Fourth Quarter 2013

(unaudited)

sparebanken SØR

KEY FIGURES - GROUP

Result **MNOK**	**4Q** **2013**	**4Q** **2012**	**31.12.** **2013**	**31.12.** **2012**	**31.12.** **2011**
Interest and credit commission income	494	459	1 907	1 841	1 674
Interest costs	278	265	1 097	1 137	1 044
Net interest and credit commission income	**216**	**194**	**810**	**704**	**630**
Net commission income	53	53	172	175	153
Net income from financial instruments	28	-22	12	-67	75
Other operating income	1	1	11	12	20
Total other income	**82**	**32**	**195**	**120**	**248**
Operating costs	152	146	518	511	473
Profit before losses	**146**	**80**	**487**	**313**	**405**
Losses	46	28	98	61	71
Profit before tax	**100**	**52**	**389**	**252**	**334**
Tax costs	26	22	110	79	108
Profit after tax	**74**	**30**	**279**	**173**	**226**
Profit as a % of average total assets					
Interest and credit commission income	4,16 %	4.21 %	4.10 %	4.27 %	4.26 %
Interest costs	2.34 %	2.43 %	2.36 %	2.64 %	2.65 %
Net interest and credit commission income	**1.82 %**	**1.78 %**	**1.74 %**	**1.63 %**	**1.61 %**
Net commission income	0.45 %	0.48 %	0.37 %	0.41 %	0.39 %
Net income from financial instruments	0.23 %	-0.20 %	0.03 %	-0.16 %	0.19 %
Other operating income	0.01 %	0.01 %	0.02 %	0.03 %	0.05 %
Total other income	**0.69 %**	**0.29 %**	**0.42 %**	**0.28 %**	**0.63 %**
Operating costs	1.28 %	1.35 %	1.11 %	1.19 %	1.20 %
Profit before losses	**1.23 %**	**0.72 %**	**1.05 %**	**0.72 %**	**1.04 %**
Losses	0.39 %	0.21 %	0.21 %	0.14 %	0.18 %
Profit before tax	**0.84 %**	**0.51 %**	**0.84 %**	**0.58 %**	**0.86 %**
Tax costs	0.22 %	0.21 %	0.24 %	0.18 %	0.27 %
Profit after tax	**0.62 %**	**0.30 %**	**0.60 %**	**0.40 %**	**0.59 %**
Average total assets	47 500	43 600	46 460	43 100	39 300
Balance sheet					
Total assets			47 903	44 645	41 904
Net loans			39 512	36 931	33 663
% lending growth in the last twelve months			7.0 %	9.6 %	8.4 %
Deposits from customers			22 475	21 023	19 058
% deposit growth in the last twelve months			6.9 %	10.4 %	9.9 %
Deposit as a % of net loans			56.9 %	56.9 %	56.6 %
Equity			3 530	3 071	2 892
Capital adequacy ratio			14.8 %	14.0 %	15.6 %
Core capital ratio			14.6 %	14.0 %	14.2 %
Pure core capital ratio			13.7 %	13.2 %	13.3 %
Other key figures					
Return on net capital after tax			9.1 %	6.0 %	7.9 %
Result per equity certificate			9.90	6.08	
Costs as a % of income			51.5 %	62.0 %	53.9 %
Costs as a % of income, ex. financial instruments			52.2 %	57.4 %	58.9 %
No. of employees (FTE), group			375	375	367

GENERAL INFORMATION

Like the previous quarters, the highlights of the bank's operations for the 4th quarter are as follows:

- Deposit and lending growth higher than market growth
- Enhanced net interest and improved lending margin
- Strong result from underlying operations
- Pure core capital ratio of 13.7%

FRAMEWORK CONDITIONS

The situation in the Norwegian economy remains good, even though growth has slowed down and is lower than previously anticipated. In 2013, Norges Bank kept the base interest rate unchanged and at the end of the 4th quarter was at 1.50%

Gross domestic debt (K2) was up 6.0% on an annual basis measured at the end of November. Growth in the retail banking market was 7.0% and 3.7% for the corporate market.

In 2013, there was a rise in market prices on Oslo Stock Exchange of 23.6%. The rise in market prices for the whole of 2012 was 15.4%.
Figures from NAV show that at the end of December, the unemployment rate was 2.6%. There was a total of 87,100 jobless or in job creation programmes.

FOURTH QUARTER

Highlights

The work of preparing the merger has had top priority in the 4th quarter. However, the bank has still managed to achieve good results in this quarter.

Profit in MNOK	4th Q 2013	4th Q 2012	Change in MNOK
Net interest	216	194	22
Net commission income	53	53	0
Other operating income	17	1	16
Costs	-152	-146	-6
Losses	-46	-28	-18
Profit from ordinary operations	**88**	**74**	**14**
Value change assoc. with liabs.	12	-22	34
Pre-tax profit	**100**	**52**	**48**

The 4th quarter result is MNOK 100, compared with MNOK 53 in the same quarter the previous year.
Adjusted for the valuation of debt securities, the result was MNOK 88 compared with MNOK 74 in the same period last year.

Net interest income is on the same level as in the 3rd quarter and is significantly higher than in the same quarter last year. The reason for this positive trend is primarily due to an interest rate adjustment in the 2nd quarter and that we have managed to maintain steady margins through both the 3rd and 4th quarter.

On the whole, income from other product areas is on the same level as in the same period last year. There has been a significant improvement in insurance sales. However, in the estate agency business income has been lower than anticipated, due to the development in the property market in the region.

Costs are slightly higher than in the same period last year.
Adjusted for the costs associated with the merger, the Group has had a nominal cost reduction.

In the 4th quarter, loss provisions were higher than in the previous quarters, which was due to two individual commitments.

Business in the subsidiary Sør Boligkreditt AS is following the planned development and in the 4th quarter achieved a profit of MNOK 48.9. At the end of the quarter, the company had a mortgage portfolio totalling BNOK 11.9.

PROFIT FOR 2013

Highlights

Profit in MNOK year-to-date	31.12. 2013	31.12. 2012	Change in MNOK
Net interest	810	704	106
Net commission income	172	175	-3
Other operating income	36	70	-34
Costs	-518	-511	-7
Losses	-98	-61	-37
Profit from ord. operations	**402**	**377**	**25**
Value change assoc. with liabs.	-13	-125	112
Pre-tax profit	**389**	**252**	**137**
Return on equity	9.1%	6.0%	
Deposit growth in last 12 months	6.9%	10.4%	
Lending growth in last 12 months	7.0%	9.6%	
Core capital adequacy	13.7%	13.2%	

FOURTH QUARTER 2013

At the end of 2013, group profit before tax was MNOK 389. Due to changes in value of, among others, the shareholdings in Nets and Frende totalling MNOK 172, the total result was MNOK 456, which is the highest total result in the history of the bank.

