

ISSUER PROFILE

13 November 2017

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Sparebanken Sør

Key Facts and Statistics - Q3 Sep 2017

Company overview

Sparebanken Sør is a regional Norwegian bank, which provides retail and corporate banking services to individuals, companies and public authorities in the counties of Vest-Agder, Aust-Agder, Telemark and Rogaland. Its products include financing, savings facilities, placements, insurance, pensions and payment facilities. It also offers financial services to Christian organisations in Norway, largely as a result of its cooperation with the Norwegian Christian interest organisation (KNIF). In January 2014, Sparebanken Pluss merged with Sparebanken Sør to form Sparebanken Sør.

Sparebanken Sør is currently the sixth largest bank in Norway and reported total consolidated assets of NOK111.3 billion (€11.8 billion), as of 30 September 2017.

Like other Norwegian savings banks, Sparebanken Sør has a distinctive ownership structure with equity certificate (EC) holders rather than shareholders or traditional owners. The bank's ECs are listed on the Oslo Stock Exchange (Stock code: SOR [before June 2014: PLUG]). As of 30 September 2017, its largest shareholder was Sparebankstiftelsen Sparebanken Sør, which held a 51.0% stake.

Note: Currency converted using exchange rate of NOK-€0.10918 and NOK-€0.10645, as of 31 Mar 2017 and 30 Sep 2017, respectively

Source: Company reports (annual report Dec 2016 and Dec 2015, H1 report June 2017, Q3 interim report Sep 2017), Moody's Investors Service research, Oslo Stock Exchange, www.oanda.com

Financial highlights

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-16	31-Dec-15	31-Dec-14	% Change 16/15	% Change 15/14
Total Assets	105,455	101,334	94,062	4.07	7.73
Total Shareholders' Equity	10,051	8,263	7,157	21.64	15.45
Shareholders' Equity excluding Minority Interest	10,051	8,263	7,157	21.64	15.45
Total Regulatory Capital	11,120	9,388	8,170	18.45	14.91
Tier 1 Capital Ratio (%)	16.03	13.53	14.43	250 bps	(90) bps
Net Income	989	647	885	52.86	(26.89)
Net Income Attributable to Equity Holders	988	645	885	53.18	(27.12)
NOK/€, Period end	0.11005	0.10452	0.11040	-	-

Note: Based on consolidated financial data

Source: Moody's Investors Service research, [www.oanda.com](#)

Exhibit 2

Latest nine-months results

Sparebanken Sør

(in NOK Million)	30-Sep-17	30-Sep-16	% Change 17/16
Total Assets	111,315	105,248	5.76
Total Shareholders' Equity	10,831	9,800	10.52
Shareholders' Equity excluding Minority Interest	10,831	9,800	10.52
Total Regulatory Capital	11,881	10,256	15.84
Tier 1 Capital Ratio (%)	16.30	14.90	140 bps
Net Income	672	718	(6.41)
Net Income Attributable to Equity Holders	672	717	(6.28)
NOK/€, Period end	0.10645	0.11080	-

Note: Based on consolidated financial data

Source: Company report (Q3 interim report Sep 2017), [www.oanda.com](#)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](#) for the most updated credit rating action information and rating history.

Business description

Sparebanken Sør is a regional Norwegian bank, which provides retail and corporate banking services to individuals, companies and public authorities in the counties of Vest-Agder, Aust-Agder, Telemark and Rogaland. Its products include financing, saving facilities, placements, insurance, pensions and payment facilities. It also services Christian organisations in Norway (KNIF - Norwegian Christian interest organisation), and supplies real estate brokerage services through its subsidiary, Sørmeqleren.

Sparebanken Sør operates through the following three business segments: Retail Market; Corporate Market; and Undistributed and Elimination. In the nine-months ended 30 September 2017 (9M Sep 2017), the largest contributor to the bank's net interest and commission income was the Retail Market segment.

