

Total assets NOKm 44471
 CEO Geir Bergskaug
 WEB www.sor.no

Rank 5
 S&P / Moody's / Fitch na / A3 / na
 Alliance Independent

Financials

Income Statement	(NOKm)	2008	2009	2010	2011	2012
Net interest income		629	623	668	631	705
Operating noninterest income		57	176	387	248	120
Total expenses		-554	-482	-459	-483	-513
Profit before loan losses		132	317	596	396	312
Loan losses		-114	-109	-122	-71	-61
Net profit for the period		-20	152	368	219	172

Balance Sheet	(NOKm)	2008	2009	2010	2011	2012
Cash and central banks		975	479	429	543	581
Net loans to credit institutions		21	159	16	111	149
Net loans to the public		28 340	29 213	30 985	33 581	36 850
Fixed-income securities		2 797	4 550	5 337	6 645	5 817
Other securities		742	336	350	500	359
Total assets		33 675	35 340	37 697	41 860	44 471
Total deposits		18 184	23 049	22 947	23 805	23 541
Issued debt securities		11 882	8 664	11 034	14 090	17 195
Subordinated debt		299	700	300	300	200
Total liabilities		31 408	32 898	34 941	38 903	41 361
Total shareholders' equity		2 267	2 442	2 756	2 957	3 110

Growth	%	2008	2009	2010	2011	2012
Net interest income		13%	-1%	7%	-6%	12%
Total income		-17%	16%	32%	-17%	-6%
Total expenses		15%	-13%	-5%	5%	6%
Net profit		na	na	142%	-40%	-21%
Total assets		12%	5%	7%	11%	6%
Gross lending		10%	3%	6%	8%	10%
Deposits from the public		2%	6%	2%	10%	10%

Asset Quality	%	2008	2009	2010	2011	2012
Loan loss provisions / Loans to the public		0.40%	0.37%	0.39%	0.21%	0.16%
Loan loss provisions / Total income		16.62%	13.64%	11.56%	6.73%	7.39%
Impaired loans / Loans to the public		1.2%	1.3%	1.9%	1.9%	1.7%

Profitability	%	2008	2009	2010	2011	2012
RoE		-0.9%	6.5%	14.2%	7.7%	5.7%
RoA		-0.1%	0.4%	1.0%	0.6%	0.4%
RoRWA		-0.1%	0.8%	1.8%	1.0%	0.8%
Net interest margin		2.0%	1.8%	1.8%	1.6%	1.6%

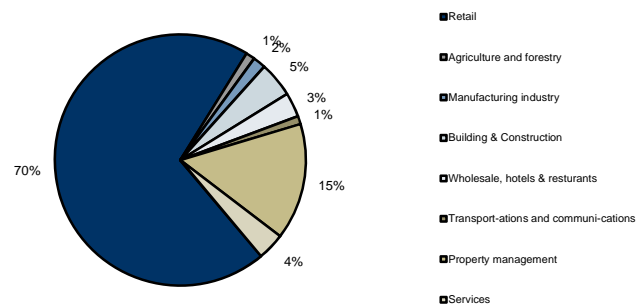
Capital	(NOKm) %	2008	2009	2010	2011	2012
Total capital		2 506	3 115	3 225	3 384	3 245
Risk-weighted assets		19 747	19 746	20 799	21 696	22 976
Core Tier 1 ratio					13.3%	13.3%
Tier 1 ratio		11.1%	14.1%	14.0%	14.2%	14.1%

Liquidity	%	2008	2009	2010	2011	2012
Net loans to the public / Total assets		84%	83%	82%	80%	83%
Deposits / Total funding		51%	52%	50%	49%	51%
Deposits / Total net lending		57%	58%	56%	56%	57%
Deposits / Loans to the public		56%	58%	55%	56%	56%
Capital market funds / Total assets		36%	26%	30%	34%	39%

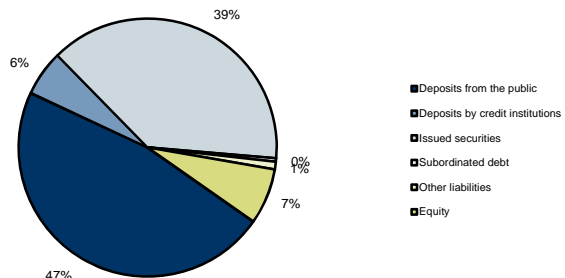
Nordea Credit Research adjusted figures & estimates

Sparebanken Sør is one of the ten largest banks in Norway. It is headquartered in Arendal, Aust-Agder and has 29 branches. The bank provides financial services, mainly to the local retail and corporate sectors. Retail loans account for 69% of the group's loan portfolio, which has a high exposure to the property management sector, with 15% on a stand-alone basis. Furthermore, the loan portfolio has limited geographical diversification, with loans to customers based in the local Agder counties representing 70% of total lending. Residential mortgages amounting to NOK 9.0 bn have been transferred to the bank's wholly owned covered bond vehicle. Earlier in 2013, Sparebanken Sør announced its intention to merger with fellow regional savings bank, Sparebanken Pluss. If the merger is completed, the new bank will be the fifth largest domestic savings bank with total assets amounting to approximately NOK 90bn. We find the proposed merger to be a credit positive.