Adjusted for the impact of the change in value of the bank's debt securities, the result is MNOK 402, compared with MNOK 377 in 2012. This is equivalent to 0.87% of the average total assets, which is the same as in the same period in 2012.

Return on equity after tax is 9.1% and adjusted for the impact of debt valuation is 9.3%.

Net interest

Net interest is MNOK 810, which is up MNOK 106 or 15.1% compared with last year. This is equivalent to 1.74% of the average total assets, compared with 1.63% the previous year. The increase is due to stronger margins in the latter part of last year, which has also had significant positive effects on profit this year. In addition, there is also the impact of growth in the total business volume and the positive effects on the change in interest rate in the 2nd quarter 2013.

Commission income

Net fee and commission income is MNOK 172, compared with MNOK 175 last year. This is equivalent to 0.37% of the average total assets, compared with 0.41% in 2012.
Income from the estate agency business is down due to fewer units sold than in the previous year. Within the other product areas there has been a growth of 13.0% or MNOK 14.6. 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 12, compared with MNOK -67 the previous year. This is equivalent to 0.03% of the average total assets, compared with -0.16% the previous year. MNOK -13 of this is due to adjustment in the value of the securities debt, compared with MNOK -125 the previous year. Other financial instruments have had a net income of MNOK 25, compared with MNOK 58 the previous year. The reduction is primarily due to lower profits in the bond portfolio on the asset side.

Operating costs

Group costs totalled MNOK 518, which is equivalent to 1.11% of the average total assets, compared with MNOK 511 and 1.19% respectively at the same time last year. Adjusted for the merger costs, this ratio is 1.09%. There has also been a positive trend in costs measured against income.

There has been a moderate increase in personnel costs, due to focus on strategic priority areas and opening of the new branch in Skien. Other costs include around MNOK 10 in merger costs in the parent bank.

Credit loss and defaulted commitments

Losses on loans have been charged to income with net MNOK 98, which is equivalent to 0.25% of net loans. The equivalent figures in 2012 were MNOK 61 and 0.17% of net loans. The increase in net loss is mainly due to two individual commitments.

Net defaulted and doubtful loans totalled MNOK 431, which is equivalent to 1.09% of the loans. The equivalent figures for 2012 were MNOK 408 and 1.10% respectively.

BALANCE SHEET

At the end of the quarter, total assets amounted to BNOK 47.9, compared with BNOK 44.6 the previous year, which is equivalent to a growth of 7.3%.

Loans and deposits

In the last twelve months, lending growth was 7.0%, with 9.8% in the retail banking market and 0.8% in the corporate market. The percentage of loans in the retail banking market is now 71%.

In the last twelve months, deposits are up 6.9%, with 9.8% in the retail banking market and 3.5% in the corporate market.

The loan-to-value ratio is 56.9% in the group and 81.0% in the parent bank.

Funding and securities

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

In the Group, bond and certificate holdings totalled BNOK 6.4, 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 110.5.

Equity and related capital- capital adequacy ratio

Total equity and related capital was BNOK 3.5, of which MNOK 200 was hybrid capital. At the end of the 4th quarter, the pure core capital ratio was 13.7%. The core capital ratio is 14.6% and the capital adequacy ratio is 14.8%, based on the standard approach in the Basel II rules.

SUBSIDIARIES AND COOPERATING COMPANIES

The most important subsidiaries are Sør Boligkreditt AS and ABCenter Holding AS, which is the parent company in the estate agency chain ABCenter.

At the end of the 4th quarter, Sør Boligkreditt AS had a mortgage portfolio of BNOK 11.9. The company had a profit before tax of MNOK 168 and a net return on equity after tax of 19.1%. Core capital ratio in the company is 15.1%.

ABCenter has had a weak result due to a weak market and it taking a long time to sell property in the region. This has resulted in fewer units old than in the same period last year.

The bank's other subsidiaries mainly manage different business areas where the bank has operations.

RATING

Moody's had given the "old" Sparebanken Sør a A3 rating. On 3 July, Moody's put Sparebanken Sør's A3 rating under assessment due to the forthcoming merger with Sparebanken Pluss. Moody's expects to conclude its assessment in the first half-year 2014.

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

SUMMARY AND FUTURE OUTLOOK

Measured in NOK, the result for 2013 is the second best in the history of the bank, despite the losses being higher than was anticipated and that added merger costs. It is the underlying operations in particular that contribute toward this.

The new international requirements relating to higher capital adequacy that have come in the wake of the financial crisis, are now largely in place in Norway. Serious restrictions in the size and implementation date mean that the bank's earning and cost control requirements will be tightened further. In addition, the merged banks Pluss and Sør – with total assets exceeding BNOK 94 at the time of the merger – will be classified as a 'systemically important financial institution' and thus have a higher capital adequacy requirement. The bank's structure plans for the next 3-4 years take this into account.

The 4th quarter 2013 is the last independent quarter for the 'old' Sparebanken Sør. Sparebanken Pluss is formerly the acquiring bank and will continue operations under the new name Sparebanken Sør.

The new bank will have operations in 40 towns and communities in the counties of Aust-Agder, Vest-Agder and Telemark and will also provide a wide range of financial services through cooperating companies. Altogether, this will ensure a competitive advantage and customer proximity.

The estate agency business in ABCenter has been merged with Plussmegleren and will continue operations under the name Sørmegleren.

The merger took place as planned at year-end and the operations will be integrated within a relatively short time. The scenarios and assumptions on which the merger has been based are all mainly in place, as the bank embarks on a new year brimming with optimism.

It is on this basis that the board of directors believes that the bank's operating result will also be satisfactory in 2014.