Retail Market: This segment, which in 9M Sep 2017 accounted for 60.8% of the bank's net interest income, comprises Sparebanken Sør's activities including local bank-related business commitments, as well as the operations of Sør Boligkreditt AS, a bank subsidiary. As of 30 September 2017, this segment reported total consolidated assets of NOK63.6 billion (€6.8 billion).

Corporate Market: This segment provides corporate banking services mainly to small and medium-sized enterprises (SMEs) and public sector entities such as, municipalities, counties and state corporations, which are owned by local governments. The cooperation with KNIF (Norwegian Christian interest organisation) is also included in the corporate segment. Customers related to the KNIF are primarily hospitals, schools, kindergartens, church entities etc. As of 30 September 2017, this segment reported total consolidated assets of NOK32.4 billion (€3.5 billion), and accounted for 39.2% of the bank's net interest income in 9M Sep 2017.

Undistributed and Elimination: This segment includes Sparebanken Sør's own investment activities, estate agency business and unallocated group (banks and its subsidiaries) eliminations. As of 30 September 2017, it reported total consolidated assets of NOK15.3 billion (€1.6 billion).

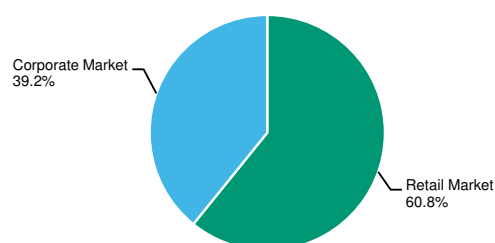
Note: Currency converted using exchange rate of NOK-€0.10645, as of 30 Sep 2017

Source: Company reports (annual report Dec 2016, Sparebanken Sør annual report Dec 2013, Q3 interim report Sep 2017), Moody's Investors Service research, www.oanda.com

Exhibit 3

Business segment

(% of Net Interest and commission Income, consolidated, for 9M Sep 2017)

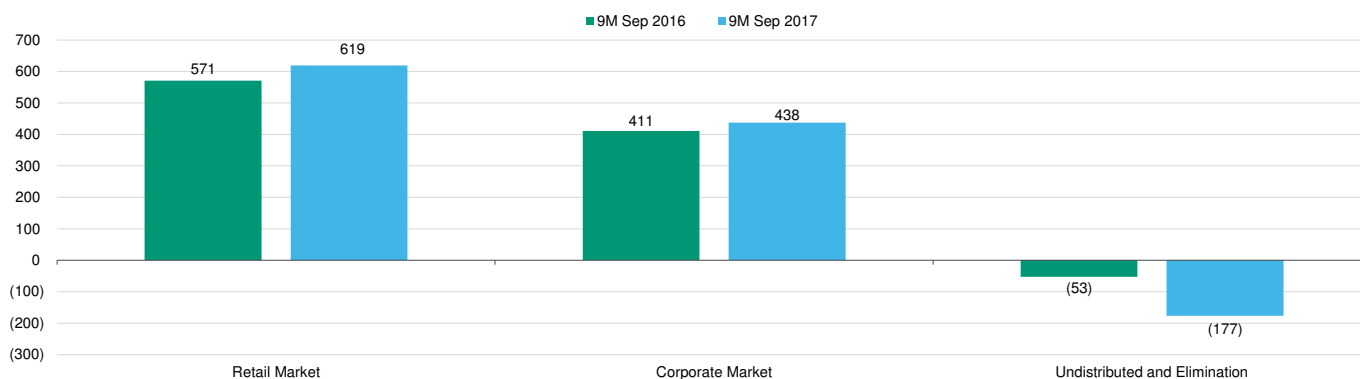


Note: Excluding 'undistributed and elimination' because of negative values

Source: Company report (Q3 interim report Sep 2017, Pg: 19)

Exhibit 4

Profit before tax per business segment (consolidated, in NOK Million)



Source: Company report (Q3 interim report Sep 2017, Pg: 19)

Distribution channels

As of 30 September 2017, Sparebanken Sør, with head office in Kristiansand, distributed its products and services through a network of 34 branches in Vest-Agder, Aust-Agder and Telemark. The bank opened a new office in Bryne (Rogaland) in the second-quarter of 2017.

