

QUARTER 2
2015
(UNAUDITED)



SPAREBANKEN SØR

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Information

The merger between Sparebanken Pluss and Sparebanken Sør complies with the rules set out in IFRS 3 and has been executed as a transaction. Sparebanken Sør's net assets have been recognised in Sparebanken Pluss' balance sheet as at 1 January 2014. Negative goodwill has arisen as a result of the fact that the value of net assets does not correspond with the fee paid in the merger. To prevent dilution of the equity ratio, negative goodwill has been recognised in its entirety immediately after the merger was completed and transferred directly to the dividend equalisation fund. (See note about the merger of the business). Negative goodwill has been excluded from both the actual accounting figures and the comparative figures.

(all key figures 2014 are excluding negative goodwill)

Income statement (NOK million)	Q2 2015	Q2 2014	30.06.2015	30.06.2014	31.12.2014
Net interest income	381	379	748	758	1 511
Net commission income	79	72	147	133	284
Net income from financial instruments	8	17	37	118	184
Other operating income	3	4	6	9	23
Total net income	471	472	938	1 018	2 002
Total expenses	207	221	406	431	834
Profit before losses on loans	264	251	532	587	1 168
Losses on loans and guarantees	18	28	32	56	268
Profit before taxes	246	223	500	531	900
Tax expenses	67	54	136	120	215
Profit for the period	179	169	364	411	685
Income statement as percentage of average assets					
Net interest income	1.57 %	1.60 %	1.57 %	1.62 %	1.60 %
Net commission income	0.33 %	0.30 %	0.31 %	0.28 %	0.30 %
Net income from financial instruments	0.03 %	0.07 %	0.08 %	0.25 %	0.20 %
Other operating income	0.01 %	0.02 %	0.01 %	0.02 %	0.02 %
Total net income	1.94 %	1.99 %	1.97 %	2.18 %	2.12 %
Total expenses	0.85 %	0.93 %	0.85 %	0.92 %	0.88 %
Profit before losses on loans	1.09 %	1.06 %	1.11 %	1.25 %	1.24 %
Losses on loans and guarantees	0.07 %	0.12 %	0.07 %	0.12 %	0.28 %
Profit before taxes	1.01 %	0.94 %	1.05 %	1.13 %	0.96 %
Tax expenses	0.28 %	0.23 %	0.28 %	0.26 %	0.23 %
Profit for the period	0.74 %	0.71 %	0.76 %	0.88 %	0.73 %
Average total assets	97 400	95 000	96 250	94 350	94 300
Balance sheet					
Total assets			98 715	96 191	94 062
Net loans to customers			83 942	79 603	80 913
Grows in loans as %, last 12 mths.			5.5 %	5.8 %	4.5 %
Customers deposits			49 758	47 325	48 250
Growth in deposits as %, last 12 mths.			5.1 %	8.6 %	10.3 %
Deposits as % of net loans			59.3 %	59.5 %	59.6 %
Equity			7 461	7 000	7 157
Losses on loans as % of net loans, annualised			0.08 %	0.14 %	0.33 %
Gross defaulted loans over 90 days as % of gross loans			0.57 %	0.61 %	0.71 %
Other key figures					
Cost as % of income			43.3 %	42.3 %	41.7 %
Return on equity after tax			10.0 %	12.3 %	10.1 %
Core tier 1 capital ratio (added share of profit)			12.7 %	13.0 %	13.1 %
Core capital ratio			13.0 %	13.6 %	14.4 %
Total capital ratio			14.5 %	14.2 %	15.1 %
Total core capital			7 578	7 262	7 792
Net total primary capital			8 456	7 571	8 170
Number of branches			40	40	40
Number of man-years in banking activity			444	462	454
Key figures, Equity certificates					
Equity certificate ratio			13.5 %	14.1 %	14.1 %
Number of equity certificate issued			4 768 674	4 768 674	4 768 674
Profit/diluted earnings per equity certificate (Parent bank)			6.9	7.8	12.2
Profit/diluted earnings per equity certificate (Group)			10.3	12.2	20.3
Dividend last year per equity certificate					10.0
Book equity per equity certificate			211	208	214
Price/Book value per equity certificate			0.9	0.8	0.9
Listed price on Oslo Stock Exchange at end of period			190	160	196

General

Sparebanken Sør is an independent financial institution that engages in banking, securities and real estate brokerage activities in the counties of Aust-Agder, Vest-Agder and Telemark.

Estate agency brokerage is carried out through the subsidiary Sørmeglere. General insurance and life insurance products are supplied via Frende, an insurance company of which the bank is a joint owner. The Bank is also a joint owner of Norne, a security trading company, and Brage, a leasing product supplier.

Key features in Q2 2015

- Profit improvement of NOK 23 million or 10.3 per cent compared with the same period last year.
- Stable net interest
- Reduction in operating costs of 6.3 per cent.
- Continued low losses on loans
- Annualised lending and deposit growth in the quarter of 7.9 and 17.0 per cent respectively
- Return on equity after tax of 9.7 per cent

Profit before tax of NOK 246 million in Q2 2015, compared with NOK 223 million in Q2 2014. Higher interest income from the banking operations and higher commission income from the real estate business in combination with lower costs and losses on loans contributed to a profit improvement.

Key features first half-year 2015

- Underlying profit increase of NOK 40 million or 8.7 per cent compared with the same period last year, adjusted for profit on sale of Nets in 2014
- Interest income reduced due to margin pressure, but compensated by increase in commission income
- 5.8 per cent reduction in operating expenses
- Low losses on loans
- Loan growth of 5.5 per cent, and deposit growth of 5.1 per cent
- Return on equity after tax of 10.0 per cent

Profit before tax was NOK 500 million after the first half-year of 2015, compared with NOK 460 million after the same period last year, adjusted for the profit from the sale of Nets. Higher commission income and continued focus on reducing costs and losses on loans contributed to the improvement.

Financial framework conditions

In June 2015, Norges Bank lowered the key policy rate to a historically low 1.0 per cent. Sparebanken Sør also announced an easing in its lending and deposit conditions to meet the competition in the market.

Annual growth in the general public's gross domestic debt (C2) at the end of June was 5.8 per cent. Debt growth for households and industry amounted to 6.5 per cent and 3.8 per cent respectively.

In Q2, the Norwegian government presented a housing market strategy with the aim of curbing the growth in house prices and household debt. As part of this strategy, the Norwegian government issued a regulation on requirements for new mortgages with security in the property. From 1 July, an annual instalment payment of at least 2.5 per cent of the loan granted will be required for mortgages of more than 70 per cent of the value of the property or what the instalment payment would have been for an annuity loan with a 30-year repayment period, if this is lower. The regulation continues the general rule in previous guidelines that a mortgage must not exceed 85 per cent of the value of the property. The authorities will continuously evaluate the requirements in light of the development in the housing market, household borrowing and any impact on the competition between the banks. The regulation will apply up to the end of 2016, unless the evaluation shows that there is still a need for it.

