%. This is an increase compared with previous periods, but the increase is due to one single commitment.

BALANCE SHEET

At the end of the quarter, total assets amounted to BNOK 47.1, compared with BNOK 42.7 in the previous year, which is equivalent to a growth of 10.2%.



Loans and deposits

In the last twelve months, lending growth was 7.9% with 11.2% in the retail banking market and 0.9% in the corporate market. The percentage of loans to the retail banking market is now 70.0%.

In the last twelve months, deposits are up 8.0%, with 8.2% growth in the retail banking market and 7.7% in the corporate market. Loan-to-value ratio is 56.9% in the group and 76.9% in the parent bank.

Funding and securities

The bank has a very satisfactory liquidity situation. Liquid reserves are reassuring and the maturity structure of borrowing is well-adapted to the business. New, long-term borrowing will be arranged through issuance of covered bonds and senior debt.

In the group, bond and certificate holdings totalled BNOK 6.9, compared with BNOK 5.8 in the same period last year. At the end of the quarter, the liquidity indicator for long-term funding was 108.7.

Equity and related capital – capital adequacy ratio

Total equity and related capital was BNOK 3.4, of which MNOK 200 was hybrid capital. In the 4th quarter last year, MNOK 600 of the Savings Bank Fund was converted into equity certificates. The certificates are owned by Sparebankstiftelsen Sparebanken Sør. At the end of the 2nd quarter, pure core capital ratio was 12.1%. Core capital ratio is 12.9% based on the standard approach in the Basel II rules.

Profit for the year has not been included. If the profit year-to-date is included, the core capital ratio would be 13.3%.

SUBSIDIARIES AND COOPERATING COMPANIES

The most important subsidiaries are Sør Boligkreditt AS and ABCenter Holding AS, which is the parent company of estate agency chain ABCenter. Both companies are wholly owned by the bank.

At the end of the 2nd quarter, Sør Boligkreditt AS had a mortgage portfolio of BNOK 10.2. The company had a pre-tax profit of MNOK 74 and a net return on equity after tax of 19.8%. Core capital adequacy in the company is 14.0%.

ABCcenter has had weak results, due to a weak market and it taking a long time to sell property in southern Norway. This has resulted in fewer units sold than in the same period last year. The bank's other subsidiaries mainly manage different business areas where the bank has operations.

RATING

On 3 July, Moody's put its A3 rating of Sparebanken Sør under assessment with a view to upgrading due to the forthcoming merger with Sparebanken Pluss. Moody's expects to conclude its assessment in the 1st half-year 2014, when the merger is expected to be in place.

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

SUMMARY AND FUTURE OUTLOOK

The work of preparing the merger between Sparebanken Sør and Sparebanken Pluss will have top priority in the period ahead. The merger will create a new bank, which will be a powerhouse in and for the region, where decisions will be made locally. The banks currently have very similar strategies, which is a good starting point for the new bank's future strategy.

The new bank will have operations in 40 towns and communities and it will ensure a competitive advantage and customer proximity. The bank will be the largest in the region. The bank's underlying operations are good. Net interest has improved and costs are under control. This trend is expected to continue together with good growth and access to funding.