Arendal, 13. februar 2014

Stein A. Hannevik, Chairman	Torstein Moland Deputy Chairman	Jill Akselsen	Trond Bjørnenak
Erling Holm	Inger Johansen	Marit Kittilsen	Siss Ågedal
Per Adolf Bentsen Employee representative	Bente Pedersen Employee representative		

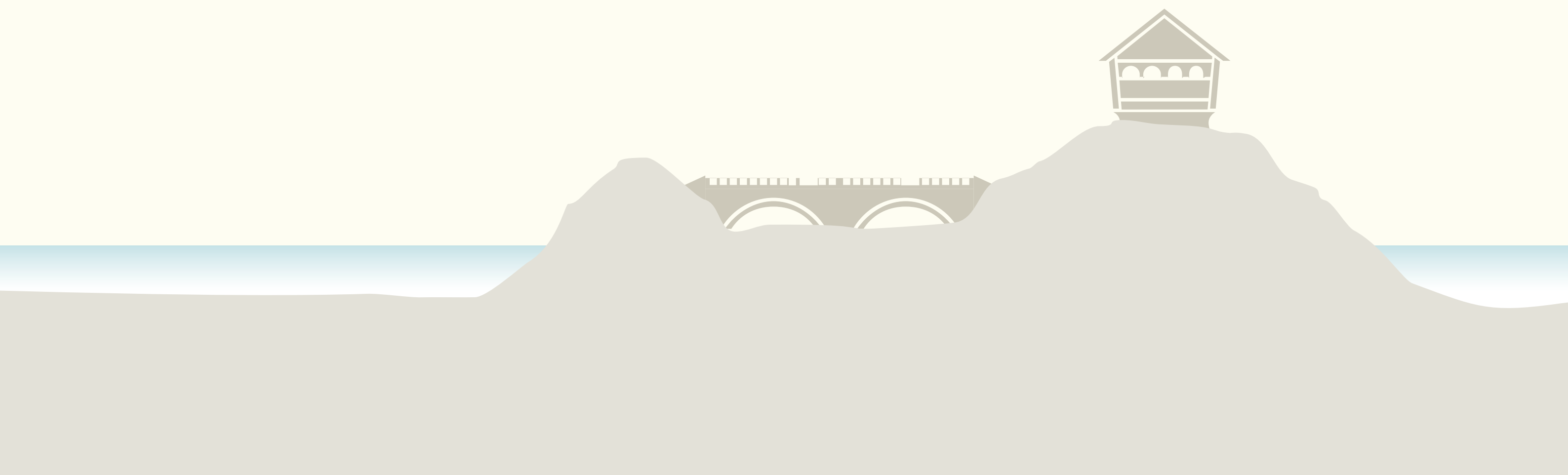
PROFIT AND LOSS ACCOUNT

PARENT BANK									GROUP		
			4Q	4Q			4Q	4Q			
2011	**2012**	**2013**	**2012**	**2013**	**MNOK**	**Notes**	**2013**	**2012**	**2013**	**2012**	**2011**
1 612	1 621	1 559	392	396	Interest and related income		494	459	1 907	1 841	1 674
1 027	1 040	950	237	238	Interest and related costs		278	265	1 097	1 137	1 044
585	**581**	**609**	**155**	**158**	**Net interest and credit commission income**		**216**	**194**	**810**	**704**	**630**
142	170	190	53	58	Commission income and income from banking services		60	60	201	202	181
28	27	29	7	7	Commissions costs and costs associated with banking services		7	7	29	27	28
114	**143**	**161**	**46**	**51**	**Net commission income**		**53**	**53**	**172**	**175**	**153**
27	-35	-7	-14	30	Income from financial instruments at fair value with value change charged to the P&L account	2	32	-22	1	-86	61
-16	-4	-7	-1	-6	Write-down and profit/loss on investments valued at cost price or investments considered available for sale	2	-6	-1	-6	-2	-14
28	21	17	1	2	Income from other financial instruments	2	2	1	17	21	28
39	**-18**	**3**	**-14**	**26**	**Net income from financial instruments**		**28**	**-22**	**12**	**-67**	**75**
14	6	6	1	2	Other operating income		1	1	11	12	20
167	**131**	**170**	**33**	**79**	**Total other income**		**82**	**32**	**195**	**120**	**248**
220	245	260	76	80	Personnel costs		95	88	299	284	256
19	21	18	6	4	Depreciation and amortisation of fixed and intangible assets		7	6	23	27	25
170	181	186	47	53	Other operating costs		50	52	196	200	192
409	**447**	**464**	**129**	**137**	**Total operating costs**		**152**	**146**	**518**	**511**	**473**
343	**265**	**315**	**59**	**100**	**Operating profit before losses**		**146**	**80**	**487**	**313**	**405**
71	61	96	28	46	Losses on loans, guarantees, etc.	3	46	28	98	61	71
272	**204**	**219**	**31**	**54**	**Profit before tax**	**8**	**100**	**52**	**389**	**252**	**334**
90	66	63	15	14	Tax on ordinary profit		26	22	110	79	108
182	**138**	**156**	**16**	**40**	**Profit for the period**		**74**	**30**	**279**	**173**	**226**
					Minority interests						
182	**138**	**156**	**16**	**40**	**Majority interests**		**74**	**30**	**279**	**173**	**226**
	4,88	**5,49**			**The equity certificates' share of the profit according to the no. of equity certificates (in whole amounts)**				**9,83**	**6,08**	
					Statement of net profit						
182	**138**	**156**	**16**	**40**	**Profit for the period**		**74**	**30**	**279**	**173**	**226**
-16	-6	172		166	Net change in fair value of financial assets available for sale that are reversed over the result		166		172	-6	-16
13	2		2		Net change in fair value of financial assets available for transferred to the result			2		2	13
-10	35	6		6	Recognised estimate deviations - pensions		6		6	35	-10
2	-10	-1		-1	Tax effect of recognised estimate deviations - pensions		-1		-1	-10	2
171	**159**	**333**	**18**	**211**	**Total net profit for the period**		**245**	**32**	**456**	**194**	**215**