Income statement and balance sheet per first half-year of 2015

In the first half-year of 2015, Sparebanken Sør achieved a profit before losses of NOK 532 million, compared with NOK 587 million in the same period last year. Adjusted for extraordinary income in the first quarter last year, due to the sale of the ownership interests in Nets, the result for 2014 was NOK 516 million.

Total net income amounted to NOK 938 million compared with NOK 1 018 million in the same period last year. Adjusted for profit on the sale of Nets, the total for last year was NOK 947 million. The income trend has been composed of somewhat reduced net interest due to pressure on margins, and an increase in commission income that partly compensate for this reduction.

In the first half-year of 2015, operating expenses amounted to NOK 406 million, compared with NOK 431 million in the same period last year. The reduction in operating expenses was 5.8 per cent. The reduction may be attributed to the effects of the merger, a significant portion of this was the result of reduced workforce. There are currently 444 FTE in the banking operations, down 18 FTE from the same period last year.

In the first half-year of 2015, losses on loans totalled NOK 32 million, compared with NOK 56 million the year before. As a percentage of net loans, the losses are 0.08 per cent, compared with 0.14 per cent in the same period last year. The improvement from last year may be attributed to the significant review of the loan portfolio conducted in 2014 and the losses in the first half- year of 2015 reflect the quality of the bank's loan portfolio.

After the first half-year of 2015, the profit before tax was NOK 500 million for Sparebanken Sør, compared with NOK 531 million in the same period last year. Adjusted for profit on the sale of Nets, the profit before tax last year was NOK 460 million, which gave an underlying profit improvement of NOK 40 million, or 8.7 per cent.

After the first half-year of 2015, return on equity after tax was 10.0 per cent compared with 10.2 per cent the previous year. (excl. Nets)

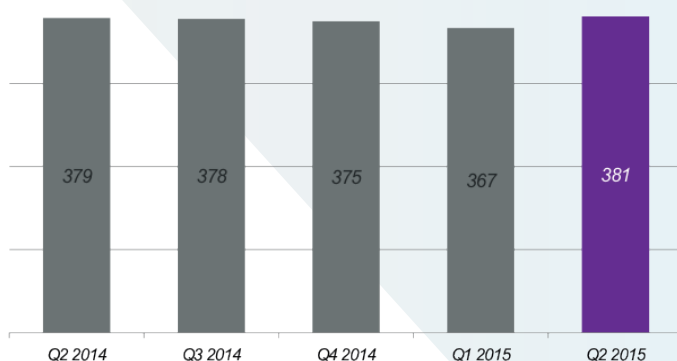
Growth in lending and deposits on a 12-month basis as at 30.06.2015 amounted to 5.5% and 5.1% respectively.

The core tier 1 capital ratio was 12.2 per cent and the total capital ratio was 14.5 per cent as at 30 June 2015. The Group thus met the new capital requirements for financial institutions of 11 per cent for core tier 1 capital and 14.5 per cent for total capital respectively.

Added to the share of the profit for this year, the core tier 1 capital ratio was 12.7% and the total capital ratio was 15.0%.

Net interest

Net interest per quarter in NOK million



In the quarter, net interest income amounted to NOK 381 million, compared with NOK 379 million in same period last year. Through 2014, lending margins have been under pressure and at the beginning of 2015, the pressure has continued to increase due to competition in the market.

In June 2015, the bank announced a reduction in interest rates to meet the competition in the market. This reduction was effective from 25 June for new loans and 25 August for existing loans. For mortgages, the reduction is up to 0.25 percentage points. At the same time as reducing the interest rate on mortgages, the bank will also adjust the deposit conditions on certain deposit products. The aggregate of the changes will probably have a neutral impact on the bank's net interest.

Commission income

NOK million	Q2 2015	Q2 2014	Changes	Q1-Q2 2015	Q1-Q2 2014	Changes
Payment transfers	39	40	-1	76	74	2
Real estate agency	28	22	6	52	39	13
Other product companies	22	22	0	41	42	-1
Total	89	84	5	169	155	14

After the first half-year 2015, gross commission income totalled NOK 169 million, compared with NOK 155 million after the same period last year. The increase is mainly due to increased activity in the estate agency business.

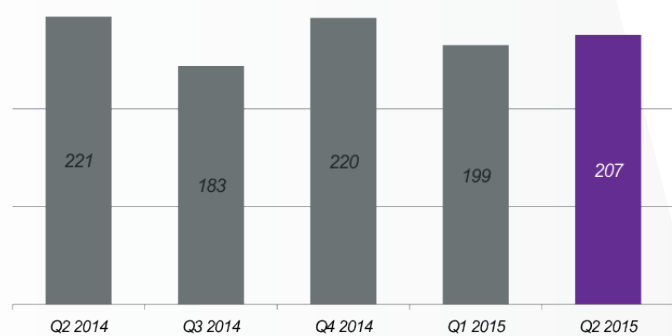
Financial instruments

The total return on financial investments was NOK 37 million in the first half-year of 2015, compared with NOK 118 million in the same period last year, of which the sale of the ownership interests in Nets was NOK 71 million.

In 2014, Sparebanken Sør has realised its portfolio of interest-bearing securities which are not defined as a liquidity portfolio.

Operating expenses

Operating expenses per quarter in NOK million



Total expenses amounted to NOK 406 million after the first half-year 2015, compared with NOK 431 million during the same period last year. The cost reduction represents a decrease of 5.8 per cent for the Group.

For the banking operations alone, expenses amounted to NOK 359 million, compared with NOK 394 million in the same period last year. The reduction in expenses was NOK 35 million or 8.9 per cent.

Withdrawal of merger benefits through downsizing is ahead of schedule, and together with adjustments to the office structure, the bank's cost base has been reduced in 2015.

Total operating expenses as a percentage of average assets amounted to 0.85 per cent (0.92 per cent). The ratio between expenses and income in the Group was 43.3 per cent (42.3 per cent, 45.5 per cent excl. Nets).

Losses and defaulted loans

Losses on loans were charged to the financial statements with the net amount of NOK 32 million, equivalent to 0.08 per cent of net loans. The corresponding figures last year were NOK 56 million and 0.14 per cent of net loans.

The bank's individual write-downs as at 30 June 2015 amounted to NOK 499 million. Total individual write-downs amount to 0.60 per cent of gross loans at the end of the first half-year 2015.

Gross defaulted loans over 90 days amounted to NOK 479 million. As a percentage of gross loans, this is equivalent to 0.57 per cent.

The bank expects the future loss level to be moderate.