Arendal, 13 August 2013

Torstein Moland
Chairman

Unni Grete Farestveit

Kjell Pedersen-Rise

Erling Holm

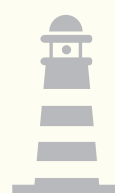
Leidulv Nesgård

Jill Akselsen

Marit Kittilsen

Per Adolf Bentsen

Cathy Steller

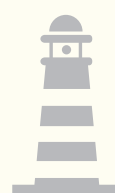


6 PROFIT AND LOSS ACCOUNT

PARENT BANK					GROUP					
31.12.	30.06.	30.06.	2Q	2Q		2Q	2Q	30.06.	30.06.	31.12.
2012	2012	2013	2012	2013	MNOK	Notes	2013	2012	2013	2012
1 621	824	760	402	387	Interest and related income		471	456	920	919
1 040	554	469	267	237	Interest and related costs		275	289	540	596
581	270	291	135	150	Net interest and credit commission income		196	167	380	323
170	76	84	40	44	Commission income and income from banking services		49	52	90	95
27	13	14	7	8	Commission costs and costs associated with banking services		7	7	14	13
143	63	70	33	36	Net commission income		42	45	76	82
					Income from financial instruments at fair value					
-35	14	-48	22	-10	with value change charged to P&L account	2	-9	21	-45	-10
-4	-3		-2		Write-down and profit/loss on investments valued at cost price or investments considered available for sale	2		-2		-2
21	15	14	9	13	Income from other financial instruments	2	13	9	14	15
-18	26	-34	29	3	Net income from financial instruments		4	28	-31	3
6	4	3	2	1	Other operating income		3	4	7	7
131	93	39	64	40	Total other income		49	77	52	92
245	112	120	58	62	Personnel costs		71	66	138	130
21	10	9	5	4	Depreciation and amortisation of fixed and intangible assets		6	9	11	14
181	90	93	46	47	Other operating costs		49	50	101	102
447	212	222	109	113	Total operating costs		126	125	250	246
265	151	108	90	77	Operating profit before tax		119	119	182	169
61	23	37	12	31	Losses on loans, guarantees, etc.	3	31	12	37	23
204	128	71	78	46	Pre-tax profit	8	88	107	145	146
66	40	19	24	12	Tax on ordinary profit		24	31	41	44
138	88	52	54	34	Profit for the period		64	76	104	102
					Minority interests					
138	88	52	54	34	Majority interests		64	76	104	102
					The equity certificates share of the profit according to the no. of equity certificates (in whole amounts)				3.57	6.08
4.88		1.80								
					Statement of net profit					
138	88	52	54	34	Profit for the period		64	76	104	102
					Net change in fair value of financial assets available for sale			-1	3	-3
-6	-3	3	-1		Net change in fair value of financial assets available for sale transferred to the result					2
2					Recognised estimate deviations - pensions					35
35					Tax effect of recognised estimate deviations - pensions					-10
-10										
159	85	55	53	34	Total net profit for the period		64	75	107	99



PARENT BANK			MNOK		GROUP		
31.12. 2012	30.06. 2012	30.06. 2013		Notes	30.06. 2013	30.06. 2012	31.12. 2012
ASSETS							
581	358	573	Cash in hand and claims on central banks		573	358	581
950	1 279	1 303	Loans to and claims on financial institutions		202	129	149
28 372	26 207	28 541	Gross loans to customers		38 549	35 736	37 168
-190	-206	-213	Individual write-downs		-213	-206	-190
-124	-120	-124	Collective write-downs		-128	-124	-128
28 058	25 881	28 204	Net loans to customers	3 4 6 9	38 208	35 406	36 850
2	3	2	Repossessed assets		2	3	2
7 963	10 096	8 983	Bonds and certificates		6 920	5 822	5 817
359	346	372	Shares		372	346	359
237	167	204	Financial derivatives		208	167	237
450	450	549	Equity stakes in group companies				
1	1	1	Equity stakes in associated companies		1	1	1
8	12	10	Intangible assets		14	17	12
32	37	48	Assets relating to deferred tax		29	14	14
96	101	99	Fixed assets		283	286	279
131	150	250	Other assets		276	168	155
38 868	38 881	40 598	TOTAL ASSETS	8	47 088	42 717	44 456
EQUITY AND LIABILITIES							
2 862	3 118	3 815	Liabilities to financial institutions		2 294	2 783	2 542
21 014	20 323	21 935	Deposits from and liabilities to customers	5 9	21 923	20 303	20 999
11 424	11 750	11 077	Debt established through issue of securities		18 886	15 813	17 195
59	51	52	Financial derivatives		53	51	59
68	24	29	Liabilities relating to tax for the period		68	34	94
253	486	453	Other liabilities		492	542	296
200	200	200	Hybrid capital		200	200	200
35 880	35 952	37 561	Total liabilities		43 916	39 726	41 385
600		600	Equity certificates	10	600		600
28		28	Equalisation fund		28		28
628	0	628	Total equity share capital		628	0	628
2 350	2 830	2 344	Primary capital		2 344	2 830	2 350
10	11	13	Other reserves		90	53	87
			Minority interests		6	6	6
	88	52	Unallocated profit		104	102	
2 988	2 929	3 037	Total equity	7	3 172	2 991	3 071
38 868	38 881	40 598	TOTAL EQUITY AND LIABILITIES	8	47 088	42 717	44 456
OFF-BALANCE SHEET ITEMS							
Contingent liabilities:							
515	555	505	Guarantees		505	555	515
3 257	4 151	3 433	Book value of pledged assets		1 623	4 151	1 445
			Other contingent liabilities				

