

QUARTER 4 2014
(UNAUDITED)



SPAREBANKEN SØR

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Informasjon

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. As a result, all comparative figures in the financial statements are historical figures from Sparebanken Pluss.

As the official 2013 accounting figures for Sparebanken Pluss compared with the 2014 accounting figures for the merged bank do not show the actual trend in the period, pro forma figures have been used as a basis of comparison for the key figures. Pro forma financial information has been compiled in order to show the merged bank adjusted as if the transaction had been carried out with effect from 1 January 2013. Pro forma financial information has solely been compiled for guidance purposes, and there is greater uncertainty linked to pro forma financial information than the historical information.

In addition, the recognition of negative goodwill has been excluded in the key figures presented. The merger complies with the rules set out in IFRS 3 and has been executed as a transaction. Net assets in Sparebanken Sør have been incorporated in the balance sheet of Sparebanken Pluss 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 given 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 the separate note on the merger). In the key figures, negative goodwill has not been included in the actual accounting figures and for the comparative figures.

Key figures concerning equity certificates have not been reworked in the statement.

Key figures group

3

(All key figures are excluding negative goodwill)

Income statement (NOK million)	Q4 2014	Q4 2013	31.12.2014	31.12.2013
	Proforma		Proforma	
Net interest income	375	384	1 511	1 443
Net commission income	78	74	284	252
Net income from a financial instruments	18	176	184	201
Other operating income	9	3	23	22
Total income	480	637	2 002	1 918
Total expenses	220	223	834	800
Profit before losses on loans	260	414	1 168	1 118
Losses on loans and guarantees	19	57	268	126
Profit before taxes	241	357	900	992
Tax expenses	57	48	215	219
Profit for the period	184	309	685	773
Income statement as percentage of average assets				
Net interest income	1,59 %	1,65 %	1,60 %	1,60 %
Net commission income	0,33 %	0,32 %	0,30 %	0,28 %
Net income from financial instruments	0,08 %	0,75 %	0,20 %	0,22 %
Other operating income	0,04 %	0,01 %	0,02 %	0,03 %
Total income	2,03 %	2,73 %	2,12 %	2,13 %
Total expenses	0,93 %	0,96 %	0,88 %	0,89 %
Profit before losses on loans	1,10 %	1,78 %	1,24 %	1,24 %
Losses on loans and guarantees	0,08 %	0,24 %	0,28 %	0,14 %
Profit before taxes	1,02 %	1,53 %	0,95 %	1,10 %
Tax expenses	0,24 %	0,21 %	0,23 %	0,24 %
Profit for the period	0,78 %	1,32 %	0,73 %	0,86 %
Average total assets	93 700	92 530	94 300	90 200
Balance sheet				
Total assets			94 062	93 758
Net loans to customers			80 913	77 450
Growth in loans as %, last 12 mths.			4,5 %	6,8 %
Customers deposits			48 250	43 740
Growth in deposits as %, last 12 mths.			10,3 %	8,3 %
Deposits as % of net loans			59,6 %	56,5 %
Equity			7 157	6 658
Losses on loans as % of net loans, annualised			0,33 %	0,16 %
Gross defaulted loans over 90 days as % of gross loans			0,71 %	0,60 %
Other key figures				
Cost as % of income			41,7 %	41,7 %
Return on equity after tax			10,1 %	12,3 %
Core tier 1 capital ratio			13,1 %	12,8 %
Core capital ratio			14,4 %	14,2 %
Total capital ratio			15,1 %	15,1 %
Total core capital			7 792	7 076
Total primary capital			8 170	7 522
Number of branches			40	44
Number of man-years in banking activity			454	489
Key figures where history is not pro forma				
Equity certificate ratio			14,1 %	7,1 %
Number of equity certificates issued			4 768 674	1 250 000
Profit/diluted earnings per equity certificate (Parent bank)			12,2	10,3
Profit/diluted earnings per equity certificate (Group)			20,3	18,1
Dividend last year per equity certificate (Parent bank - proposed dividend 2014)			10,0	10,0
Book equity per equity certificate			214	187
Price/Book value per equity certificate			0,9	0,8
Listed price on Oslo Stock Exchange at end of period			196	150

General

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. As a result of this, all comparative figures in the financial statements are historical figures from Sparebanken Pluss.