Loans

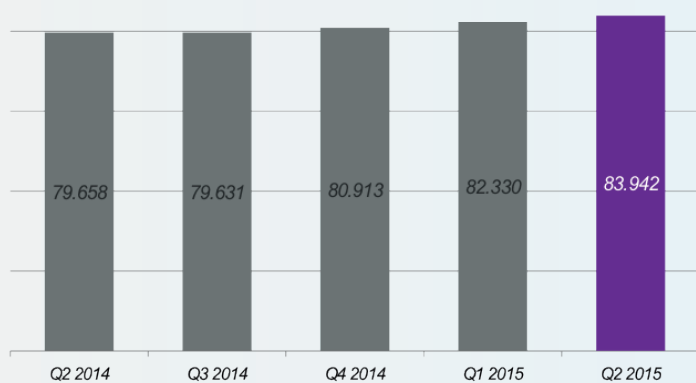
During the past 12 months, total loans increased by NOK 4.3 billion, to NOK 83.9 billion. This corresponds to an annual growth of 5.5 per cent.

Gross loan to retail customers during the past 12 months has increased by NOK 3.7 billion to NOK 56.3 billion. This corresponds to a growth of 7.1 per cent.

Gross loan to corporate customers during the past 12 months has increased by NOK 0.7 billion to NOK 28.2 billion. This corresponds to a growth of 2.4 per cent.

Loans to retail customers amounted to 67 per cent (66 per cent) of total loans at the end of the first half-year 2015.

Loans in NOK million



Deposits

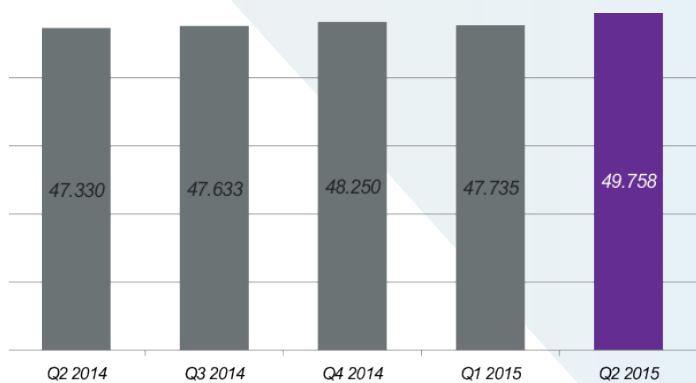
During the past 12 months, customer deposits increased by NOK 2.4 billion to NOK 49.8 billion. This corresponds to a growth of 5.1 per cent.

Deposits from retail customers have increased by NOK 2.0 billion to NOK 24.3 billion. This corresponds to a growth of 9.0 per cent.

Deposits from corporate customers increased by NOK 0.5 billion to NOK 25.1 billion. This corresponds to a growth of 2.1 per cent.

Sparebanken Sør's deposit as a percentage of net loans was 59.3 per cent as at 30 June 2015, down from 59.5 per cent for the same period the year before.

Deposits in NOK million



Financing and securities

The bank's liquidity situation is very satisfactory. The liquidity buffers are adequate and the maturity structure for borrowing is well-adjusted to the needs of the business. New long-term borrowings are established through the issuing of covered bonds and senior debt.

As at 30 June 2015, the portfolio of interest-bearing securities in the Group totalled NOK 11.9 billion, and the liquidity indicator for long-term financing was 107 per cent.

Primary capital and capital adequacy

The Ministry of Finance has decided that the counter-cyclical buffer requirement for Norwegian banks must be increased to 1.5 per cent as at 30 June 2016, in line with advice from Norges Bank and the Financial Supervisory Authority of Norway. It has previously been decided that the requirement is 1.0 per cent as at 30 June 2015.

Net primary capital amounted to NOK 8.5 billion. Hybrid capital amounted to NOK 0.5 billion and subordinated loans to NOK 0.9 billion. At the end of the first half-year of 2015, the core tier 1 capital ratio was 12.2 per cent. The core capital ratio is 13.0 per cent and the total capital ratio 14.5 per cent, based on the standard method in the Basel II regulations. Added to the share of the profit for the year, the core tier 1 capital ratio was 12.7 per cent and the total capital ratio was 15.0 per cent. The Group thus fulfilled the new capital requirements for financial institutions with effect from 30 June 2015 of 11 per cent for core tier 1 capital and 14.5 per cent for total capital ratio.

For the Parent Bank, the respective figures are 12.8 per cent core tier 1 capital, 13.8 per cent core capital ratio and 15.5 per cent total capital ratio at the end of the first half-year 2015.

Sparebanken Sør has a target at any given time to be well-capitalised. The core tier 1 equity ratio shall be above the regulatory minimum requirements and be at the level with comparable banks. The Group's long-term target of core tier 1 capital ratio is 14.0 per cent.

The bank's financial strength is considered to be satisfactory in light of the current regulatory requirements. Further total capital ratio adjustments will be made in the second half of 2015.

The bank's equity certificates

As at 30 June 2015, 4,768,674 equity certificates have been issued. After the first half-year the profit (Group) per equity certificate was NOK 10.3 per certificate.

In June, Sparebankstiftelsen Sparebanken Sør made a successful divestment of its stake in the bank from 73 to 51 per cent of the issued equity certificates. The divestment is in line with the foundation's by-laws for stable and long-term ownership of at least 51 per cent in Sparebanken Sør, and contributes to greater liquidity in the bank's equity certificates. Following divestment, the bank has gained many new owners and the list of the 20 largest equity certificate holders at the end of the first half of 2015 appears in note 11.

Dividend

Sparebanken Sør will through sound, stable and profitable operations secure that its equity certificate owners achieves a competitive return in terms of dividend and appreciation on their equity certificates.

The surplus will be distributed between the equity certificate capital (equity certificate owners) and the primary capital in accordance with their share of the equity.

When determining the annual dividend, the bank's need for capital, including regulatory requirements, expectations from investors and the bank's strategic targets will be considered.

It is an ambition that approximately half of the equity certificate capital share of annual profits after tax, should be awarded as dividend.

Subsidiaries and collaborating companies

Sørmeqleren, the bank's own estate agency, has now operated for a year and a half since the merger between ABCenter and Plussmeqleren was completed.

Sørmegleren has had a good start. In the Agder counties, Sørmegleren has become, during last year, the market-leading real estate agency, and the positive trend has continued in the first half of 2015.

Sparebanken Sør Boligkreditt AS, the Bank's wholly owned subsidiary, is licensed to issue covered bonds and is used as an instrument in the bank's long-term funding strategy. As at 30 June 2015, the bank had transferred NOK 22.2 billion to Sør Boligkreditt, equivalent to 39.5 per cent of all loans to the retail market.

Frende Holding (10% ownership interest) is the parent company of Frende Skadeforsikring AS and Frende Livsforsikring AS, which provides general insurance and life insurance to retail customers and corporate customers. The company has continued its strong growth as regards customers and premiums within both general and life insurance, and the results are developing in line with expectations.

Brage Finans (14% ownership interest) is a financing company which offers leasing and loans secured by the purchased objects to the corporate and retail markets. The company has continued the good trend and delivered positive development and profitable growth.