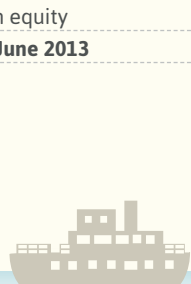


CASH FLOW STATEMENT

PARENT BANK				GROUP		
31.12. 2012	30.06. 2012	30.06. 2013		30.06. 2013	30.06. 2012	31.12. 2012
1 658	829	741	Incoming interest payments	898	914	1 878
-1 078	-579	-484	Outgoing interest payments	-556	-614	-1 196
173	91	86	Other payments	97	109	205
-434	-215	-201	Operating payments	-227	-244	-491
2	1	1	Recoveries on bad debts	1	1	2
-75	-89	-75	Tax paid for the period	-82	-97	-83
-20	-8	-9	Paid donations	-9	-8	-20
			Minority share			
		-6	Paid dividend	-6		
-4	-4	-1	Paid group contribution			
222	26	52	Net cash flow from operations	116	61	295
-2 350	-136	-226	Change in loans	-1 438	-1 847	-3 331
-24	-46	-114	Change in other assets	-112	-66	-56
3 101	928	-1 019	Change in securities	-1 099	811	832
161	-168	-353	Change in loans to other financial institutions	-53	-18	-38
1 970	1 279	921	Change in deposits from customers	924	1 277	1 971
-2 035	-1 779	953	Change in borrowing from financial institutions	-248	-1 994	-2 235
-34	193	213	Change in other liabilities	205	206	
789	271	375	Net cash flow from current financial activities	-1 821	-1 631	-2 857
-27	-13	-5	Investments in fixed assets	-6		-29
-100	-100	-100	Net invested in group and associated companies		-13	
3			Sale of fixed assets			3
-124	-113	-105	Net cash flow from investments	-6	-13	-26
-549	-69	-330	Change in debt established through issue of securities	1 703	1 698	2 926
-300	-300		Change in subordinated loans and hybrid capital		-300	-300
-849	-369	-330	Net cash flow from long-term financing activities	1 703	1 398	2 626
38	-185	-8	Net change in cash and cash equivalents	-8	-185	38
543	543	581	Cash and cash equivalents as at 01/01	581	543	543
581	358	573	Cash and cash equivalents at the end of the period	573	358	581