In the key figures in the interim report, pro forma figures have been compiled for the merged bank. This is intended exclusively for information purposes. In the report, reference is made to developments per 4th quarter of 2014 compared with the pro forma figures, as the Board of Directors believes this provides a better overview of development for the merged bank.

Sparebanken Sør is an independent savings bank with 40 offices across Aust-Agder, Vest-Agder and Telemark. The bank offers a wide range of investment products and services to the retail banking market, corporate market and to the public sector.

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 Group is also a joint owner of Norne, a securities trading company, and Brage, a leasing product supplier.

Key figures 2014

- A solid and good first business year for new Sparebanken Sør
 - The bank's income developed positively and exceeded NOK 2 billion in 2014
- Net interest income of NOK 1,511 million, which is up 5 per cent compared with 2013
- Nominal reduction in operating costs taking into consideration costs in connection with the merger
 - Costs as a percentage of income of 39.2 per cent, adjusted for merger costs
- Losses on loans have been recognised with net NOK 268 million. The corresponding figure for 2013 was NOK 126 million.
- Profit before tax of NOK 900 million (excluding negative goodwill)
- The bank's lending volume has exceeded NOK 80 billion at year-end 2014
 - 12 month lending growth of NOK 3.5 billion / 4.5 per cent
- Deposit-to-loan ratio has strengthened over the year from 56.5 to 59.6 per cent
 - 12 month deposit growth of NOK 4.5 billion / 10.3 per cent
- Solid equity and capital adequacy ratio well above the regulatory requirement
 - Return on equity of 10.1 per cent in 2014
- The Board of Directors will propose to the bank's Board of Trustees distribution of dividend for 2014 of NOK 10.00 per equity certificate

Financial framework conditions

In December 2014, Norges Bank cut the key interest rate, and at the end of the 4th quarter 2014 it was 1.25 per cent. The financial markets improved in 2014 and credit spreads in the market fell during the year.

Annual growth in the general public's gross domestic debt (C2) at the end of December was 5.4%. Debt growth for households and industry amounted to 6.2% and 3.4% respectively. The last available statistics for the region (Agder and Telemark) indicate a slightly lower growth of 3.9 per cent in total, and 5.2 and 1.2 per cent for households and industry respectively.

There is moderate growth in the Norwegian economy and house price growth has picked up toward the end of the year. Unemployment has remained relatively stable through 2014, but the fall in oil price and oil investments will probably have a negative impact on economic development in the region in the months ahead.

Results per 4th quarter

In 2014, Sparebanken Sør achieved a profit before losses (excluding negative goodwill) of NOK 1,168 million, compared with NOK 1,118 million in 2013 (pro forma). This implies a profit improvement of NOK 50 million. If financial items are not included, the profit improvement is NOK 67 million or 7.3 per cent.

Total net income amounted to NOK 2,002 million compared with NOK 1,918 million in 2013 (pro forma). The increase is due to increased net interest and increased commission fees.

In 2014, operating expenses (adjusted for negative goodwill) amounted to NOK 834 million, compared with NOK 800 million in 2013 (pro forma). NOK 37 million of the increase is non-recurring items due to the merger, NOK 12 million due to impairment of properties and NOK 20 million in increased activity in Sørmeqleren, the bank's own estate agency business. Adjusted for these factors, the bank can report a nominal decrease in the operating expenses of more than 4.5 per cent, in accordance with the objective of the merger.

In 2014, losses on loans totalled NOK 268 million, compared with NOK 126 million the year before (pro forma). As a percentage of net loans, the losses are 0.33%, compared with 0.16% in 2013. During the 3rd quarter, the bank increased its provisions for future losses following a comprehensive review of the bank's loan portfolio for the corporate market. In the 4th quarter alone, losses amounted to NOK 19 million, compared with NOK 57 million in the same period the year before.

In total, this gives a profit before tax of NOK 900 million for Sparebanken Sør, compared with NOK 992 million the previous year (pro forma).