Norne Securities (17.6% ownership interest) is an investment firm that provides online trading, traditional brokerage and corporate finance services. The company is owned by 14 independent Norwegian savings banks.

Rating

Sparebanken Sør has an A1 rating from Moody's. All covered bonds issued by Sparebanken Sør Boligkreditt AS have also been rated by Moody's, with a rating of Aaa.

Outlook

The Board of Directors is satisfied with the financial performance after the first half of 2015. The bank has delivered an improvement in the result from ordinary operations (adjusted for profit from the sale of the stake in Nets in Q1 2014) through an increase in commission income and a reduction in costs and losses on loans.

Following a thorough process, the Board of Directors has adopted a new strategy for the bank. This underlines the ambition that Sparebanken Sør shall distinguish itself as a strong bank for the retail banking- and corporate market in the region.

The bank's vision is that Sparebanken Sør shall create growth and development in the region. In order to realise this vision, the bank shall be leading, strong and independent, with the counties of Agder and Telemark as its main market. The bank shall be a "Relationship Bank" through following a long-term perspective and having close proximity to its customers and the market, based on decisiveness through local knowledge.

The bank will continue to ensure cost-effective operations and focus on long-term value creation. Being a "Relationship Bank" puts the customer in focus. Due to changes in customer needs, the bank will facilitate that the customers may meet the bank through various distribution channels.

Events since the end of the quarter

There have been no events reported after 30 June 2015 which affect the presented interim accounts.

Arendal, 11 August 2015

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		Geir Bergskaug CEO

Income statement

PARENT BANK					NOK Million	GROUP				
31.12.	30.06.	30.06.	Q2	Q2		Q2	Q2	30.06.	30.06.	31.12.
2014	2014	2015	2014	2015	Notes	2015	2014	2015	2014	2014
2 798	1 400	1 234	708	608	Interest income	795	910	1 606	1 808	3 593
1 714	872	683	439	325	Interest expenses	414	531	858	1 050	2 082
1 084	528	551	269	283	Net interest income	381	379	748	758	1 511
284	127	140	71	72	Commission income	89	84	169	155	331
46	21	22	12	10	Commission expenses	10	12	22	22	47
238	106	118	59	62	Net commission income	79	72	147	133	284
11	8	9	1	9	Dividend	3	1	3	8	11
204	134	42	22	8	Net income from other financial instruments	5	16	34	110	173
215	142	51	23	17	Net income from financial instruments	8	17	37	118	184
15	7	6	3	3	Other operating income	3	4	6	9	23
1 552	783	726	354	365	Total net income	471	472	938	1 018	2 002
380	194	190	99	98	Wages and other personal expenses	116	113	226	222	438
48	16	16	8	8	Depreciation and write-down of fixed assets and intangible assets	8	9	16	18	52
-200	-200				Negative goodwill	13			-200	-200
332	184	153	97	77	Other operating expenses	83	99	164	191	344
560	194	359	204	183	Total operating expenses	207	221	406	231	634
992	589	367	150	182	Profit before losses on loans	264	251	532	787	1 368
268	56	32	28	18	Losses on loans, guarantees, etc	2	18	32	56	268
724	533	335	122	164	Profit before taxes	7	246	223	500	1 100
113	68	90	29	42	Tax expenses	12	67	136	120	215
611	465	245	93	122	Profit for the period	179	169	364	611	885
					Minority interests					
611	465	245	93	122	Majority interests	179	169	364	611	885
12,2	7,8	6,9	2,7	3,5	The equity certificates' share of the profit divided by the number of equity certificates (in whole NOK)	5,1	5,0	10,3	12,2	20,3
					Other comprehensive income					
611	465	245	93	122	Profit for the period	179	169	364	611	885
					<i>Items that will not be reclassified to profit or loss account</i>					
-127					Recognised estimate deviation, pensions					-127
34					Tax effect of recognised estimate deviation, pensions					34
518	465	245	93	122	Total income for the period	179	169	364	611	792

PARENT BANK			NOK Million	GROUP			
31.12. 2014	30.06. 2014	30.06. 2015		Notes	30.06. 2015	30.06. 2014	31.12. 2014
			ASSETS				
595	1 950	894	Cash and receivables from central banks		894	1 950	595
1 510	1 735	1 782	Loans to and receivables from credit institutions		134	255	180
60 880	58 632	61 760	Net loans to customers	2,3,5,7,8	83 942	79 603	80 913
10 059	12 763	11 667	Bonds and certificates	8	11 968	12 149	10 359
445	725	423	Shares	8	423	725	445
751	555	575	Financial derivatives	8,9	671	620	906
1 258	1 285	1 258	Shareholdings in group companies				
12	12	12	Shareholdings in associated companies		12	12	12
17	22	19	Intangible assets		22	24	20
11	13		Deferred tax assets		3	20	17
477	494	527	Fixed assets		555	669	505
71	117	37	Other assets		91	164	110
76 086	78 303	78 954	TOTAL ASSETS	7,8	98 715	96 191	94 062
			LIABILITIES AND EQUITY CAPITAL				
627	1 859	642	Debts to credit institutions		597	1 541	614
48 269	47 347	49 782	Deposits from customers	4,7,8	49 758	47 325	48 250
18 414	20 508	19 272	Debt incurred due to issue of securities	8,10	38 325	38 229	35 775
517	384	433	Financial derivatives	8,9	436	388	521
83	55	88	Payable taxes		179	120	178
194	345	282	Other liabilities		340	389	231
236	99	219	Provisions for commitments		219	99	236
		5	Deferred tax				
1 100	1 100	1 400	Subordinated loan capital	8,10	1 400	1 100	1 100
69 440	71 697	72 123	Total liabilities		91 254	89 191	86 905
891	894	891	Equity certificate capital	11	891	894	891
5 755	5 712	5 940	Other equity		6 570	6 106	6 266
6 646	6 606	6 831	Total equity capital	6	7 461	7 000	7 157
76 086	78 303	78 954	TOTAL LIABILITIES AND EQUITY CAPITAL	7,8	98 715	96 191	94 062