Group	Equity certificates	Equalisation fund	Primary capital	Fair value reserve	Other reserves	Minority interests	Unallocated profit	TOTAL
Equity as at 1 January 2012								
acc. to presented accounts			2 895	14	42	6		2 957
Changes under IAS19			-65					-65
Adjusted equity as at 1 January 2012			2 830	14	42	6	-	2 892
Profit 2012		22	116		35			173
Donations			-15					-15
Converted to equity certificates	600		-600					-
Recog. estimate deviat. - pensions		7	28					35
Tax effect recog. estimate dev.		-1	-9					-10
Other change in equity				-4				-4
Equity as at 31 December 2012	600	28	2 350	10	77	6	0	3 071
Equity as at 1 January 2012			2 830	14	42	6		2 892
Profit as at 30 June 2013							102	102
Donations								0
Other change in equity				-3				-3
Equity as at 30 June 2013	0	0	2 830	11	42	6	102	2 991
Equity as at 1 January 2013	600	28	2 350	10	77	6		3 071
Profit as at 30 June 2013							104	104
Dividend equity certificates			-6					-6
Other change in equity				3				3
Equity as at 30 June 2013	600	28	2 344	13	77	6	104	3 172
Parent bank								
Equity as at 1 January 2012								
acc. to presented accounts			2 895	14				2 909
Change under IAS19			-65					-65
Adjusted equity as at 1 January 2012			2 830	14	0	0	0	2 844
Profit 2012		22	116					138
Donations			-15					-15
Convert. to equity certificates	600		-600					0
Recog. estimate dev. - pensions		7	28					35
Tax effect recog. estimate dev.		-1	-9					-10
Other change in equity				-4				-4
Equity as at 31 December 2012	600	28	2 350	10	0	0	0	2 988
Equity as at 1 January 2012			2 830	14				2 844
Profit as at 30 June 2012							88	88
Donations								0
Other change in equity				-3				-3
Equity as at 30 June 2012	0	0	2 830	11	0	0	88	2 929
Equity as at 1 January 2013	600	28	2 350	10				2 988
Profit as at 30 June 2013							52	52
Dividend equity certificates			-6					-6
Other change in equity				3				3
Equity as at 30 June 2013	600	28	2 344	13	0	0	52	3 037



Note 1 - Accounting principles

The accounts have been prepared in accordance with the International Standards for Financial Reporting, IFRS, including IAS34.

The accounting principles are the same as those used in preparation of the 2012 annual accounts, but amended IAS19 Benefits to employees have been used for pension costs. Hedge accounting is used for debt securities at a fixed interest rate established after 1 January 2013.

Note 2 - Income from financial instruments

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
			Income from financial instruments at fair value with change in value charged to the P&L account			
			Profit/loss and change in value of trading portfolio, equity instruments	5	-3	
96	37	11	Profit/loss and change in value of certificates and bonds	15	13	45
1	1	-42	Change in value - loans and deposits at fair value	-42	1	1
-15	-4	9	Change in value - associated derivatives	9	-4	-15
-171	-24	6	Change in value - issued securities at fixed interest rate	2	-24	-171
55	8	-38	Change in value - associated derivatives	-35	8	55
-9	-1	4	Change in value - issued securities at floating interest rate	4	-1	-9
8		-3	Profit/loss and change in value of other financial instruments	-3		8
-35	14	-48	Total income from financial instruments at fair value with change in value charged to P&L account	-45	-10	-86
			Profit on shares in Nordito			
			Net profit/loss on other investments valued at cost price or investments considered available for sale		-2	-2
-4	-3		Total profit/loss on investments valued at cost price or investments considered available for sale	0	-2	-2
			Income from other financial instruments			
6	7	14	Dividend from equity instruments	14	7	6
15	8		Foreign exchange gains		8	15
21	15	14	Total income from other financial instruments	14	15	21
-18	26	-34	Net income from financial instruments	-31	3	-67



Note 3 - Losses on loans and guarantees

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13	Individual write-downs	30.06.13	30.06.12	31.12.12
195	195	190	Individual write-downs at the start of the period	190	195	195
39	10	11	- Per. confirmed losses previously written down individually	11	10	39
3	6	2	+ Increased individual write-downs in the period	2	6	3
72	33	34	+ New individual write-downs in the period	34	33	72
41	18	2	- Reversal of individual write-downs in the period	2	18	41
190	206	213	= Individual write-downs at the end of the period	213	206	190

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13	Collective write-down of loans	30.06.13	30.06.12	31.12.12
120	120	124	Collective write-down of loans at the start of the period	128	124	124
4	0	0	+ Change in collective write-downs in the period	0	0	4
124	120	124	= Collective write-down of loans at the end of the period	128	124	128

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13	Loss costs for the period	30.06.13	30.06.12	31.12.12
-5	11	23	Change in individual write-downs in the period	23	11	-5
4	0	0	+ Change in collective write-downs in the period	0	0	4
			+ Per. confirmed losses previously written down individually in the period	11	10	39
39	10	11				
20	1	2	+ Per. confirmed losses not previously written down individually	2	1	20
5	2	2	+ Carried to income as interest	2	2	5
2	1	1	- Recoveries from previously confirmed losses in the period	1	1	2
61	23	37	= Loss costs for the period	37	23	61

