

MOODY'S

INVESTORS SERVICE

COMPANY PROFILE

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Analyst Contacts:

LONDON	+44.20.7772.5454
Kim Bergoe	+44.20.7772.1659
<i>Vice President - Senior Credit Officer</i>	
kim.bergoe@moodys.com	
Simon Harris	+44.20.7772.1576
<i>Managing Director</i>	
simon.harris@moodys.com	

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Sparebanken Sør

Arendal, Norway

Company Overview

Sparebanken Sør is a Norwegian regional bank which operates mainly in the counties of Aust-Agder, Vest-Agder and Telemark in southern Norway. It provides retail and commercial banking, securities and real estate brokerage products and services through a network of 30 branches, as of 30 June 2013.

According to the loan and deposit information reported by the bank and the breakdown of loans and deposits by county from Statistics Norway, Sparebanken Sør holds estimated market shares in the aforementioned counties of around 15% in terms of lending and close to 20% in terms of deposits. In Norway, it holds shares of around 1% in terms of both deposits and lending. As of 30 June 2013, the bank reported total consolidated assets of NOK47.1 billion (€6.0 billion).

Sparebanken Sør originated in 1825 with the founding of Arendals Sparebank. Following a series of mergers with smaller savings banks, the present company was established as an independent savings bank with no external shareholders. However, in the fourth quarter of 2012, the bank converted NOK600 million (€81.3 million) of primary capital in the Savings Bank Fund into equity certificates (ECs), which are currently wholly owned by the foundation Sparebankstiftelsen Sparebank Sør.

Note: Currency converted using exchange rates of NOK–€0.12653, as of 30 June 2013, and NOK–€0.13543, as of 31 Dec 2012

Source: *Company Reports (annual report Dec 2012 and Dec 2007, Q2 report June 2013)*, Moody's research, www.oanda.com

Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on Sparebanken Sør, please see <[Sparebanken Sør page on moodys.com](#)>.

EXHIBIT 1

Latest Full-Year Results

Sparebanken Sør

(in NOK Million)	31-Dec-12	31-Dec-11	31-Dec-10	% Change 12/11	% Change 11/10
NOK/€, Period end	0.13543	0.12872	0.12787	–	–
Total Assets	44,471	41,860	37,697	6.24	11.04
Total Shareholders' Equity	3,110	2,957	2,756	5.17	7.29
Shareholders' Equity excluding Minority Interest	3,104	2,951	2,750	5.18	7.31
Net Equity and Related Capital	3,245	3,383	3,214	(4.08)	5.26
Tier 1 Ratio (%)	14.1	14.2	14.0	(10) bps	20 bps
Net Income	172	219	368	(21.46)	(40.49)
Net Income Attributable to Equity Holders	172	219	368	(21.46)	(40.49)

Notes: 1) Consolidated financials are considered

2) "Shareholders' Equity excluding Minority Interest" is calculated after deducting "Minority Interest" from "Total Shareholders' Equity"

Source: Company Report (annual report Dec 2012), www.oanda.com

EXHIBIT 2

Latest First-Half Results

Sparebanken Sør

(in NOK Million)	30-June-13	30-June-12	% Change 13/12
NOK/€, Period end	0.12653	0.13253	–
Total Assets	47,088	42,717	10.23
Total Shareholders' Equity	3,172	2,991	6.05
Shareholders' Equity excluding Minority Interest	3,166	2,985	6.06
Net Equity and Related Capital	3,174	3,041	4.37
Tier 1 Ratio (%)	12.9	13.1	(20) bps
Net Income	104	102	1.96
Net Income Attributable to Equity Holders	104	102	1.96

Notes: 1) Unaudited consolidated financials are considered

2) "Shareholders' Equity excluding Minority Interest" is calculated after deducting "Minority Interest" from "Total Shareholders' Equity"

Source: Company Report (Q2 report June 2013), www.oanda.com

Business Activities

Sparebanken Sør is a Norwegian regional bank which provides retail and commercial banking and financial services to private, corporate and public-sector clients in the counties of Vest-Agder, Aust-Agder and Telemark in southern Norway.