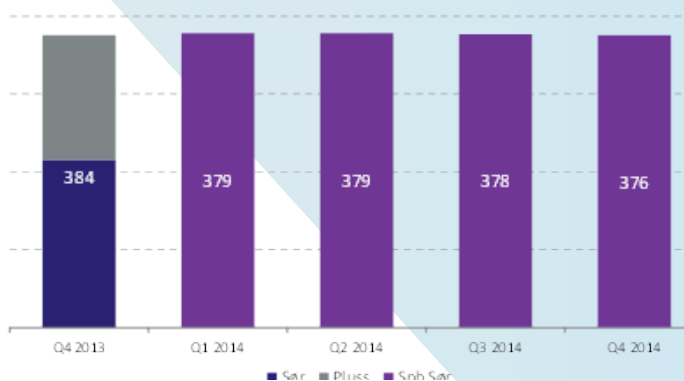
At year-end 2014, return on equity after tax, adjusted for negative goodwill, was 10.1 per cent compared with 12.3 per cent the previous year.

Growth in lending and deposits on a 12-month basis as at 31.12.2014 (pro forma) amounted to 4.5% and 10.3% respectively. Through 2014, the bank has focused on deposit growth and has succeeded in maintaining a faster growth pace in deposits than in lending.

The core tier 1 capital ratio was 13.1 per cent and the total capital ratio was 15.1 per cent as at 31 December 2014. The Group thus met by a good margin the new capital requirements for financial institutions with effect from 1 July 2014 of 10 per cent for core tier 1 capital and 13.5 for total capital respectively.

Net interest

Net interest per quarter in NOK million



In 2014, net interest income amounted to NOK 1,511 million, compared with NOK 1,443 million in 2013 (pro forma). While the lending margins increased through 2013, partly due to a falling market interest rate (NIBOR) and partly to an interest rate rise in May 2013, they have remained stable through 2014, despite two interest rate cuts.

In January 2015, the bank announced a further reduction of interest rates for mortgages as a result of Norges Bank lowering its key interest rate by 0.25 per cent in December. This reduction will take effect from mid-March for existing loans. For mortgages, the reduction is up to 0.40 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. This change will be notified individually and the aggregate of the changes will probably have a neutral impact on the bank's net interest.

Commission income

NOK million	Q4 2014	Q4 2013	Changes	Q1-Q4 2014	Q1-Q4 2013	Changes
Payment transfers	44	42	2	162	159	3
Real estate agency	19	9	10	80	42	38
Other product companies	27	33	-6	89	91	-2
Total	90	84	6	331	292	39

After the 4th quarter 2014, gross commission income totalled NOK 331 million, compared with NOK 292 million after the 4th quarter 2013 (pro forma). The increase is mainly due to increased activity in the estate agency business.

Financial instruments

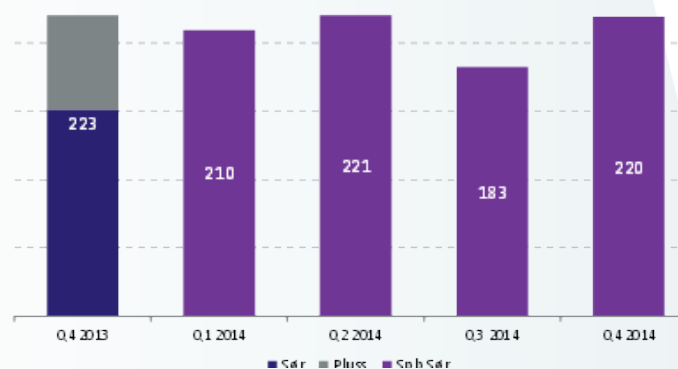
The total return on financial investments was NOK 184 million in 2014, compared with NOK 201 in 2013 (pro forma). The total return breaks down as follows:

- Return on the Group's shares totalled NOK 127 million, including Nets with NOK 71 million, against NOK 224 million in 2013, which mainly concerned Nets and Frende with a total of NOK 188 million.
- Net income from other financial instruments totalled NOK 57 million, against NOK -23 million in 2013.

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 (excluding recognition of negative goodwill) amounted to NOK 834 million after the 4th quarter 2014, compared with NOK 800 million during the same period the year before (pro forma). If the costs relating to the merger, write-down of property and increased activity in the estate agency business are not included, the Group recorded a nominal cost reduction. The cost reduction represents a decrease of 4.5 per cent for the banking business.