In addition, it also provides real estate brokerage services through a subsidiary, Sørmeqleren.

Sparebanken Sør also delivers its products and services through alternative distribution channels, including internet, mobile and telephone banking. With total assets above NOK110 billion, Sparebanken Sør is the sixth largest bank in Norway.

Source: Company reports (Q3 interim report Sep 2017, annual report Dec 2016 and Dec 2013, H1 report June 2014), Company data, Moody's Investors Service research

Ownership structure

As a Norwegian savings bank, Sparebanken Sør has a unique ownership structure. Rather than having shareholders or traditional owners, the bank has EC holders. ECs differ from shares mainly in that they confer ownership rights to specific portions of bank capital. Furthermore, the governing bodies of savings bank are more widely representative than those of commercial banks. However, legislative amendments in July 2009 eliminated many of the differences between ECs and shares.

As of 31 December 2013, the bank (Sparebanken Pluss) had 1.25 million ECs in issue. However, as a result of the merger of Sparebanken Sør and Sparebanken Pluss in January 2014 (in which the continuing entity Sparebanken Pluss was renamed Sparebanken Sør), the capital of the bank was increased by 3,518,674 new ECs. As of 31 December 2015, the bank had 4,768,674 ECs in issue. The board of Sparebanken Sør approved a rights issue on 30 March 2016, which was carried out in Q2 2016. As of 30 September 2017, it had 15,663,944 ECs in issue.

Since 1998, the bank has been listed on the Oslo Stock Exchange (Stock code: SOR), which is regulated by Finanstilsynet, the Norwegian Financial Supervisory Authority. As of 30 September 2017, its largest shareholder was Sparebankstiftelsen Sparebanken Sør, which held a 51.0% stake.

Source: Company reports (annual report Dec 2016 and Dec 2015, Q3 interim report Sep 2017, H1 report June 2017 and June 2016), Moody's Investors Service research, Oslo Stock Exchange, www.finanstilsynet.no

As of 30 September 2017, the bank's 10 largest EC holders were as follows:

Exhibit 5

Sparebanken Sør

EC holders	Number of ECs held	% held
Sparebankstiftelsen Sparebanken Sør	7,988,679	51.00
Bergen Kom. Pensjonskasse	451,990	2.89
Arendal Kom. pensjonskasse	450,000	2.87
Holta Invest AS	444,410	2.84
Pareto AS	417,309	2.66
Glastad Invest AS	387,467	2.47
EIKA utbytte VPF c/o Eika kapitalforv.	349,144	2.23
Merrill Lynch	329,080	2.10
Wenaasgruppen AS	186,000	1.19
Otterlei Group AS	157,000	1.00
Total - 10 largest holders	11,161,079	71.25

Source: Company report (Q3 interim report Sep 2017)

Subsidiaries and associates

As of 30 September 2017, the bank's subsidiaries and associates were as follows:

Exhibit 6

Sparebanken Sør

Company	Home Country	Business	% Held
Subsidiary			
Sørmeqleren	Norway	Estate agency	100.0
Sparebanken Sør Boligkreditt AS	Norway	Issuing covered bonds	100.0
Associate			
Frende Holding	Norway	Insurance	10.0
Norne Securities	Norway	Securities brokerage	17.6
Brage Finans	Norway	Financing company	15.0
Balder Betaling	Norway	Payment app	22.4

Source: Company reports (Q3 interim report Sep 2017)

Company management

Exhibit 7

Sparebanken Sør

Company Management	Current Title
Geir Bergskaug	Sparebanken Sør: Chief Executive Officer
Lasse Kvinlaug	Sparebanken Sør: Deputy CEO/Director, Corporate market
Gunnar Thomassen	Sparebanken Sør: Director, Retail market
Rolf H. Søraker	Sparebanken Sør: Director, Group support
Marianne Lofthus	Sparebanken Sør: Director, Capital market
Bjørn A. Friestad	Sparebanken Sør: Director, Risk management
Gry Moen	Sparebanken Sør: Director, Business support