Through its subsidiaries and associated companies, Sparebanken Sør offers a range of financial products and services, including real estate brokerage (ABCcenter Holding AS [ABCcenter]), mortgage financing (Sør Boligkreditt AS), insurance (Frende Forsikring), securities brokerage (Norne Securities) and corporate leasing (Brage Finans).

The bank operates through the following four main business segments: Retail Banking; Corporate Market; Capital Market; and Real Estate Brokerage. It also maintains a fifth segment (Not Allotted and Eliminations), which includes items not included in other segments. In the financial year ended 31 December 2012 (2012), the largest contributor to the bank's net interest and credit commission income was the Retail segment.¹

Retail Banking: This segment provides deposit facilities, loans, investment products, payment services, pensions and both life and non-life insurance. As of 31 December 2012, it reported total consolidated assets of NOK25.8 billion (€3.5 billion), and accounted for 62.0% of the bank's net interest and credit commission income in 2012.

Corporate Market: This segment offers corporate financial solutions, including deposit facilities, financing, online broking, and both advisory and insurance services. As of 31 December 2012, it reported total consolidated assets of NOK11.0 billion (€1.5 billion), and accounted for 38.0% of the bank's net interest and credit commission income in 2012.

Capital Market: The segment provides capital market services, such as trading, foreign exchange and interest rate contracts. As of 31 December 2012, it reported total consolidated assets of NOK9.0 billion (€1.2 billion).

Real Estate Brokerage: This segment offers real estate brokerage services through the wholly owned subsidiary ABCcenter. As of 31 December 2012, this segment reported total consolidated assets of NOK28 million (€3.8 million).

Note: Currency converted using exchange rate of NOK-€0.13543, as of 31 Dec 2012

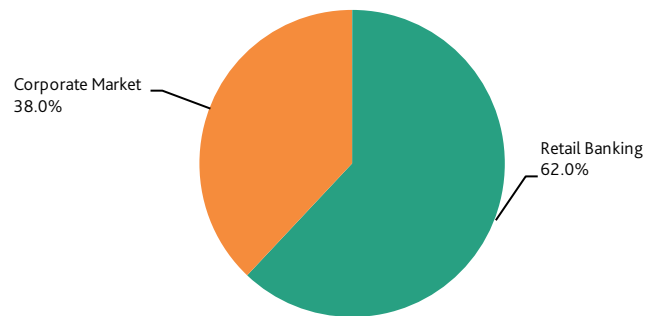
Source: Company Reports (annual report Dec 2012 and Dec 2011), Company data, Moody's research, www.oanda.com

¹ Throughout this section, such percentages are calculated excluding the Real Estate Brokerage segment, due to its nil contribution, the Capital Market segment, due to its negative contribution, and the Not Allotted and Eliminations segment.

EXHIBIT 3

Business Segment

(% of Net Interest and Credit Commission Income, consolidated, for 2012)



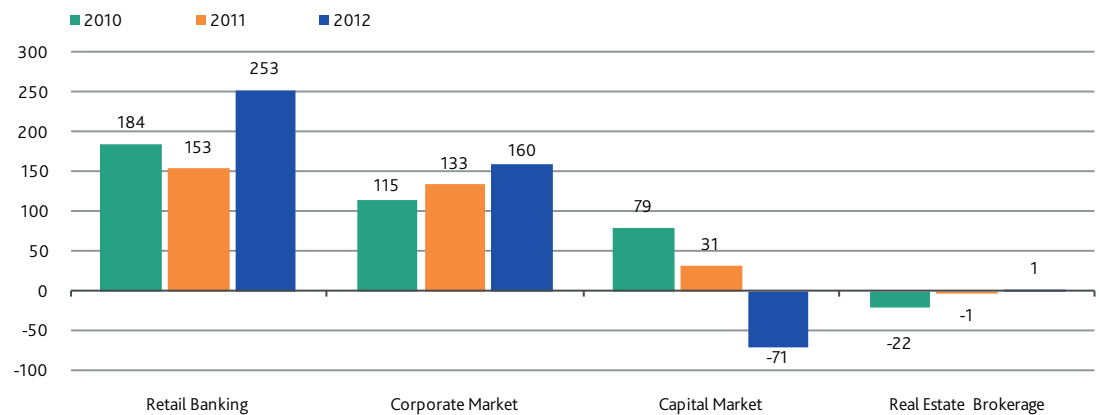
Note: Excluding the Real Estate Brokerage segment, due to its nil contribution, the Capital Market segment, due to its negative contribution, and the Not Allotted and Eliminations segment