At the time of the merger, the two banks had overlapping offices at four locations. The bank has moved out of leased premises in Arendal, sold the buildings in Kristiansand and Grimstad, and is in the process of selling the building in Mandal. As a result of this, in the 4th quarter the bank has written-down the properties by NOK 12 million. Withdrawal of merger benefits through staff reduction is ahead of schedule, and together with the above-mentioned property transactions, the bank's cost base has been reduced into 2015.

Total operating expenses as a percentage of average assets amounted to 0.88% (0.89%). The ratio between expenses and income within the Group was 41.7% (41.7%). Adjusted for merger costs, the key figures were 0.83 per cent and 39.2 per cent respectively.

Losses and defaulted loans

Losses on loans were charged to the financial statements in the net amount of NOK 268 million, equivalent to 0.33% of net loans. The corresponding figures in 2013 were NOK 126 million and 0.16% of net loans.

In the 3rd quarter, the bank increased loss provisions following an extensive review of the bank's loan portfolio for the corporate market. In the 4th quarter alone, losses amounted to NOK 19 million compared with NOK 57 million in the same period the year before.

The bank's individual write-downs as at 31.12.2014 amounted to NOK 521 million. Total individual write-downs amount to 0.63% of gross loans at the end of 2014.

Gross defaulted loans over 90 days amounted to NOK 576 million. As a percentage of gross loans, this is equivalent to 0.71%. The bank expects the future loss level to be moderate provided that the economy develops as expected.

Loans

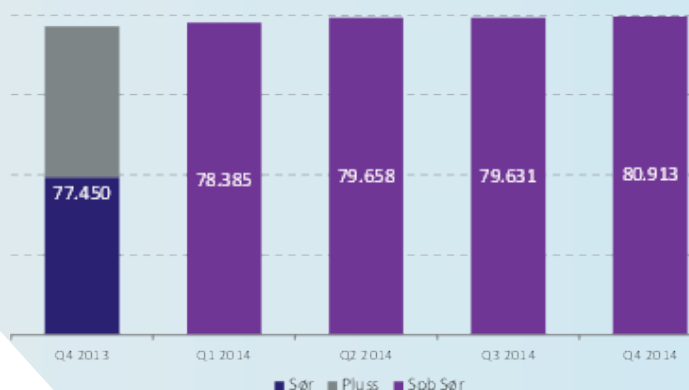
During the past 12 months, total loans increased by NOK 3.5 billion, to NOK 80.9 billion. This corresponds to an annual growth of 4.5%.

Gross loan to retail customers during the past 12 months has increased by NOK 2.3 billion to NOK 54.1 billion. This corresponds to a growth of 4.5%.

Gross loan to corporate customers during the past 12 months has increased by NOK 1.3 billion to NOK 27.5 billion. This corresponds to a growth of 4.8%.

Loans to retail customers amounted to 66% (66%) of total loans at the end of 2014.

Loans in NOK million



Deposits

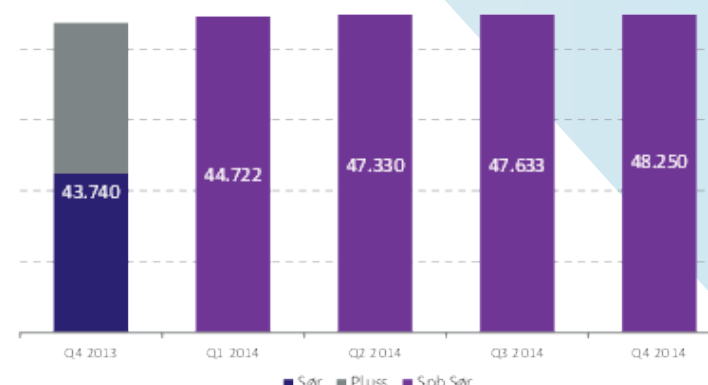
During the past 12 months, customer deposits increased by NOK 4.5 billion to NOK 48.3 billion. This corresponds to a growth of 10.3%.

During the past 12 months, deposits from retail customers increased by NOK 2.3 billion to NOK 23.2 billion. This corresponds to a growth of 11.2%.