PARENT BANK			MNOK		GROUP		
31.12. 2011	**31.12. 2012**	**31.12. 2013**	**ASSETS**	**Notes**	**31.12. 2013**	**31.12. 2012**	**31.12. 2011**
543	581	381	Cash in hand and claims on central banks		381	581	543
1 111	950	1 485	Loans to and claims on financial institutions		285	149	111
25 840	28 127	27 776	Net loans to customers	3,4,6,8,9	39 512	36 931	33 663
3	2	2	Repossessed assets		2	2	3
11 014	7 994	8 464	Bonds and certificates		6 445	5 836	6 645
337	359	523	Shares		523	359	337
163	405	363	Financial derivatives	11	400	405	163
352	450	549	Equity stakes in group companies				
1	1	12	Equity stakes in associated companies		12	1	1
11	8	4	Intangible assets		8	12	18
40	32	29	Assets related to deferred tax		11	14	11
89	96	90	Fixed assets		272	279	274
145	51	35	Other assets		52	76	135
39 649	**39 056**	**39 713**	**TOTAL ASSETS**	**8**	**47 903**	**44 645**	**41 904**
			EQUITY AND LIABILITIES				
4 897	2 870	2 630	Liabilities to financial institutions		1 465	2 550	4 777
19 074	21 037	22 492	Deposits from and liabilities to customers	5 9	22 475	21 023	19 058
11 794	11 629	10 812	Debt established through issue of securities		19 894	17 419	14 090
87	80	61	Financial derivatives	11	67	80	87
76	68	66	Liabilities relating to tax for the period		113	94	84
			Deferred tax				15
377	184	137	Other liabilities		168	208	401
300			Subordinated loan capital				300
200	200	200	Hybrid capital		200	200	200
36 805	**36 068**	**36 398**	**Total liabilities**		**44 382**	**41 574**	**39 012**
	600	600	Equity certificates	10	600	600	
	28	29	Equalisation fund		29	28	
0	**628**	**629**	**Total equity share capital**		**629**	**628**	**0**
2 830	2 350	2 348	Primary capital		2 348	2 350	2 830
14	10	182	Other reserves		259	87	56
			Minority interests		6	6	6
		156	Unallocated profit		279		
2 844	**2 988**	**3 315**	**Total equity**	**7**	**3 521**	**3 071**	**2 892**
39 649	**39 056**	**39 713**	**TOTAL EQUITY AND LIABILITIES**	**8**	**47 903**	**44 645**	**41 904**
			OFF-BALANCE SHEET ITEMS				
			Contingent liabilities:				
539	515	512	Guarantees		512	515	539
6 543	3 257	2 380	Book value of pledged assets		1 472	1 445	3 065
			Other contingent liabilities				

CASH FLOW STATEMENT

PARENT BANK				GROUP		
31.12. 2011	**31.12. 2012**	**31.12. 2013**		**31.12. 2013**	**31.12. 2012**	**31.12. 2011**
1 608	1 658	1 569	Incoming interest payments	1 886	1 878	1 672
-1 004	-1 078	-984	Outgoing interest payments	-1 092	-1 196	-1 014
155	173	180	Other payments	189	205	197
-406	-434	-449	Operating payments	-487	-491	-477
3	2	2	Recoveries on bad debts	2	2	3
-89	-75	-66	Tax paid for the period	-91	-83	-97
-8	-20	-20	Paid donations	-20	-20	-8
		-6	Paid dividend	-6		
-2	-4		Paid group contribution			
257	**222**	**226**	**Net cash flow from operations**	**381**	**295**	**276**
-529	-2 350	244	Change in loans	-2 666	-3 331	-2 660
-46	-24	3	Change in other assets	-8	-56	-46
-1 722	3 101	-456	Change in securities	-584	832	-1 322
479	161	-535	Change in loans to other financial institutions	-136	-38	-95
1 706	1 970	1 468	Change in deposits from customers	1 445	1 971	1 709
-731	-2 035	-237	Change in borrowing from financial institutions	-1 085	-2 235	-851
23	-34	-18	Change in other liabilities	-16		24
-820	**789**	**469**	**Net cash flow from current financial activities**	**-3 050**	**-2 857**	**-3 241**
-12	-27	-9	Investments in fixed assets	-12	-29	-14
-108	-100	-116	Net invested in group and associated companies	-17		
4	3	1	Sale of fixed assets	-1	3	4
-116	**-124**	**-124**	**Net cash flow from investments**	**-30**	**-26**	**-10**
2 916	2 930	700	Change in debt established through issue of securities	2 800	4 980	7 791
-2 123	-3 479	-1 471	Redemption of debt established through issue of securities	-301	-2 054	-4 702
	-300		Redemption of subordinated loans		-300	
793	**-849**	**-771**	**Net cash flow from long-term financing activities**	**2 499**	**2 626**	**3 089**
114	**38**	**-200**	**Net change in cash and cash equivalents**	**-200**	**38**	**114**
429	543	581	Cash and cash equivalents as at 01/01	581	543	429
543	**581**	**381**	**Cash and cash equivalents at the end of the period**	**381**	**581**	**543**



Group	Equity certificates	Equalisation fund	Primary capital	Fair value reserve	Other reserves	Minority interests	Unallocated result	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
Coverted to equity certificates	600		-600					-
Recog. estimate deviat. - pensions		7	28					35
Tax effect recog. estimate deviations		-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 2013	600	28	2 350	10	77	6		3 071
Profit 2013							279	279
Dividend equity certificates			-6					-6
Recog. estimate deviat. - pensions		1	5					6
Tax effect recog. estimate dev.			-1					-1
Other change in equity				172				172
Equity as at 31 December 2013	**600**	**29**	**2 348**	**182**	**77**	**6**	**279**	**3 521**
Parent bank								
Equity as at 1 January 2012								
according to presented accounts			**2 895**	**14**				**2 909**
Changes 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
Converted to equity certificates	600		-600					0
Recog. estimate dev. - pensions		7	28					35
Tax effect recog. estimate deviations		-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 2013	600	28	2 350	10				2 988
Profit 2013							156	156
Dividend equity certificates			-6					-6
Recogn. estimate deviations - pensions		1	5					6
Tax effect of recog. estimate deviations			-1					-1
Other change in equity				172				172
Equity as at 31 December 2013	**600**	**29**	**2 348**	**182**	**0**	**0**	**156**	**3 315**