Cash flow statement

PARENT BANK			NOK Million	GROUP		
31.12. 2014	30.06. 2014	30.06. 2015		30.06. 2015	30.06. 2014	31.12. 2014
2 791	1 411	1 306	Interest payment received	1 695	1 837	3 575
-1 774	-917	-788	Interest payment made	-985	-1 110	-2 147
399	130	143	Other payments received	166	147	435
-695	-352	-335	Operating payments	-383	-384	-784
5	2	3	Established on confirmed losses	3	2	5
-135	-135	-70	Period tax paid	-118	-211	-211
-32	-11	-12	Gifts paid	-12	-11	-32
-6	-6		Paid group contribution			
4 524	3 591	1 513	Change in customers deposits	1 508	3 585	4 521
-6 591	-4 279	-964	Change in loans to customers	-3 114	-2 199	-3 572
-1 514	-566	796	Net cash flow from operational activities	-1 240	1 656	1 790
18 216	9 180	4 222	Payments received regarding securities	2 473	5 938	11 188
-12 002	-5 830	-5 854	Payments made regarding securities	-4 106	-5 830	-9 111
28			Payments received regarding sale of group companies			
32	30	9	Payments received regarding sale of fixed assets	9	30	178
-42	-13	-9	Payments made regarding purchase of fixed assets	-9	-13	-44
34	-50	243	Change in other assets	260	-132	-10
6 266	3 317	-1 389	Net cash flow from investment activities	-1 373	-7	2 201
554	329	-272	Change in loans to credit institutions	46	80	155
-4 031	-2 804	12	Change in deposits from credit institutions	-20	-1 957	-2 879
3 990	2 150	3 500	Payments received, bond debt	7 500	3 650	7 240
-6 331	-2 269	-2 351	Payments made, bond debt	-4 590	-3 311	-9 573
		500	Payments received, subordinated loan capital	500		
		-200	Payments made, subordinated loan capital	-200		
-42	-42	-47	Dividend payment	-47	-42	-42
-18	114	-250	Change in other liabilities	-277	160	-18
-5 878	-2 522	892	Net cash flow from financing activities	2 912	-1 420	-5 117
-1 126	229	299	Net change in liquid assets	299	229	-1 126
1 721	1 721	595	Cash and cash equivalents as at 01.01.	595	1 721	1 721
595	1 950	894	Cash and cash equivalents at end of period	894	1 950	595

GROUP	Equity	Premium	Dividend	Primary	Gift	Other	Minority	
NOK Million	certificates	fund	eq. fund	capital	fund	equity	interests	TOTAL
Balance 1.1.2014	474	175	45	5 418	45	254	7	6 418
Dividend distributed for 2013						-13		-13
Profit 1.1-30.6 2014			200			411		611
Distributed by gift fund					-16			-16
Balance 30.06.2014	474	175	245	5 418	29	652	7	7 000
Profit 1.7-31.12 2014			10	329	25	-90		274
Recognised estimate deviations, pension			-18	-109				-127
Tax effect estimate deviations, pension			5	29				34
Other changes						-4	-7	-11
Distributed by gift fund					-13			-13
Balance 31.12.2014	474	175	242	5 667	41	558	0	7 157
Dividend distributed for 2014						-47		-47
Profit 1.1-30.6 2015						364		364
Distributed by gift fund					-13			-13
Balance 30.06.2015	474	175	242	5 667	28	875	0	7 461
PARENT BANK								
Balance 1.1.2014	474	175	45	5 418	45	13		6 170
Dividend distributed for 2013						-13		-13
Profit 1.1-30.6 2014			200			265		465
Distributed by gift fund					-16			-16
Balance 30.06.2014	474	175	245	5 418	29	265	0	6 606
Profit 1.7-31.12 2014			10	329	25	-218		146
Recognised estimate deviations, pension			-18	-109				-127
Tax effect estimate deviations, pension			5	29				34
Distributed by gift fund					-13			-13
Balance 31.12.2014	474	175	242	5 667	41	47	0	6 646
Dividend distributed for 2014						-47		-47
Profit 1.1-30.6 2015						245		245
Distributed by gift fund					-13			-13
Balance 30.06.2015	474	175	242	5 667	28	245	0	6 831

1. ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with International Standards for Financial Reporting (IFRS), including IAS 34.

The accounting principles are the same as those used in the 2014 annual financial statements.

There is currently a debate regarding the interpretation of IFRIC 21 Levies, which concerns the accrual of the levy paid to the Norwegian Banks' Guarantee Fund. The debate concerns whether the levy may be accrued over the year or be expensed in full at the beginning of the financial year. The levy is determined on the basis of the average calculation basis for previous quarters according to separate regulations. It has not been regulated whether withdrawal from the arrangement will result in a refund of overpaid levy. In Q2, Sparebanken Sør has continued previous practice of monthly accrual of the levy. After Q2 2015, the cost was NOK 18 million. If the levy to the Norwegian Banks' Guarantee Fund had been expensed in full in Q1 2015, this would have increased the interest costs by NOK 18 million.

New standards applicable for 2015 have had no effect on the financial statements.

2. LOSSES ON LOANS AND GUARANTEES

PARENT BANK			NOK Million	GROUP		
31.12.14	30.06.14	30.06.15	Individual write-downs	30.06.15	30.06.14	31.12.14
73	73	521	Individual write-downs at start of period	521	73	73
376	376		Individual write-downs identified in connection with merger		376	376
142	43	48	- Period's confirmed loss where individual write-down has been performed previously	48	43	142
57	14	25	+ Increased individual write-downs during the period	25	14	57
180	37	32	+ New individual write-downs during the period	32	37	180
24	14	31	- Reversal of individual write-downs during the period	31	14	24
521	443	499	= Individual write-downs at end of period	499	443	521

PARENT BANK				GROUP		
31.12.14	30.06.14	30.06.15	Collective write-downs on loans	30.06.15	30.06.14	31.12.14
92	92	92	Collective write-downs of loans at start of period	92	92	92
96	96	96	Collective write-downs of loans identified in connection with merger	102	102	102
0	0	0	+ Change in collective write-downs during the period	0	0	0
188	188	188	= Collective write-downs of loans at end of period	194	194	194

PARENT BANK				GROUP		
31.12.14	30.06.14	30.06.15	Loss expense on loans during the period	30.06.15	30.06.14	31.12.14
72	-6	-19	Change in individual write downs during the period	-19	-6	72
0	0	0	+ Change in collective write-downs during the period	0	0	0
142	43	48	+ Period's confirmed loss where individual write-downs has been performed previously	48	43	142
55	16	3	+ Period's confirmed loss where no individual write-downs has been performed previously	3	16	55
4	5	2	+ Recognised as interest income	2	5	4
5	2	3	- Period's recoveries relating to previous losses	3	2	5
268	56	32	= Loss expenses during the period	32	56	268

3. DEFAULTED AND DOUBTFUL LOANS

PARENT BANK			NOK Million	GROUP		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
147	48	97	Gross defaulted loans 31-60 days	101	57	147
58	51	54	Gross defaulted loans 61-90 days	55	51	58
576	487	479	Gross defaulted loans > 90 days	479	488	576
781	586	630	Defaulted loans	635	596	781
180	120	158	Individual write-downs	158	120	180
602	466	472	Net defaulted loans	477	476	602
0.94 %	0.81 %	0.77 %	Gross defaulted loans > 90 days in % of gross loans	0.57 %	0.62 %	0.71 %
870	675	822	Other doubtful loans	822	675	870
341	323	341	Individual write-downs	341	323	341
529	352	481	Net doubtful loans	481	352	529

A defaulted loan is the sum of a customer's total loan amount if part of the loan has been overdrawn or has arrears exceeding NOK 1,000 for more than 30 days.