Source: Company Report (annual report Dec 2012, Pg: 30)

EXHIBIT 4

Profit/(Loss) Before Tax per Business Segment

(consolidated, in NOK Million)



Note: Excluding Not Allotted and Eliminations segment

Source: Company Reports (annual report Dec 2012, Pg: 30 and Dec 2011, Pg: 31)

The distribution of the bank's gross loans by sector/industry was as follows:

EXHIBIT 5

Sparebanken Sør

Gross Loans by Sector/Industry	% Share	
	31-Dec-12	31-Dec-11
Retail Banking	69.36	68.17
Public Sector	0.09	0.06
Primary Industry	1.30	1.32
Industry	1.75	2.03
Building and Construction	4.65	5.48
Transport	1.25	1.06
Wholesale and Retail Trade	2.48	2.54
Hotel and Restaurant	0.64	0.78
Real Estate	14.87	14.53
Business Services	1.99	2.47
Other Industries	1.62	1.56
Total Gross Loans	100.00	100.00

Source: Company Report (annual report Dec 2012)

Distribution Capacity and Market Share

Sparebanken Sør is a regional savings bank with strong market positions in southern Norway, particularly in its home counties of Vest-Agder, Aust-Agder and Telemark. As of 30 June 2013, the bank operated through a network of 30 branches and through 12 branches of the bank's real estate subsidiary ABCenter, both in the counties of Vest-Agder, Aust-Agder and Telemark. Sparebanken Sør also delivers products and services through alternative delivery channels, including ATMs and telephone and internet banking.

While the bank holds a 1% share of the total Norwegian banking market, its core markets are the counties of Vest-Agder, Aust-Agder and Telemark, where it retains an approximate 15% market share in terms of loans and around 20% in terms of deposits.

Source: Company Reports (annual report Dec 2012, Q2 report June 2013), Company data, Moody's research

Ownership and Structure

During the fourth quarter of 2012, Sparebanken Sør converted NOK600 million (€81.3 million) of primary capital in the Savings Bank Fund into ECs, which were issued to Sparebankstiftelsen Sparebank Sør, a savings bank foundation established in connection with the conversion. Following the conversion, Sparebankstiftelsen Sparebanken Sør became, without payment, the owner of all the ECs issued, giving it an ownership stake of around 20.7%.

Note: Currency converted using exchange rate of NOK-€0.13543, as of 31 Dec 2012
Source: Company Report (annual report Dec 2012), Company data, www.oanda.com

Subsidiaries and Associates

As of 31 December 2012, the subsidiaries and associates of the bank were as follows:

EXHIBIT 6

Sparebanken Sør

Company	Principal Activity	Held (%)
Subsidiaries		
ABCenter Holding AS	Real estate brokerage	100
AS Eiendomsvekst	Real estate	100
Bankbygg AS	Real estate	51
Markensgate 9 AS	Real estate	80
Prosjektutvikling AS	Real estate	100
Rettighetskompaniet AS	Manager of naming rights	100
Sør Boligkreditt AS	Mortgages	100
Associates		
Søndeled Bygg AS	N/A	29
Frende Forsikring	Insurance	10
Norne Securities	Securities brokerage	17.6
Brage Finans	Leasing and secured loans to corporates	14

Source: Company Report (annual report Dec 2012), Company data

Company Management

Company Management	Current Title	Age*
Geir Bergskaug	Sparebanken Sør: General Manager and Managing Director	52