Note 4 - Defaulted and bad and doubtful commitments

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
281	320	302	Defaulted commitments	302	320	281
-80	-75	-60	Individual write-downs	-60	-75	-80
201	245	242	Net defaulted commitments	242	245	201
317	314	553	Other bad and doubtful commitments	553	314	317
-110	-131	-153	Individual write-downs	-153	-131	-110
207	183	400	Net bad and doubtful commitments	400	183	207

Defaulted commitments are the total of commitments where at least one loan has been defaulted for 90 days or more.



Note 5 - Innskudd fra kunder fordelt på sektorer og næringer

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
11 834	11 833	12 798	Retail banking customers	12 798	11 833	11 834
1 474	1 817	2 014	Public sector	2 014	1 817	1 474
191	203	218	Primary industry	218	203	191
733	765	614	Industry	614	765	733
715	600	645	Building and construction	645	600	715
614	583	550	Transport and communication	550	583	614
517	439	453	Wholesale and retail trade	453	439	517
98	81	85	Hotel and restaurant	85	81	98
1 389	1 176	1 206	Real estate	1 195	1 156	1 375
897	1 172	892	Financial/business services	891	1 172	896
2 552	1 654	2 460	Sundry/other industries	2 460	1 654	2 552
21 014	20 323	21 935	TOTAL	21 923	20 303	20 999

Note 6 - Gross loans according to sectors and industries

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
17 123	14 911	17 152	Retail banking customers	27 000	24 289	25 781
33	15	17	Public sector	17	15	33
468	437	494	Primary industry	510	455	483
638	766	642	Industry	652	779	649
1 646	1 847	1 659	Building and construction	1 740	1 947	1 729
428	413	376	Transport and communication	417	446	464
900	925	957	Wholesale and retail trade	985	949	923
232	262	247	Hotel and restaurant	259	270	238
5 670	5 375	5 659	Real estate	5 516	5 218	5 530
680	715	755	Financial/business services	813	779	737
554	541	583	Sundry/other industries	640	589	601
28 372	26 207	28 541	TOTAL GROSS LOANS	38 549	35 736	37 168
314	326	337	Write-down of loans	341	330	318
28 058	25 881	28 204	TOTAL NET LOANS	38 208	35 406	36 850



Note 7 - Equity and related capital

PARENT BANK				GROUP		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
2 350	2 830	2 344	Primary capital	2 344	2 830	2 350
600		600	Equity certificates	600		600
28		28	Equalisation fund	28		28
200	200	200	Hybrid capital	200	200	200
			Other core capital	77	52	87
-23	-23	-58	Deferred tax, goodwill and intangible assets	-43	-17	-12
14	8	14	Unrealised change in value due to increased value of liabilities	14	8	14
			Allocated to capital adequacy reserve	-46	-32	-40
3 169	3 015	3 128	Total core capital	3 174	3 041	3 227
			Supplementary capital over and above core capital			
			Subordinated loan capital			
4	5	6	45% of fund for unrealised gains	6	5	4
			Allocated to capital adequacy reserve	-6	-5	-4
4	5	6	Total supplementary capital	0	0	0
3 173	3 020	3 134	Net equity and related capital	3 174	3 041	3 227
			Minimum capital adequacy requirement calculated according to the Basel II standard approach			
2	4	8	Commitments with local and regional authorities	8	4	2
51	70	223	Commitments with institutions	24	30	24
411	416	458	Commitments with businesses	447	405	399
277	323	324	Commitments with the mass market	324	323	276
632	547	606	Commitments with mortgaged property	910	829	899
37	42	38	Commitments that have matured	38	42	37
38	52	40	Commitments in covered bonds	24	17	21
1	1	1	Commitments in equity funds	1	1	1
69	68	78	Other commitments	65	74	53
1 518	1 523	1 776	Capital requirement for credit and counterparty risk	1 841	1 725	1 712
6	6	6	Capital requirement for position, currency and commodity risk	6	6	6
119	119	116	Capital requirement for operational risk	134	134	134
-10	-10	-10	Deduction in capital requirement	-15	-13	-14
1 633	1 638	1 888	Total minimum capital adequacy requirement	1 966	1 852	1 838
20 416	20 474	23 604	Risk-weighted balance (calculation basis)	24 578	23 150	22 976
15.5 %	14.8 %	13.3 %	Capital adequacy ratio	12.9 %	13.1 %	14.0 %
15.5 %	14.7 %	13.3 %	Core capital ratio	12.9 %	13.1 %	14.0 %