NOTES

Note 1 - Accounting principles

The accounts have been prepared in accordance with the International Standard 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' has 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		
31.12.11	**31.12.12**	**31.12.13**	**Income from financial instruments at fair value with change in value charged to the P&L account**	**31.12.13**	**31.12.12**	**31.12.11**
-15		12	Profit/loss and change in value of trading portfolio, equity instruments	12		-15
-31	96	-3	Profit/loss and change in value of certificates and bonds	5	45	3
10	1	-8	Change in value - loans and deposits at fair value	-8	1	10
-3	-15	6	Change in value - associated derivatives	6	-15	-3
15	-171	31	Change in value - issued securities at fixed interest rate	21	-171	15
33	55	-44	Change in value - associated derivatives	-34	55	33
17	-9		Change in value - issued securities at floating interest rate		-9	17
1	8	-1	Profit/loss and change in value of other financial instruments	-1	8	1
27	**-35**	**-7**	**Total income from financial instruments at fair value with change in value charged to P&L account**	**1**	**-86**	**61**
-16	-4	-7	Net profit/loss on other investments valued at cost price or investments considered available for sale	-6	-2	-14
-16	**-4**	**-7**	**Total profit/loss on investments valued at cost price or investments considered available for sale**	**-6**	**-2**	**-14**
			Income from other financial instruments			
14	6	17	Dividend from equity instruments	17	6	14
14	15		Foreign exchange gains		15	14
28	**21**	**17**	**Total income from other financial instruments**	**17**	**21**	**28**
39	**-18**	**3**	**Net income from financial instruments**	**12**	**-67**	**75**

Note 3 - Losses on loans and guarantees

PARENT BANK				GROUP		
31.12.11	**31.12.12**	**31.12.13**	**Individual write-downs**	**31.12.13**	**31.12.12**	**31.12.11**
155	195	190	Individual write-downs at the start of the period	190	195	155
21	39	31	- Per. confirmed losses previously written-down individually	31	39	21
10	3	8	+ Increased individual write-downs in the period	8	3	10
62	72	145	+ New individual write-downs in the period	145	72	62
11	41	40	- Reversal of individual write-downs in the period	40	41	11
195	**190**	**272**	**= Individual write-downs at the end of the period**	**272**	**190**	**195**

PARENT BANK				GROUP		
31.12.11	**31.12.12**	**31.12.13**	**Collective write-down of loans**	**31.12.13**	**31.12.12**	**31.12.11**
120	120	124	Collective write-down of loans at the start of the period	128	124	124
0	4	-28	+ Change in collective write-downs in the period	-26	4	0
120	**124**	**96**	**= Collective write-down of loans at the end of the period**	**102**	**128**	**124**

PARENT BANK				GROUP		
31.12.11	**31.12.12**	**31.12.13**	**Loss costs for the period**	**31.12.13**	**31.12.12**	**31.12.11**
40	-5	82	Change in individual write-downs in the period	82	-5	40
0	4	-28	+ Change in collective write-downs in the period	-26	4	0
21	39	31	+ Per. Confirmed losses previously written-down individually	31	39	21
6	20	10	+ Per. Confirmed losses not previously written-down individually	10	20	6
7	5	3	+ Carried to income as interest	3	5	7
3	2	2	- Recoveries from previously confirmed losses in the period	2	2	3
71	**61**	**96**	**= Loss costs for the period**	**98**	**61**	**71**

Note 4 - Defaulted and bad and doubtful commitments

PARENT BANK				GROUP		
31.12.11	**31.12.12**	**31.12.13**		**31.12.13**	**31.12.12**	**31.12.11**
339	281	252	Defaulted commitments	254	281	339
-92	-80	-53	Individual write-downs	-53	-80	-92
247	**201**	**199**	**Net defaulted commitments**	**201**	**201**	**247**
293	317	449	Other bad and doubtful commitments	449	317	293
-103	-110	-219	Individual write-downs	-219	-110	-103
190	**207**	**230**	**Net bad and doubtful commitments**	**230**	**207**	**190**

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

Note 5 - Deposits from customers according to sectors and industries

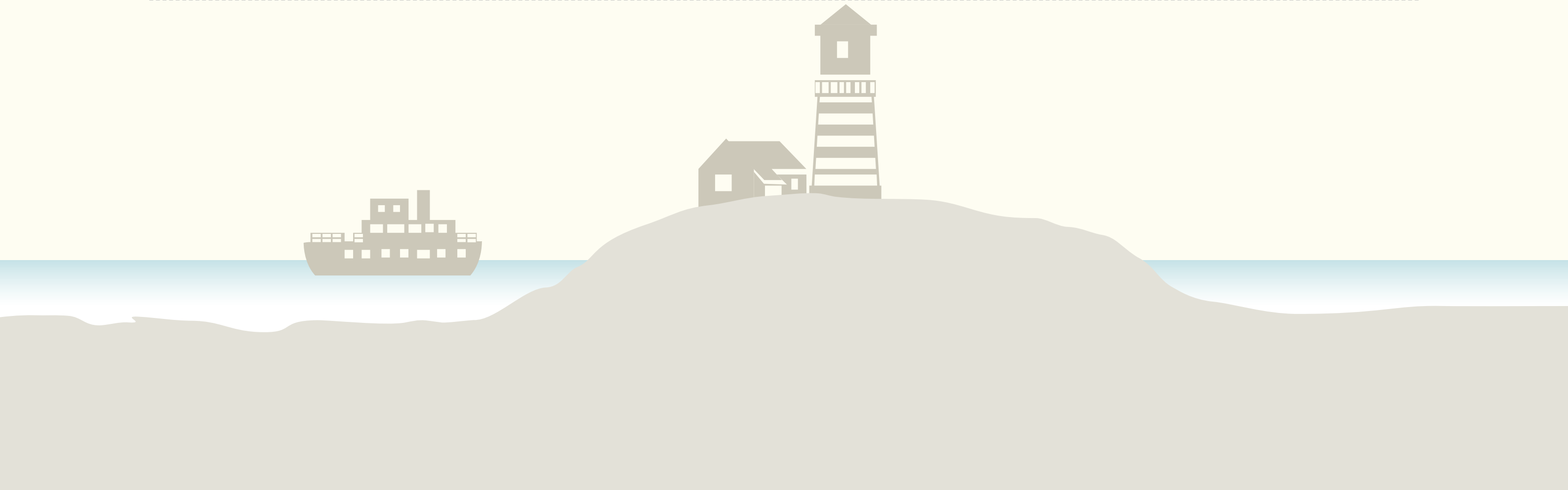
PARENT BANK				GROUP		
31.12.11	**31.12.12**	**31.12.13**		**31.12.13**	**31.12.12**	**31.12.11**
10 846	11 834	12 979	Retail banking customers	12 979	11 834	10 846
1 557	1 474	1 965	Public sector	1 965	1 474	1 557
181	191	221	Primary industry	221	191	181
861	733	567	Industry	567	733	861
686	715	701	Building and construction	701	715	686
537	614	683	Transport and communication	683	614	537
522	517	511	Wholesale and retail trade	511	517	522
89	98	97	Hotel and restaurant	97	98	89
1 058	1 389	1 063	Real estate	1 046	1 375	1 042
1 150	897	939	Financial/business services	939	896	1 150
1 557	2 552	2 755	Sundry/other industries	2 755	2 552	1 557
19 044	**21 014**	**22 481**	**TOTAL**	**22 464**	**20 999**	**19 028**
30	23	11	Accrued interest	11	24	30
19 074	**21 037**	**22 492**	**Total deposits from and liabilities to customers**	**22 475**	**21 023**	**19 058**