4. CUSTOMERS DEPOSITS BROKEN DOWN PER SECTOR AND INDUSTRY

PARENT BANK			NOK Million	GROUP		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
23 233	22 261	24 264	Retail customers	24 264	22 261	23 233
4 278	4 690	4 761	Public administration	4 761	4 690	4 278
256	304	325	Primary industry	325	304	256
2 015	1 854	1 669	Manufacturing industry	1 669	1 854	2 015
2 206	1 875	2 168	Building and construction	2 168	1 875	2 206
1 265	1 135	866	Transport and communication	866	1 135	1 265
931	781	803	Retail trade	803	781	931
149	149	141	Hotel and restaurant	141	149	149
3 417	3 296	3 576	Property management	3 553	3 275	3 399
2 382	2 388	3 171	Financial/commercial services	3 170	2 387	2 381
8 124	8 166	7 666	Other industries	7 666	8 166	8 124
13	448	372	Accrued interests	372	448	13
48 269	47 347	49 782	Total deposits from customers	49 758	47 325	48 250

5. LOANS TO CUSTOMERS BROKEN DOWN PER SECTOR AND INDUSTRY

PARENT BANK			NOK Million	GROUP		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
34 268	31 807	34 231	Retail customers	56 288	52 553	54 076
22	19	30	Public administration	30	19	22
688	628	686	Primary industry	693	660	709
808	827	846	Manufacturing industry	853	840	819
4 217	4 308	4 337	Building and construction	4 383	4 403	4 283
548	547	550	Transport and communication	562	589	579
1 001	1 259	1 038	Retail trade	1 050	1 303	1 037
370	383	373	Hotel and restaurant	378	395	378
14 186	14 181	14 638	Property management	14 593	14 026	14 152
1 506	1 673	1 643	Financial/commercial services	1 678	1 730	1 537
3 832	3 490	3 945	Other industries	3 973	3 557	3 868
143	141	130	Accrued interests	154	165	168
61 589	59 263	62 447	Total gross loans	84 635	80 240	81 628
709	631	687	Write-downs on loans	693	637	715
60 880	58 632	61 760	Total net loans	83 942	79 603	80 913

6. PRIMARY CAPITAL AND CAPITAL ADEQUACY

PARENT BANK			NOK Million	GROUP		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
474	474	474	Equity certificate	474	474	474
175	175	175	Premium fund	175	175	175
5 667	5 418	5 667	Primary capital	5 667	5 418	5 667
41	29	28	Gift fund	28	29	41
242	245	242	Equalisation fund	242	245	242
47			Other equity	511	252	558
-48			- Deduction for dividends included under other equity			-48
-17		-19	- Deduction for intangible assets and deferred tax assets	-19		-17
6 581	6 341	6 567	Total core tier 1 capital	7 078	6 593	7 092
700	700	500	Hybrid capital	500	700	700
0	-22	0	- Deduction for intangible assets and deferred tax assets		-31	0
7 281	7 019	7 067	Total core capital	7 578	7 262	7 792
			Additional capital over core capital:			
400	400	900	Subordinated loan capital	900	400	400
400	400	900	Total additional core capital	900	400	400
-22	-21	-22	- Deduction from core and additional capital	-22	-91	-22
7 659	7 398	7 945	Net primary capital	8 456	7 571	8 170
			Minimum requirement for subordinated capital Basel II calculated according to the standard method:			
3	12	19	Engagements with local and regional authorities	19	12	3
181	467	82	Engagements with institutions	59	66	62
1 192	1 302	1 334	Engagements with enterprises	1 334	1 302	1 192
810	734	857	Engagement with mass market	1 038	818	947
1 087	1 071	1 077	Engagement with secured in property	1 655	1 662	1 618
91	77	81	Engagement which have fallen due	80	77	91
0	0	0	Engagement which are high risk	0	0	0
200	62	217	Engagement in covered bonds	66	57	62
0	0	133	Engagement in collective investment funds	34	0	0
62	52	68	Engagement, other	68	52	62
3 626	3 777	3 868	Capital requirements for credit- and counterparty risk	4 353	4 046	4 037
4	4	4	Capital requirements for position-, currency- and product risk	4	4	4
193	193	196	Capital requirements for operational risk	272	232	233
27	-17	24	CVA addition	30	-22	45
0	0	0	Deduction from the capital requirement	0	0	0
3 850	3 957	4 093	Total minimum requirement for primary capital	4 659	4 260	4 319
48 125	49 463	51 160	Risk-weighted balance (calculation basis)	58 238	53 250	53 988
13.67 %	12.80 %	12.84 %	Core tier 1 capital ratio. %	12.15 %	12.30 %	13.14 %
15.13 %	14.19 %	13.81 %	Core capital ratio. %	13.01 %	13.64 %	14.43 %
15.91 %	14.96 %	15.53 %	Total capital ratio. %	14.52 %	14.22 %	15.13 %

7. SEGMENT REPORTING

Report per segment	GROUP 30.06.2015				GROUP 30.06.2014			
	RM	CM	Undistrib. and elimin.	Total	RM	CM	Undistrib. and elimin.	Total
Income statement (NOK million)								
Net interest	475	258	15	748	475	248	35	758
Net other operating income	69	29	92	190	72	28	160	260
Operating expenses	173	43	190	406	174	42	15	231
Profit before losses per segment	370	244	-82	532	373	234	180	787
Losses on loans, guarantees	0	32	1	32	3	53	0	56
Profit before tax per segment	370	213	-83	500	370	181	180	731
Net loans to customers	56 136	27 698	108	83 942	52 492	27 013	98	79 603
Other assets			14 773	14 773			16 588	16 588
Total assets per segment	56 136	27 698	14 881	98 715	52 492	27 013	16 686	96 191
Deposits from customers	26 136	18 979	4 643	49 758	24 047	18 961	4 317	47 325
Other liabilities	30 000	8 719	2 777	41 496	28 445	8 052	5 369	41 866
Total liabilities per segment	56 136	27 698	7 420	91 254	52 492	27 013	9 686	89 191
Equity			7 461	7 461			7 000	7 000
Total liabilities and equity per segment	56 136	27 698	14 881	98 715	52 492	27 013	16 686	96 191

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial instruments are classified at different levels.

Level 1:

Includes financial assets and liabilities valued using unadjusted observable market values. This includes listed shares, derivatives traded via active marketplaces and other securities with listed market values.

Level 2:

Instruments where the value is based on valuation techniques in which all assumptions (all input) are based on directly or indirectly observable market data. Values in this regard may be obtained from external market players or reconciled against external market players offering these types of services.

Level 3:

Instruments are based on valuation techniques in which at least one essential requirement cannot be supported based on observable market values. This category includes investments in unlisted companies and fixed rate loans where no necessary market information is available.