Note 8 - Segment reporting

Reporting per segment	Group 30 June 2013						Group 30 June 2012					
	RB	CM	Estate		Unalloc.	Total	RB	CM	Estate		Unalloc.	Total
			Capital	agency					Capital	agency		
Profit & loss account (MNOK)												
Net int. and credit commission income	227	126	-12		39	380	199	120	-27		31	323
Net other operating income	44	13	-38	22	11	52	38	14	-1	34	7	92
Operating costs	121	33	6	27	63	250	119	29	6	32	60	246
Op. profit bef. losses by segment	150	106	-56	-5	-13	182	118	105	-34	2	-22	169
Losses on loans and guarantees	3	34			0	37		23			0	23
Pre-tax profit per segment	147	72	-56	-5	-13	145	118	82	-34	2	-22	146
Net loans to customers	27 100	11 343	42		-277	38 208	24 206	11 430	49		-279	35 406
Other assets			9 738	21	-879	8 880			6 565	40	706	7 311
Total assets per segment	27 100	11 343	9 780	21	-1 156	47 088	24 206	11 430	6 614	40	427	42 717
Deposits from/liabilities to customers	13 572	6 819	1 544		-12	21 923	12 334	6 861	1 129		-21	20 303
Inter-group balances/other liabilities	13 528	4 524	8 236	21	-4 316	21 993	11 872	4 569	5 485	40	-2 543	19 423
Total liabilities per segment	27 100	11 343	9 780	21	-4 328	43 916	24 206	11 430	6 614	40	-2 564	39 726
Equity					3 172	3 172					2 991	2 991
Total equity and liabilities per seg.	27 100	11 343	9 780	21	-1 156	47 088	24 206	11 430	6 614	40	427	42 717

Note 9 - Close parties

NOK 1 000	Group Management		Board of Directors		Control Committee	
	30.06.13	31.12.2012	30.06.13	31.12.12	30.06.13	31.12.12
Loans outstanding	10 529	10 476	7 513	8 299	21	
Deposits	1 655	1 619	3 929	3 501	33	50
	Chairman of the Supervisory Board		Subsidiaries		Assoc. Companies	
	30.06.13	31.12.12	30.06.13	31.12.12	30.06.13	31.12.12
Loans outstanding	431	480	1 266 194	953 477		
Deposits	24	38	1 765 390	675 808		

Note 10 - Equity certificates

In 2012, the bank established Sparebankstiftelsen Sparebanken Sør. The foundation owns 6,000,000 equity certificates each with a nominal value of NOK 100.



Parent Bank

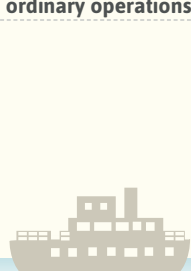
	2Q	1Q	4Q	3Q	2Q	1Q
	2013	2013	2012	2012	2012	2012
Net interest and credit commission income	150	141	155	156	135	135
Net commission income	36	34	46	34	33	30
Net income from financial instruments	3	-37	-14	-30	29	-3
Other operating income	1	2	1	1	2	2
Total other operating income	40	-1	33	5	64	29
Operating costs	113	109	129	106	109	103
Operating profit before losses	77	31	59	55	90	61
Losses on loans, guarantees, etc.	31	6	28	10	12	11
Pre-tax profit	46	25	31	45	78	50
Tax on ordinary profit	12	7	15	11	24	16
Profit or loss on ordinary operations after tax	34	18	16	34	54	34