During the past 12 months, deposits from corporate customers increased by NOK 2.2 billion to NOK 25.0 billion. This corresponds to a growth of 9.7%.

Sparebanken Sør's deposit as a percentage of net loans was 59.6% as at 31.12.2014, up from 56.5% 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 loans are established through the issuing of covered bonds and senior debt.

As at 31 December 2014, the portfolio of interest-bearing securities in the Group totalled NOK 10.4 billion, and the liquidity indicator for long-term financing was 106%.

Primary capital and capital adequacy

Net primary capital amounted to NOK 8.2 billion. Hybrid capital amounts to NOK 0.7 billion and subordinated loans to NOK 0.4 billion. At the end of 2014, the core tier 1 capital ratio was 13.1%. The core capital ratio is 14.4% and the (total) capital ratio 15.1%, based on the standard method in the Basel II regulations. The Group thus fulfilled by a good margin the new capital requirements for financial institutions with effect from 1 July 2014 of 13.5 per cent for total capital ratio and 10 per cent for core tier 1 capital.

For the Parent Bank, the respective figures are 13.7% core Tier 1 capital, 15.1% core capital ratio and 15.9% (total) capital ratio.

The bank's equity certificates

As at 31 December 2014, 4,768,674 equity certificates have been issued. After the fourth quarter, the profit (Group) per equity certificate was NOK 20.3 per certificate (excluding the recognition of negative goodwill). The Board of Directors will propose to the bank's Board of Trustees to distribute a dividend for 2014 of NOK 10 per equity certificate.

An overview of the 20 largest equity certificate owners at the end of the 4th quarter is presented in note 11.

Subsidiaries and collaborating companies

Sørmegleren, the bank's own estate agency, has now operated for one year since the merger between ABCenter and Plussmegleren was completed.

Sørmegleren has had a good start. Market share has been increased in a number of areas. In the Agder counties, Sørmegleren has become, after the first year, the market-leading estate agency by a clear margin, with a market share almost twice that of its nearest competitor.

Sparebanken Sør Boligkreditt, 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 31 December 2014, the bank had transferred NOK 20.1 billion to Sør Boligkreditt, equivalent to 39% 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. Frende Holding has had a good year, and has delivered a profit after tax of NOK 140.8 million after the 4th quarter 2014.

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 progress it made last year and recorded a profit of NOK 15,5 million after the 4th quarter.

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.

The merger

During 2014, a considerable amount of work was put into implementing the merger and ensuring good integration between the two banks. The merged bank has been well-received by the market and has reinforced its position as the regional bank for Agder and Telemark. Most of the work on the merger is now considered to have been completed.

Rating

On 5 March 2014, the new Sparebanken Sør received an A2 rating from Moody's with «Stable Outlook», which is a continuation of the previous rating of Sparebanken Pluss. Like 82 other European banks, the outlook was adjusted to a «negative outlook» at the end of May. All covered bonds issued by Sparebanken Sør Boligkreditt have also been rated by Moody's, with a rating of Aaa.

Outlook

The Board of Directors is satisfied with the result for 2014. The Group has achieved a good income, while the costs adjusted for merger effects show a nominal decrease. Taking into consideration the loss provisions the bank conducted in the 3rd quarter 2014 and realisation of merger gains through, among other things, staff reduction more quickly than anticipated, the bank is well positioned to deliver a solid result in 2015.

With the fall in the oil price and fewer investments on the Norwegian continental shelf, growth in the Norwegian economy is likely to slow down in 2015. The bank has low direct exposure to the oil sector and therefore will not be significantly affected in the short-term. However, persistent low prices and less activity could lead to slightly lower growth in the region in the future. Meanwhile, expectations for higher international growth and the weak Norwegian krone have a positive impact on the export industry and could thus allay any negative repercussions for the region.

Over time, the bank has seen a significant change in customer behaviour with increasing use of digital channels and fewer visits to the bank offices. This forms the basis for considering how the bank can best orient itself in relation to distribution of its products and services. An efficient office structure staffed with competent advisors, combined with extended availability in the customer centre and good self-service solutions will be the bank's response to meet the changes in the customers' preferences. This will also lay the foundation for a highly competitive and cost-effective bank going forward.

Events since the end of the quarter

There have been no events reported after 31 December 2014 which affect the presented interim report.