* Age as of 31 Dec 2012

As of 13 Aug 2013

Board of Directors	Affiliation	Committees
Torstein Moland	Sparebanken Sør: Chairman	N/A
Unni Grete Farestveit	Sparebanken Sør: Deputy Chairman	Audit Committee (C)
Jill Heidi Eklund Akselsen	Sparebanken Sør: Member	Remuneration Committee (C)
Kjell Pedersen-Rise	Sparebanken Sør: Member	Remuneration Committee Audit Committee
Erling Holm	Sparebanken Sør: Member	Audit Committee
Leidulv Nesgard	Sparebanken Sør: Member	Remuneration Committee
Per Adolf Bentsen	Sparebanken Sør: Member and Employees' Representative	N/A
Cathy Steller	Sparebanken Sør: Member and Employees' Representative	N/A
Marit Kittilsen	Sparebanken Sør: Member	N/A
Jan Trygve Reinertsen	Sparebanken Sør: Deputy Member	N/A

Board of Directors	Affiliation	Committees
Trond Olaf Holteberg	Sparebanken Sør: Deputy Member	N/A
Gunn Marit Helgesen	Sparebanken Sør: Deputy Member	N/A
Dina Helen Stendal	Sparebanken Sør: Deputy Member and Employees' Representative	N/A

(C) = Chairman
As of 13 Aug 2013

Source: Company Reports (annual report Dec 2012 and Dec 2011, Q2 report June 2013), Company data

EXHIBIT 7

Organisational Chart as of 31 December 2012



Source: Company Report (annual report Dec 2012)

Company History

Sparebanken Sør originated in 1825 with the founding of Arendals Sparebank. Following a series of mergers with smaller savings banks, the current company was established as an independent savings bank with no external shareholders. It operates mainly in southern Norway, particularly in the counties of Vest-Agder, Aust-Agder and Telemark.

From 1999, Sparebanken Sør was the part-owner of ABCenter, the region's largest real estate broker. Later, the bank acquired all ABCenter's outstanding shares.

In December 2008, the bank established the mortgage subsidiary Sør Boligkreditt AS.

In 2009, together with 14 other independent Norwegian savings banks, Sparebanken Sør became minority co-owner of the insurance company Frende Forsikring (10%) and the securities brokerage company Norne Securities (17.6%). The group also held a 14% stake in Brage Finans, a corporate leasing and factoring company, as of 31 December 2012.

During the fourth quarter of 2012, Sparebanken Sør converted NOK600 million (€81.3 million) of primary capital in the Savings Bank Fund into ECs, which were issued to Sparebankstiftelsen Sparebank Sør, a savings bank foundation established in connection with the conversion. Following the conversion, Sparebankstiftelsen Sparebanken Sør became, without payment, the owner of all the ECs issued, which were equal to a 20.7% stake.

In March 2013, Sparebanken Sør signed a letter of intent with Sparebanken Pluss to merge the two banks. The plan was approved by both boards of directors in May 2013 and by the respective boards of trustees in June 2013, as well as the Ministry of Finance in November 2013. The merger is expected to take effect from 1 January 2014.

Note: Currency converted using exchange rate of NOK=€0.13543, as of 31 Dec 2012

Source: Company Reports (annual report Dec 2012, Dec 2010, Dec 2009, Dec 2008 and Dec 2007, Q2 report June 2013), Company data, Moody's research, www.oanda.com

Peer Group

- » Ringkjøbing Landbobank A/S
- » Sparebanken Hedmark
- » SpareBank 1 SR-Bank ASA
- » SpareBank 1 SMN
- » SpareBank 1 Nord-Norge
- » Sparebanken Vest
- » Sparebanken Møre
- » Sparebanken Øst
- » Sparebanken Pluss
- » Sparebanken Sogn og Fjordane
- » Spar Nord Bank A/S
- » Storebrand Bank
- » Sydbank A/S
- » Ringkjøbing Landbobank A/S

Related Websites and Information Sources

For additional information, please see:

- » the company's website: www.sor.no
- » the regulator's website: www.finanstilsynet.no
- » the Central Bank's website: www.norges-bank.no

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Moody's Related Research

Credit Opinion:

- » [Sparebanken Sør](#)

Banking System Outlook:

- » [Norway, February 2013 \(148693\)](#)

Banking System Profile:

- » [Norway, May 2012 \(141857\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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Author
Jessica Svantesson

Editor
Karen Wong

Production Associate
Avkash Prasad

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