For a more detailed description, see Note 21 Fair value of financial instruments in the 2014 annual financial statements.

Notes

PARENT BANK				NOK Million	GROUP			
Recognised value	Fair value			30.06.2015	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognised at amortised cost								
53 242			53 242	Net loans to customers (floating interest rate)	75 424			75 424
Assets recognised at fair value								
8 518			8 518	Net loans to customers (fixed interest rate)	8 518			8 518
11 667		11 667		Bonds and certificates	11 968		11 968	
423	28		395	Shares	423	28		395
575		575		Financial derivatives	671		671	
74 425	28	12 242	62 155	Total financial assets	97 004	28	12 639	84 337
Liabilities recognised at amortised cost								
642		642		Debt to credit institutions	597		597	
49 782			49 782	Deposit from customers	49 758			49 758
19 272		19 571		Debt incurred due to issue of securities	38 325		38 708	
1 400		1 412		Subordinated loan capital	1 400		1 412	
Liabilities recognised at fair value								
433		433		Financial derivatives	436		436	
71 529	0	22 058	49 782	Total financial liabilities	90 516	0	41 153	49 758

PARENT BANK				NOK Million	GROUP			
Recognised value	Fair value			30.06.2015	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognised at amortised cost								
54 111			54 111	Net loans to customers (floating interest rate)	74 144			74 144
Assets recognised at fair value								
6 769			6 769	Net loans to customers (fixed interest rate)	6 769			6 769
10 059		10 059		Bonds and certificates	10 359		10 359	
445	50		394	Shares	445	50		394
751		751		Financial derivatives	906		906	
72 134	50	10 810	61 274	Total financial assets	92 622	50	11 265	81 307
Liabilities recognised at amortised cost								
627		627		Debt to credit institutions	614		614	
48 269			48 269	Deposit from customers	48 250			48 250
18 414		18 700		Debt incurred due to issue of securities	35 775		36 214	
1 100		1 109		Subordinated loan capital	1 100		1 109	
Liabilities recognised at fair value								
517		517		Financial derivatives	521		521	
68 927	0	20 953	48 269	Total financial liabilities	86 259	0	38 458	48 250

PARENT BANK				NOK Million	GROUP			
Recognised value	Fair value			30.06.2015	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognised at amortised cost								
51 580			51 580	Net loans to customers (floating interest rate)	72 551			72 551
Assets recognised at fair value								
7 052			7 052	Net loans to customers (fixed interest rate)	7 052			7 052
12 763		12 763		Bonds and certificates	12 149		12 149	
725	42		683	Shares	725	42		683
555		555		Financial derivatives	620		620	
16		16		Other assets	16		16	
72 691	42	13 334	59 315	Total financial assets	93 113	42	12 785	80 286
Liabilities recognised at amortised cost								
1 859		1 859		Debt to credit institutions	1 541		1 541	
47 347			47 347	Deposit from customers	47 325			47 325
20 508		20 837		Debt incurred due to issue of securities	38 229		38 729	
1 100		1 113		Subordinated loan capital	1 100		1 113	
Liabilities recognised at fair value								
384		384		Financial derivatives	388		388	
16		16		Other liabilities	16		16	
71 214	0	24 209	47 347	Total financial liabilities	88 599	0	41 787	47 325

Movement level 3

GROUP / PARENT BANK

NOK million	Loans to customers	Of which credit risk	Shares	Of which credit risk
Recognised value as at 01.01.2014	5 473	-105	92	0
Acquisitions Q1 and Q2 2014 (incl. acquisition merger)	2 256	-54	515	
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	83	20	76	0
Disposals Q1 and Q2 2014	-761			
Recognised value as at 30.06.2014	7 052	-139	683	0
Acquisitions Q3 and Q4 2014	399			
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	146	29	32	0
Disposals Q3 and Q4 2014	-827		-322	
Recognised value as at 31.12.2014	6 769	-110	394	0
Acquisitions Q1 and Q2 2015	2 650			
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	87	99	1	0
Disposals Q1 and Q2 2015	-988			
Recognised value as at 30.06.2015	8 518	-11	395	0

Sensitivity analysis

Changes in value as a result of the change in credit spread of 10 basis points.

GROUP / PARENT BANK

NOK million	30.06.2015	30.06.2014	31.12.2014
Loan to customers	29	24	22
- of which, loans to corporate market (CM)	9	10	9
- of which, loans to retail market (RM)	20	14	13

9. OFFSETTING

NOK million	GROUP					
	30.06.2015	30.06.2015 (1) presented net	30.06.2014	30.06.2014 (1) presented net	31.12.2014	31.12.2014 (1) presented net
Assets						
Financial derivatives	671	299	620	326	906	478
Liabilities						
Financial derivatives	436	64	388	94	521	93
PARENT BANK						
NOK million	30.06.2015	30.06.2015 (1) presented net	30.06.2014	30.06.2014 (1) presented net	31.12.2014	31.12.2014 (1) presented net
Assets						
Financial derivatives	575	206	555	265	751	327
Liabilities						
Financial derivatives	433	64	384	94	517	93

(1) Financial derivatives indicate assets and liabilities in cases where the bank and the Group have recognised their financial derivatives net in relation to each individual counterparties.

The bank and the Group's counter-claim rights adhere to common Norwegian law. The Bank and Sparebanken Sør Boligkreditt AS has the right to offset other outstanding accounts through ISDA agreements and a master agreement in cases where certain events occur. The amounts have not been offset in the balance sheet because the transactions are generally not settled on a net basis.

10. DEBT SECURITIES AND SUBORDINATED LOAN CAPITAL

Debt securities – Parent bank

NOK million	30.06.2015	30.06.2014	31.12.2014
Bonds, nominal value	18 736	19 809	17 587
Value adjustments	331	449	542
Accrued interest	205	250	285
Debt incurred due to issue of securities	19 272	20 508	18 414

Change in debt securities – Parent bank

NOK million	31.12.2014	Issued	Matured/ Redeemed	Other changes during the period	30.06.2015
Bonds, nominal value	17 587	3 500	-2 351		18 736
Value adjustments	542			-211	331
Accrued interest	285			-80	205
Debt incurred due to issue of securities	18 414	3 500	-2 351	-291	19 272

Debt securities – Group

NOK million	30.06.2015	30.06.2014	31.12.2014
Bonds, nominal value	37 658	37 420	34 748
Value adjustments	432	521	692
Accrued interest	235	288	335
Debt incurred due to issue of securities	38 325	38 229	35 775

Change in debt securities - Group

NOK million	31.12.2014	Issued	Matured/ Redeemed	Other changes during the period	30.06.2015
Bonds, nominal value	34 748	7 500	-4 590		37 658
Value adjustments	692			-260	432
Accrued interest	335			-100	235
Debt incurred due to issue of securities	35 775	7 500	-4 590	-360	38 325