Note 6 - Gross loans according to sectors and industries

PARENT BANK				GROUP		
31.12.11	**31.12.12**	**31.12.13**		**31.12.13**	**31.12.12**	**31.12.11**
15 377	17 123	16 840	Retail banking customers	28 319	25 781	23 108
21	33	16	Public sector	16	33	21
433	468	511	Primary industry	532	483	449
675	638	616	Industry	631	649	689
1 785	1 646	1 521	Building and construction	1 630	1 729	1 858
331	428	370	Transport and communication	422	464	360
835	900	940	Wholesale and retail trade	974	923	862
251	232	238	Hotel and restaurant	249	238	263
5 089	5 670	5 638	Real estate	5 502	5 530	4 925
795	680	803	Financial/business services	868	737	836
493	554	581	Sundry/other industries	657	601	529
26 085	**28 372**	**28 074**	**TOTAL GROSS LOANS**	**39 800**	**37 168**	**33 900**
315	314	368	Write-down of loans	374	318	319
70	69	70	Accrued interest	86	81	82
25 840	**28 127**	**27 776**	**TOTAL NET LOANS**	**39 512**	**36 931**	**33 663**
2 552	1 745	2 605	Sundry/other industries	2 605	1 745	2 552
21 014	**20 068**	**21 903**	**TOTAL**	**21 885**	**20 048**	**20 999**

Note 7 - Equity and related capital

PARENT BANK				GROUP		
31.12.12	**30.09.12**	**30.09.13**		**30.09.13**	**30.09.12**	**31.12.12**
Note 7 - Equity and related capital						
PARENT BANK				GROUP		
31.12.11	**31.12.12**	**31.12.13**		**31.12.13**	**31.12.12**	**31.12.11**
2 830	2 350	2 471	Primary capital	2 471	2 350	2 830
	600	600	Equity certificates	600	600	
	28	62	Equalisation fund	62	28	
200	200	200	Hybrid capital	200	200	200
			Other core capital	198	87	52
-25	-23	-33	Deferred tax, goodwill and intangible assets	-19	-12	-18
8	14	4	Unrealised change in value due to increased value of liabilities	4	14	8
			Allocated capital adequacy reserve	-26	-40	-12
3 013	**3 169**	**3 304**	**Total core capital**	**3 490**	**3 227**	**3 060**
			Supplementary capital over and above core capital			
300			Subordinated loan capital			300
6	4	84	45% of fund for unrealised shares	84	4	6
			Allocated capital adequacy reserve	-25	-4	-12
306	**4**	**84**	**Total supplementary capital**	**59**	**0**	**294**
3 319	**3 173**	**3 388**	**Net equity and related capital**	**3 549**	**3 227**	**3 354**
			Minimum capital adequacy requirement calculated according to the Basel II standard approach			
5	2	4	Commitments with local and regional authorities	4	2	5
75	51	240	Commitments with institutions	24	24	35
375	411	375	Commitments with businesses	375	399	362
280	277	301	Commitments with mass market	301	276	279
600	632	621	Commitments with mortgaged property	982	899	839
39	37	38	Matured commitments	37	37	39
43	38	40	Commitments in covered bonds	24	21	8
1	1	0	Commitments in equity funds	0	1	1
59	69	92	Other commitments	53	53	49
1 477	**1 518**	**1 711**	**Capital requirement for credit and counterparty risk**	**1 800**	**1 712**	**1 617**
5	**6**	**5**	**Capital requirement for position, currency and commodity risk**	**5**	**6**	**5**
113	**119**	**116**	**Capital requirement for operational risk**	**134**	**134**	**126**
-10	**-10**	**-16**	**Deduction in capital requirement**	**-20**	**-14**	**-12**
1 585	**1 633**	**1 816**	**Total minimum capital adequacy requirement**	**1 919**	**1 838**	**1 736**
19 810	20 416	22 696	Risk-weighted balance (calculation basis)	23 985	22 976	21 696
16.8 %	15.5 %	14.9 %	Capital adequacy ratio	14.8 %	14.0 %	15.5 %
15.2 %	15.5 %	14.6 %	Core capital ratio	14.6 %	14.0 %	14.1 %
14.2 %	14.5 %	13.6 %	Pure core capital ratio	13.7 %	13.2 %	13.3 %



Note 8 - Segment reporting

Reporting per segment	Group 31.12.2013						Group 31.12.2012					
Profit & loss account (MNOK)	RB	CM	Capital market	Estate agency business	Unalloc. and elimin.	Total	RB	CM	Capital market	Estate agency business	Unalloc. and elimin.	Total
Net int. and credit commission income	492	264	-30		84	810	419	257	-40		68	704
Net other operating costs	86	28	12	45	24	195	83	28	-19	64	-36	120
Operating costs	230	66	11	55	156	518	244	69	12	63	123	511
Op. Profit bef. losses by segment	**348**	**226**	**-29**	**-10**	**-48**	**487**	**258**	**216**	**-71**	**1**	**-91**	**313**
Losses on loans and guarantees	12	86			0	98	5	56			0	61
Profit before tax per segment	**336**	**140**	**-29**	**-10**	**-48**	**389**	**253**	**160**	**-71**	**1**	**-91**	**252**
Net loans to customers	28 511	11 201	56		-256	39 512	25 889	11 275	38		-271	36 931
Other assets			8 495	22	-126	8 391			8 950	28	-1 264	7 714
Total assets per segment	**28 511**	**11 201**	**8 551**	**22**	**-382**	**47 903**	**25 889**	**11 275**	**8 988**	**28**	**-1 535**	**44 645**
Deposits from and liabs. to customers	14 000	6 770	1 723		-18	22 475	12 588	7 017	1 433		-15	21 023
Inter-group balances/other liabilities	14 511	4 431	6 828	22	-3 885	21 907	13 301	4 258	7 555	28	-4 591	20 551
Total liabilities per segment	**28 511**	**11 201**	**8 551**	**22**	**-3 903**	**44 382**	**25 889**	**11 275**	**8 988**	**28**	**-4 606**	**41 574**
Equity					3 521	3 521					3 071	3 071
Total equity and liabs. per segment	**28 511**	**11 201**	**8 551**	**22**	**-382**	**47 903**	**25 889**	**11 275**	**8 988**	**28**	**-1 535**	**44 645**