Group

	2Q	1Q	4Q	3Q	2Q	1Q
	2013	2013	2012	2012	2012	2012
Net interest and credit commission income	196	184	194	187	167	156
Net commission income	42	34	53	40	45	37
Net income from financial instruments	4	-35	-22	-48	28	-25
Other operating income	3	4	1	4	4	3
Total other operating income	49	3	32	-4	77	15
Operating costs	126	124	146	119	125	121
Operating profit before losses	119	63	80	64	119	50
Losses on loans, guarantees, etc.	31	6	28	10	12	11
Pre-tax profit	88	57	52	54	107	39
Tax on ordinary profit	24	17	22	13	31	13
Profit or loss on ordinary operations after tax	64	40	30	41	76	26

Group

% average total assets	2Q	1Q	4Q	3Q	2Q	1Q
	2013	2013	2012	2012	2012	2012
Net interest and credit commission income	1.68	1.65	1.78	1.73	1.56	1.46
Net commission income	0.36	0.31	0.48	0.37	0.42	0.34
Net income from financial instruments	0.03	-0.31	-0.20	-0.45	0.27	-0.23
Other operating income	0.03	0.04	0.01	0.03	0.04	0.03
Total other operating income	0.42	0.04	0.29	-0.05	0.73	0.14
Operating costs	1.08	1.12	1.35	1.10	1.17	1.13
Operating profit before losses	1.02	0.57	0.72	0.58	1.12	0.47
Losses on loans, guarantees, etc.	0.26	0.05	0.21	0.09	0.11	0.1
Pre-tax profit	0.76	0.52	0.51	0.49	1.01	0.37
Tax on ordinary profit	0.21	0.15	0.21	0.12	0.30	0.12
Profit or loss on ordinary operations after tax	0.55	0.37	0.30	0.37	0.71	0.25



16 KEY FIGURES 2013 - 2009 (GROUP)

Profit and Loss Account	30.06.13	30.06.12	2012	2011	2010	2009
Interest and credit commission income	920	919	1 841	1 674	1 515	1 571
Interest costs	540	596	1 137	1 043	847	948
Net interest and credit commission income	380	323	704	631	668	623
Net commission income	76	82	175	153	152	151
Net income from financial instruments	-31	3	-67	75	216	6
Other operating income	7	7	12	20	19	19
Total other operating income	52	92	120	248	387	176
Operating costs	250	246	511	483	459	482
Operating profit before losses	182	169	313	396	596	317
Losses on loans, guarantees, etc.	37	23	61	71	122	109
Pre-tax profit	145	146	252	325	474	208
Tax costs	41	44	79	106	106	56
Profit from continued operations	104	102	173	219	368	152
Profit from discontinued operations						-4
Profit after tax	104	102	173	219	368	148
Profit and loss account as a % of average total assets	30.06.13	30.06.12	2012	2011	2010	2009
Interest and credit commission income	4.04 %	4.30 %	4.27 %	4.26 %	4.15 %	4.43 %
Interest costs	2.37 %	2.79 %	2.64 %	2.65 %	2.32 %	2.67 %
Net interest and credit commission income	1.67 %	1.51 %	1.63 %	1.61 %	1.83 %	1.76 %
Net commission income	0.33 %	0.38 %	0.41 %	0.39 %	0.42 %	0.42 %
Net income from financial instruments	-0.13 %	0.02 %	-0.16 %	0.19 %	0.59 %	0.02 %
Other operating income	0.03 %	0.03 %	0.03 %	0.05 %	0.05 %	0.06 %
Total other operating income	0.23 %	0.43 %	0.28 %	0.63 %	1.06 %	0.50 %
Operating costs	1.10 %	1.15 %	1.19 %	1.23 %	1.26 %	1.36 %
Operating profit before losses	0.80 %	0.79 %	0.72 %	1.01 %	1.63 %	0.90 %
Losses on loans, guarantees, etc.	0.16 %	0.11 %	0.14 %	0.18 %	0.33 %	0.31 %
Pre-tax profit	0.64 %	0.68 %	0.58 %	0.83 %	1.30 %	0.59 %
Tax costs	0.18 %	0.21 %	0.18 %	0.27 %	0.29 %	0.16 %
Profit from continued operations	0.46 %	0.47 %	0.40 %	0.56 %	1.01 %	0.43 %
Average total assets	45 600	42 700	43 100	39 300	36 500	35 500
Balance sheet						
Total assets	47 088	42 717	44 456	41 860	37 697	35 340
Gross loans	38 549	35 736	37 168	33 900	31 264	29 440
% lending growth	7.9 %	10.5 %	9.6 %	8.4 %	6.2 %	3.1 %
Deposits from customers	21 923	20 303	20 999	19 028	17 319	16 971
% deposit growth	8.0 %	16.3 %	10.4 %	9.9 %	2.1 %	5.6 %
Deposits as a % of gross loans	56.9 %	56.8 %	56.5 %	56.1 %	55.4 %	57.6 %
Equity	3 172	2 991	3 071	3 457	3 256	3 142
Capital adequacy ratio	12.9 %	13.1 %	14.0 %	15.6 %	15.5 %	15.8 %
Core capital adequacy ratio	12.9 %	13.1 %	14.0 %	14.2 %	14.0 %	14.1 %
Pure core capital ratio	12.1 %	12.3 %	13.2 %	13.3 %	13.1 %	12.1 %
Other key figures						
Return on net capital after tax	6.8 %	6.9 %	6.0 %	7.9 %	15.0 %	6.5 %
Profit per equity certificate	3.57		6.08			
Costs as a % of income	57.9 %	59.3 %	62.0 %	54.9 %	43.5 %	60.3 %
Costs as a % of income, ex. financial instruments	54.0 %	59.7 %	57.4 %	60.1 %	54.7 %	60.8 %
No. of employees (FTE) - group	369	366	375	367	363	388