As of 25 Oct 2017

Exhibit 8

Sparebanken Sør

Board of Directors	Affiliations
Stein A. Hannevik	Sparebanken Sør: Chairman
Torstein Moland	Sparebanken Sør: Deputy Chairman
Inger Johansen	Sparebanken Sør: Director
Erling Holm	Sparebanken Sør: Director
Marit Kittilsen	Sparebanken Sør: Director
Tone Thorvaldsen Vareberg	Sparebanken Sør: Director
Jan Erling Tobiassen	Sparebanken Sør: Director (Employee Representative)
Gunnhild T. Golid	Sparebanken Sør: Director (Employee Representative)

As of 25 Oct 2017

Source: Company report (Q3 interim report Sep 2017)

Company history

Sparebanken Pluss (later renamed Sparebanken Sør) was founded in 1824 as Christianssands Sparebank. Following a series of mergers with local savings banks, the entity was established as an independent savings bank with EC holders.

In 2007, Sparebanken Pluss created the jointly owned real estate brokerage company Pluss Garanti Eiendomsmegling AS, which operates in Kristiansand and Vennesla. In February 2011, Pluss Garanti Eiendomsmegling AS was renamed Plussmegleren AS.

In January 2009, the bank established a wholly owned mortgage subsidiary, Pluss Boligkreditt AS, through which it was able to access funding by utilising swap facilities provided by the government-sponsored bank support package.

In January 2014, Plussmegleren AS merged with ABCenter (a wholly owned subsidiary of Sparebanken Sør [a savings bank operating in the Norwegian counties of Vest-Agder, Aust-Agder and Telemark]) to form Sørmelegleren, a wholly owned subsidiary of Sparebanken Sør. At the same time, Sparebanken Pluss merged with Sparebanken Sør (a bank that originated in 1825 with the founding of Arendals Sparebank). Sparebanken Pluss was the acquirer in the transaction, and the merged entity was subsequently named Sparebanken Sør.

In March 2014, Pluss Boligkreditt AS merged with Sør Boligkreditt AS (a subsidiary of Sparebanken Sør). Subsequent to the transaction (with retrospective effect from January 2014), the new entity was named Sør Boligkreditt AS.

In February 2017, Sparebanken Sør, DNB and more than 100 other Norwegian savings banks decided to establish and further develop the payment app Vipps as the preferred mobile wallet in Norway. Sparebanken Sør together with 14 other savings banks own 12% of the venture, and the final governmental approval was given on 20 September 2017.

Source: Company reports (Sparebanken Pluss annual report Dec 2013, Dec 2012, Dec 2010 and Dec 2007, Sparebanken Sør annual report Dec 2016 and Dec 2013, Sparebanken Sør H1 report June 2014), Moody's Investors Service research

Peer group

- » [Aktia Bank plc](#)
- » [Ringkjøbing Landbobank AS](#)
- » [SpareBank 1 SMN](#)
- » [SpareBank 1 SR-Bank ASA](#)
- » [SpareBank 1 Ostlandet](#)
- » [SpareBank 1 Nord-Norge](#)
- » [Sparebanken Møre](#)
- » [Sparebanken Øst](#)
- » [Sparebanken Sogn og Fjordane](#)
- » [Sparebanken Vest](#)
- » [Fana Sparebank](#)
- » [Sydbank AS](#)

Related websites and information sources

For additional information, please see:

The company's website

- » [Sparebanken Sor](#)

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Moody's related research

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» [Sparebanken Sor](#)

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» [Norway, August 2017 \(1076131\)](#)

Rating Action

» [Moody's changes rating outlook to negative for five Norwegian banks following proposed BRRD legislation; ratings affirmed](#)

Rating Methodology

» [Banks, September 2017 \(1065675\)](#)

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 on the issuer's page. All research may not be available to all clients.

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