Note 9 - Close parties

NOK 1 000	Group Management		Board of Directors		Control Committee	
	31.12.13	31.12.2012	31.12.13	31.12.12	31.12.13	31.12.12
Loans outstanding	10 733	10 476	7 514	8 299	-	
Deposits	1 357	1 619	3 139	3 501	33	50

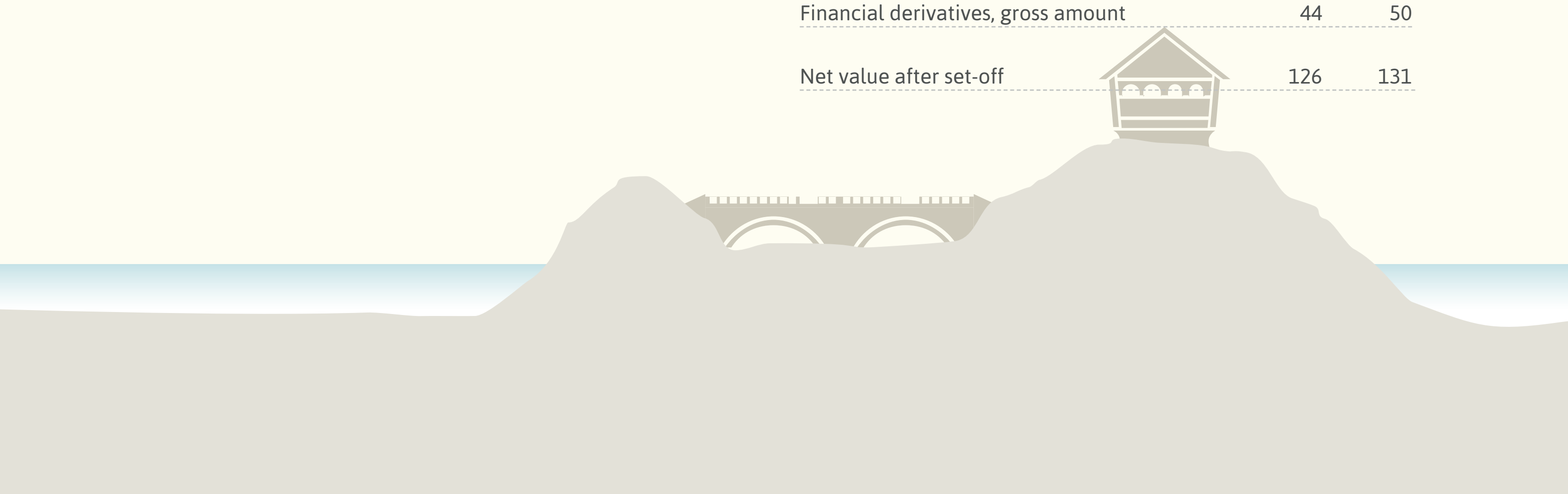
	Chairman of the Supervisory Board		Subsidiaries		Assoc. Companies	
	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
Loans outstanding	615	480	1 377 458	953 477	49 000	72
Deposits	25	38	1 281 343	675 808	4 158	69

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.

Note 11 Set-off

MNOK	Parent bank	Group
Assets		
Financial derivatives, gross amount	203	213
Liabilities		
Financial derivatives, gross amount	44	50
Net value after set-off	126	131



Parent Bank

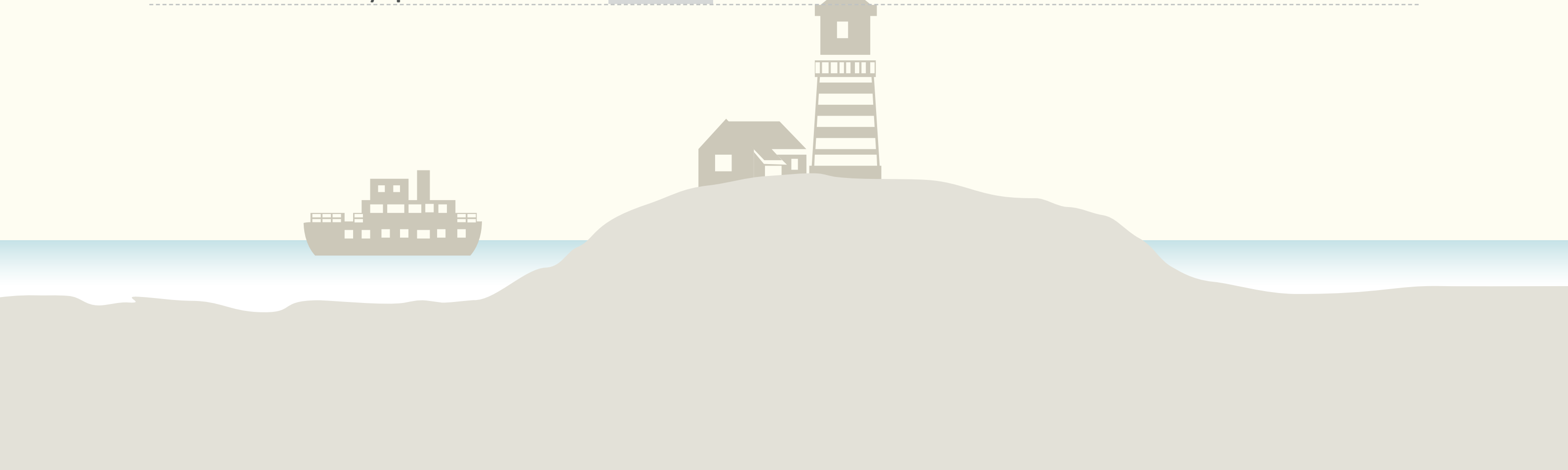
	4Q 2013	3Q 2013	2Q 2013	1Q 2012	4Q 2012	3Q 2012
Net interest and credit commission income	**158**	**160**	**150**	**141**	**155**	**156**
Net commission income	51	40	36	34	46	34
Net income from financial instruments	26	11	3	-37	-14	-30
Other operating income	2	1	1	2	1	1
Total other operating income	**79**	**52**	**40**	**-1**	**33**	**5**
Operating costs	137	105	113	109	129	106
Operating profit before losses	**100**	**107**	**77**	**31**	**59**	**55**
Losses on loans, guarantees, etc.	46	13	31	6	28	10
Profit before tax	**54**	**94**	**46**	**25**	**31**	**45**
Tax on ordinary profit	12	30	12	7	15	11
Profit or loss on ordinary operations after tax	**42**	**64**	**34**	**18**	**16**	**34**