Risk management ensures that the Group's risk exposure is known at any time and contributes to the Group achieving its strategic objectives and also that laws, regulations and regulatory requirements are complied with. Management objectives have been set for the Group's total risk level and specific management objectives have been set within each risk area. Systems have been established for risk assessment, management and control.

Capital management will ensure that the Group has a good core capital ratio, financial stability and a satisfactory return in relation to risk profile.

The Group's capital adequacy and risk exposure is followed up through periodic reports.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparts not being able to meet their obligations. Credit risk is managed through the Group's strategy and policy documents, credit routines and processes, scoring models and loan granting authorisations.

Market risk

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

Funding risk

Funding risk is the risk of the Group not being able to meet its obligations without increased funding costs, or at worst, not being able to meet its obligations on maturity. The Group's funding risk management strategy ensures proper liquidity management, which contributes toward ensuring the Group's ability to 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.

DECLARATION FROM THE BOARD OF DIRECTORS AND CEO

Today, the Board of Directors and the CEO have discussed and adopted the half-yearly report and the summarized parent bank accounts and consolidated half-yearly accounts for Sparebanken Sør as at 30 June 2013 and for the 1st half-year 2013, including summarized corresponding figures as at 30 June 2012 and for the 1st half-year 2012.

The half-yearly report has been presented in accordance with the requirements in IAS 34 Interim Reporting, as laid down by EU and also supplementary Norwegian requirements in the Securities Trading Act.

To the Board of Directors and the CEO's best capability and conviction, the half-yearly accounts 2013 have been prepared in accordance with the applicable accounting standards and the information in the accounts gives a fair view of the Group's assets, liabilities, financial situation and profit as a whole as at 30 June 2013 and 30 June 2012. In the view of the Board of Directors and the CEO, the half-yearly report gives a true account of important events during the accounting period and their impact on the half-yearly accounts. In the view of the Board of Directors and the CEO, the description gives a true view of the key risk and uncertainty factors the business faces in the next accounting period.

Arendal, 13 August 2013

Torstein Moland
Chairman

Unni Grete Farestveit
Deputy Chairman

Kjell Pedersen-Rise

Erling Holm

Leidulv Nesgård

Jill Akselsen

Marit Kittilsen

Per Adolf Bentsen

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SECOND QUARTER 2013