Change in subordinated loan capital and hybrid capital – Parent bank and Group

NOK million	31.12.2014	Issued	Matured/ Redeemed	Other changes during the period	30.06.2015
Subordinated loans	400	500			900
Hybrid capital	700		-200		500
Value adjustments	0				0
Total subordinated loan capital	1 100	500	-200		1 400

11. EQUITY CERTIFICATE OWNERS

The twenty largest equity certificate owners as at 30.06.2015

	NUMBER	SHARE OF		NUMBER	SHARE OF
NAME	OF EC	EC-CAP. %	NAME	OF EC	EC-CAP. %
1. Sparebankstiftelsen Sparebanken Sør	2 432 024	51.00	11. Wenaasgruppen AS	53 760	1.13
2. Verdipapirfondet EIKA	136 836	2.87	12. Sparebanken Vest	50 000	1.05
3. Holta Invest AS	134 410	2.82	13. Bergen kommunale pensjonskasse	46 880	0.98
4. Arendal Kommunale Pensjonskasse	130 000	2.73	14. Allumgården	45 179	0.95
5. Pareto AS	124 150	2.60	15. Gumpen Bileiendom AS	37 730	0.79
6. Glastad Invest AS	100 000	2.10	16. Brøvig Holding AS	34 800	0.73
7. SEB London Branch	80 650	1.69	17. Varodd AS	32 800	0.69
8. Sparebankstiftelsen DNB	62 300	1.31	18. Sparebanken Sør	31 600	0.66
9. MP Pensjon PK	56 900	1.19	19. Norgesinvestor Proto AS	26 880	0.56
10. Gustav Pedersen AS	53 760	1.13	20. Wenaas Kapital AS	26 880	0.56
Total - 10 largest owners	3 311 030	69.43	Total - 20 largest owners	3 697 539	77.54

As at 30.06.2015, Sparebanken Sør owns 31,600 of its own equity certificates. Equity certificate ratio as at 01.01.2015 was 13.5 %.

As at 30.06.2015, equity certificate capital was NOK 476,867,400 divided between 4,768,674 equity certificates with a nominal value of NOK 100.

12. TAX EXPENSES

The ordinary tax rate of 27 % is used.

13. MERGER OF BUSINESS

Sparebanken Pluss and Sparebanken Sør merged with effect from 1 January 2014. Sparebanken Pluss was the acquiring bank in the merger and was renamed Sparebanken Sør. Negative goodwill has arisen as a result of the fact that the value of net assets does not correspond with the fee paid in the merger. To prevent dilution of the equity ratio, negative goodwill has been recognised in its entirety immediately after the merger was completed and transferred directly to the dividend equalization fund.

Risk and Capital management

Risk management ensures that the Group's risk exposure is known at any time and is instrumental in helping the Group to achieve its strategic objectives, and also compliance with laws, regulations and regulatory requirements. Governing targets have been established for the Group's overall risk level, while specific governing targets have been established for each risk area. Systems have been established to calculate, manage and control risk. The aim of capital management is to ensure that the Group has a good core capital ratio, is financially stable and achieves a satisfactory return in relation to its risk profile. The Group's total capital ratio and risk exposure are monitored through periodic reports.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties failing to meet their obligations. One of the key risk factors linked to Sparebanken Sør's operations is credit risk. Future developments in the bank's losses will also be influenced by general economic trends and one of the most important areas for the bank's risk management is therefore linked to the granting of credit and associated processes.

Credit risk is managed through the Group's strategy and policy documents, credit routines, credit processes, scoring models and award authorities.

Market risk

Market risk generally arises from the Group's unsecured transactions in the interest rate, currency and equity markets, and can be divided into interest rate risk, currency risk, share risk and spread risk. The risk is linked to variations in results caused by changes in the interest rate, market prices and/or exchange rates. Guidelines and limits have been established by the Board of Directors for managing market risk.

Liquidity risk

Liquidity risk is risk linked to Sparebanken Sør's ability to finance its lending growth and fulfil its loan obligations subject to market conditions. Liquidity risk also includes the risk of the financial markets that the Group wishes to use, ceasing to function. Guidelines and limits for the management of liquidity risk have been established by the Board of Directors.

Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failing internal processes, procedures or systems, human error or malpractice, or external events. Examples of operational risks include undesirable actions and events, including the failure of IT systems, money laundering, corruption, embezzlement, insider dealing, fraud, robbery, threats against employees, breaches of authority and breaches of established routines, etc.

Business risk

Business risk is defined as the risk of unexpected revenue fluctuations based on factors other than credit risk, liquidity risk, market risk and operational risk. This risk could for example arise as a result of the authorities introducing amendments to regulations or the implementation of financial or monetary policy measures, including changes in tax, duty and currency legislation, which could have a negative impact on the business.

It is a precondition for Sparebanken Sør that risk must be subject to active and satisfactory management, based on objectives and limits established by the Board of Directors for risk exposure and risk tolerance.

GROUP					
NOK million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Net interest income	381	367	375	378	379
Net commission income	79	68	78	73	72
Net income from financial instruments	8	29	18	48	17
Other operating income	3	3	9	5	4
Total net income	471	467	480	504	472
Total operating expenses	207	199	220	183	221
Profit before losses	264	268	260	321	251
Losses on loans, guarantees etc.	18	14	19	193	28
Profit before taxes	246	254	241	128	223
Tax expenses	67	69	57	38	54
Profit for the period	179	185	184	90	169

GROUP					
% of average assets	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Net interest income	1,57	1,57	1,59	1,58	1,60
Net commission income	0,33	0,29	0,33	0,31	0,30
Net income from financial instruments	0,03	0,12	0,08	0,20	0,07
Other operating income	0,01	0,01	0,04	0,02	0,02
Total net income	1,94	1,99	2,04	2,11	1,99
Total operating expenses	0,85	0,85	0,93	0,77	0,93
Profit before losses	1,09	1,14	1,11	1,34	1,06
Losses on loans, guarantees etc.	0,07	0,06	0,08	0,81	0,12
Profit before taxes	1,02	1,08	1,03	0,53	0,94
Tax expenses	0,28	0,29	0,24	0,16	0,23
Profit for the period	0,74	0,79	0,79	0,37	0,71

Declaration in accordance with Section 5–6 of the Norwegian Securities Trading Act

The Board of Directors and CEO of Sparebanken Sør hereby confirm that the bank and the group's half-yearly financial statements for 2015 have been prepared in accordance with applicable accounting standards, and that the information provided in the financial statements provides a true and fair view of the company's assets, liabilities, financial position and overall result.

In addition, we confirm that the half-year report provides a true and fair view of the company's development, result and position, together with a description of the most significant risk and uncertainty factors facing the company.

Arendal, 11 August 2015

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

Geir Bergskaug
CEO

SPAREBANKEN SØR