Group

	4Q 2013	3Q 2013	2Q 2013	1Q 2012	4Q 2012	3Q 2012
Net interest and credit commission income	**216**	**214**	**196**	**184**	**194**	**187**
Net commission income	53	43	42	34	53	40
Net income from financial instruments	28	15	4	-35	-22	-48
Other operating income	1	3	3	4	1	4
Total other operating income	**82**	**61**	**49**	**3**	**32**	**-4**
Operating costs	152	116	126	124	146	119
Operating profit before losses	**146**	**159**	**119**	**63**	**80**	**64**
Losses on loans, guarantees, etc.	46	15	31	6	28	10
Profit before tax	**100**	**144**	**88**	**57**	**52**	**54**
Tax on ordinary profit	26	43	24	17	22	13
Profit or loss on ordinary operations after tax	**74**	**101**	**64**	**40**	**30**	**41**

Group

% average total assets	4Q 2013	3Q 2013	2Q 2013	1Q 2012	4Q 2012	3Q 2012
Net interest and credit commission income	1.82	1.82	1.68	1.65	1.78	1.73
Net commission income	0.45	0.36	0.36	0.31	0.48	0.37
Net income from financial instruments	0.23	0.12	0.03	-0.31	-0.20	-0.45
Other operating income	0.01	0.03	0.03	0.04	0.01	0.03
Total other operating income	**0.69**	**0.51**	**0.42**	**0.04**	**0.29**	**-0.05**
Operating costs	1.28	0.98	1.08	1.12	1.35	1.1
Operating profit before losses	**1.23**	**1.35**	**1.02**	**0.57**	**0.72**	**0.58**
Losses on loans, guarantees, etc.	0.39	0.13	0.26	0.05	0.21	0.09
Profit before tax	**0.84**	**1.22**	**0.76**	**0.52**	**0.51**	**0.49**
Tax on ordinary profit	0.22	0.36	0.21	0.15	0.21	0.12
Profit or loss on ordinary operations after tax	**0.62**	**0.86**	**0.55**	**0.37**	**0.30**	**0.37**



KEY FIGURES 2013 - 2009 (GROUP)

Profit and loss account	**2013**	**2012**	**2011**	**2010**	**2009**
Interest and commission income	1907	1 841	1 674	1 515	1 571
Interest costs	1097	1 137	1 043	847	948
Net interest and credit commission income	**810**	**704**	**631**	**668**	**623**
Net commission income	172	175	153	152	151
Net income from financial instruments	12	-67	75	216	6
Other operating income	11	12	20	19	19
Total other operating income	**195**	**120**	**248**	**387**	**176**
Operating costs	518	511	483	459	482
Operating profit before losses	**487**	**313**	**396**	**596**	**317**
Losses on loans, guarantees, etc.	98	61	71	122	109
Profit before tax	**389**	**252**	**325**	**474**	**208**
Tax costs	110	79	106	106	56
Profit from continued operations	**279**	**173**	**219**	**368**	**152**
Profit from discontinued operations					-4
Profit after tax	**279**	**173**	**219**	**368**	**148**

Profit and loss account as a % of average total assets	**2013**	**2012**	**2011**	**2010**	**2009**
Interest and credit commission income	4.10 %	4.27 %	4.26 %	4.15 %	4.43 %
Interest costs	2.36 %	2.64 %	2.65 %	2.32 %	2.67 %
Net interest and credit commission income	**1.74 %**	**1.63 %**	**1.61 %**	**1.83 %**	**1.76 %**
Net commission income	0.37 %	0.41 %	0.39 %	0.42 %	0.42 %
Net income from financial instruments	0.03 %	-0.16 %	0.19 %	0.59 %	0.02 %
Other operating income	0.02 %	0.03 %	0.05 %	0.05 %	0.06 %
Total other operating income	**0.42 %**	**0.28 %**	**0.63 %**	**1.06 %**	**0.50 %**
Operating costs	1.11 %	1.19 %	1.23 %	1.26 %	1.36 %
Operating profit before losses	**1.05 %**	**0.72 %**	**1.01 %**	**1.63 %**	**0.90 %**
Losses on loans, guarantees, etc.	0.21 %	0.14 %	0.18 %	0.33 %	0.31 %
Profit before tax	**0.84 %**	**0.58 %**	**0.83 %**	**1.30 %**	**0.59 %**
Tax costs	0.24 %	0.18 %	0.27 %	0.29 %	0.16 %
Profit from continued operations	**0.60 %**	**0.40 %**	**0.56 %**	**1.01 %**	**0.43 %**
Average total assets	46 460	43 100	39 300	36 500	35 500

Balance sheet					
Total assets	47 903	44 645	41 904	37 697	35 340
Gross loans	39 512	36 931	33 663	31 264	29 440
% lending growth	7.0 %	9.6 %	8.4 %	6.2 %	3.1 %
Deposits from customers	22 475	21 023	19 058	17 319	16 971
% deposit growth	6.9 %	10.4 %	9.9 %	2.1 %	5.6 %
Deposits as a % of gross loans	56.9 %	56.9 %	56.6 %	55.4 %	57.6 %
Equity	3 530	3 071	2 957	2 756	2 442
Capital adequacy ratio	14.8 %	14.0 %	15.6 %	15.5 %	15.8 %
Core capital ratio	14.6 %	14.0 %	14.2 %	14.0 %	14.1 %
Pure core capital ratio	13.7 %	13.2 %	13.3 %	13.1 %	12.1 %

Other key figures					
Return on net capital after tax	9.2 %	6.0 %	7.9 %	15.0 %	6.5 %
Profit per equity certificate	9.9	6.08			
Costs as a % of income	51.5 %	62.0 %	54.9 %	43.5 %	60.3 %
Cost as a % of income, ex. financial instruments	52.2 %	57.4 %	60.1 %	54.7 %	60.8 %
No. of employees (FTE) - group	375	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.

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FOURTH QUARTER 2013