Lending 31/12/2012



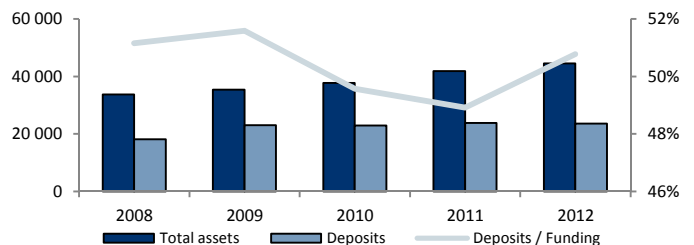
Liabilities and Equity 31/12/2012



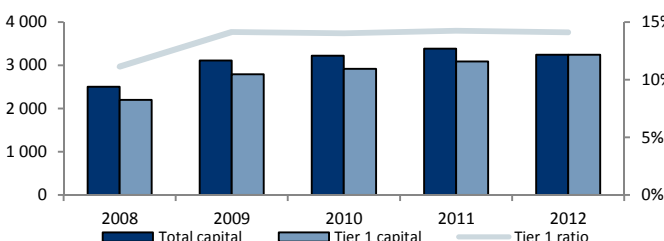
Income (NOKm)



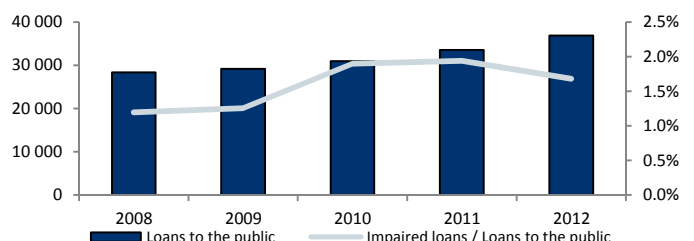
Assets (NOKm)



Capital (NOKm)



Lending (NOKm)



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Over the next three months, the fixed income instrument's total return is expected to exceed the total return of the relevant benchmark.

Market perform

Over the next three months, the fixed income instrument's total return is expected to be in line with the total return of the relevant benchmark.

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Over the next three months, the fixed income instrument's total return is expected to be below the total return of the relevant benchmark.

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Recommendation	Count	% of total
Outperform	35	27
Market perform	70	54
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Total	129	100

As of October 18, 2011

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Nordea Markets Credit Sales and Research

Institutional Sales Sweden

Ted Karlsson
ted.karlsson@nordea.com
+46 8 614 78 98

Tomas Köhlberg
tomas.kohlberg@nordea.com
+46 8 614 6702

Utta Wester
utta.wester@nordea.com
+46 8 614 6916

Cecilia Tannerfeldt
cecilia.tannerfeldt@nordea.com
+46 8 614 8753

Martin Andersson
Martin.e.andersson@nordea.com
+46 8 614 82 14

Philip Erlandsson
Philip.erlandsson@nordea.com
+46 8 614 67 09

Institutional Sales Finland

Jani Lindholm
jani.lindholm@nordea.com
+358 9 36950242

Henrik Haakana
henrik.haakana@nordea.com
+358 9 369 50214

Patrik Grönfors
patrik.gronfors@nordea.com
+358 9 396 50354

Danish & International Sales

Henrik Nielsen
henrik.nielsen@nordea.com
+45 3333 1637

Lisbeth Rosendal
lisbeth.rosendal@nordea.com
+45 3333 1869

Palle Lund Hansen
palle.hansen@nordea.com
+45 3333 1635

Institutional Sales Norway

Julie Ellneby
Julie.ellneby@nordea.com
+47 2248 7706

Erich Normann
erich.normann@nordea.com
+47 2248 7782

Espen Froyn
espen.froyn@nordea.com
+47 2248 7747

Kristian Sørensen
kristian.sorensen@nordea.com
+47 2248 7846

Hege M. Schuessler
hege.schuessler@nordea.com
+47 2248 7806

Morten Frimann-Dahl
morten.frimann-dahl@nordea.com
+47 2248 7784

Jan Erik Nilsen
jan.erik.nilsen@nordea.com
+47 2248 7785

Robert Christiansen
robert.christiansen@nordea.com
+47 2248 7709

Stein Morten Sæther
stein.morten.saether@nordea.com
+47 2248 7876

Kristoffer Johansen
kristoffer.johansen@nordea.com
+47 2248 7717

Christian Malde
christian.malde@nordea.com
+47 2248 7863

Kristoffer Solem Sletten
kristoffer.sletten@nordea.com
+47 2248 7950

Fredrik Stenrud
fredrik.stenrud@nordea.com
+47 22 48 77 71

Credit Research

Mark Schindele
mark.schindele@nordea.com
+46 8614 8201
Industrials & Utilities

Riikka Tuominen
riikka.tuominen@nordea.com
+358 9 165 59126
Pulp & Paper, Finnish Industrials

Lars Kirkeby
lars.kirkeby@nordea.com
+47 2248 4264
Norwegian Industrials

Lars Husby Erichsen
lars.husby.erichsen@nordea.com
+47 2248 7951
Norwegian Financials

Nadia Bendriss
nadia.bendriss@nordea.com
+47 2248 7956
Offshore & Oil Services

Kristoffer B. Pedersen
Kristoffer.b.pedersen@nordea.com
+47 22 48 79 80
Offshore & Oil Services

Anders R. Karlsen
anders.karlsen@nordea.com
+47 2248 4119
Shipping

Morten Heiner Pedersen
morten.heiner.pedersen@nordea.com
+45 3333 1620
Credit Strategy & DK Industrials

Michael Sandfort, CFA
michael.sandfort@nordea.com
+45 3333 1621
Nordic Financials

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Nordea Bank Norge ASA
17 Middelthuns gt.
PO Box 1166 Sentrum, N-0107 Oslo
+47 2248 5000

Nordea Bank Sverige AB (publ)
10 Hamngatan
SE-105 71 Stockholm
+46 8 614 7000

Nordea Bank Finland Plc
36 B Aleksanterinkatu, Helsinki
FIN-00020 Nordea
+358 9 1651

Nordea Bank Danmark A/S
Christiansbro, Strandgade 3
Postboks 850, DK-0900 København C
+45 3333 3333