After Norges Bank lowered its key interest rate to 1.25 per cent in December 2014, like its competitors, Sparebanken Sør announced a market adaptation of its deposit and lending interest rates. The interest rate amendment applies from mid-March 2015 for existing commitments and is expected to have a neutral effect on the bank's net interest.

Kristiansand, 16. February 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.	31.12.	Q4	Q4			Q4	Q4	31.12.	31.12.
2013	2014	2013	2014		Notes	2014	2013	2014	2013
1 294	2 798	320	683	Interest income		877	422	3 593	1 657
905	1 714	219	407	Interest expenses		502	263	2 082	1 055
389	1 084	101	276	Net interest income		375	159	1 511	602
96	284	25	79	Commission income		90	23	331	91
11	46	3	12	Commission expenses		12	3	47	11
85	238	22	67	Net commission income		78	20	284	80
9	11	4	2	Dividend		2	3	11	9
28	204	6	26	Net income from other financial instruments		16	7	173	10
37	215	10	28	Net income from financial instruments		18	10	184	19
15	15	4	4	Other operating income		9	3	23	11
526	1 552	137	375	Total income		480	192	2 002	712
142	380	34	97	Wages and other personal expenses		113	34	438	142
14	48	3	23	Depreciation and write-down of fixed assets and intangible assets		24	4	52	15
				Negative goodwill	13			-200	
109	332	30	81	Other operating expenses		83	31	344	114
265	560	67	201	Total expenses		220	69	634	271
261	992	70	174	Profit before losses on loans		260	123	1 368	441
28	268	11	19	Losses on loans, guarantees, etc.	2	19	11	268	28
233	724	59	155	Profit before taxes	7	241	112	1 100	413
60	113	10	32	Tax expenses	12	57	23	215	111
173	611	49	123	Profit for the period		184	89	885	302
				Minority interests					
173	611	49	123	Majority interests		184	89	885	302
				Other comprehensive income					
173	611	49	123	Profit for the period		184	89	885	302
-25	-127	-25	-127	Recognised estimate deviations, pensions		-127	-25	-127	-25
7	34	7	34	Tax effect of recognised estimate deviations, pensions		34	7	34	7
155	518	31	30	Total income for the period		91	71	792	284

All comparative figures are historical figures for Sparebanken Pluss.

PARENT BANK		NOK million		GROUP	
31.12. 2013	31.12. 2014			31.12. 2014	31.12. 2013
			ASSETS	Notes	
1 340	595		Cash and receivables from central banks		595 1 340
579	1 510		Loans to and receivables from credit institutions		180 50
26 667	60 880		Net loans to customers	2,3,5,7,8	80 913 37 987
0	2		Repossessed properties		2 0
7 620	10 059		Bonds and certificates	8	10 359 5 783
98	445		Shares	8	445 98
203	751		Financial derivatives	8,9	906 203
525	1 258		Shareholdings in group companies		
2	12		Shareholdings in associated companies		12 2
	17		Intangible assets		20
2	11		Deferred tax asset		17 2
264	475		Fixed assets		503 264
30	71		Other assets		110 30
37 330	76 086		TOTAL ASSETS	8	94 062 45 759
			LIABILITIES AND EQUITY		
2 027	627		Debts to credit institutions		614 2 027
21 264	48 269		Deposits from customers	4,7,8	48 250 21 264
9 799	18 414		Debt incurred due to issue of securities	8,10	35 775 17 935
241	517		Financial derivatives	8,9	521 241
71	83		Payable taxes		178 123
81	194		Other liabilities		231 83
76	236		Provisions for commitments		236 76
			Deferred tax		
899	1 100		Subordinated loan capital	8,10	1 100 899
34 458	69 440		Total liabilities		86 905 42 648
204	881		Equity certificate capital	11	881 204
2 668	5 765		Other equity		6 276 2 907
2 872	6 646		Total equity	6	7 157 3 111
37 330	76 086		TOTAL LIABILITIES AND EQUITY	8	94 062 45 759

All comparative figures are historical figures for Sparebanken Pluss

Cash flow statement

PARENT BANK		NOK million	GROUP	
31.12. 2013	31.12. 2014		31.12. 2014	31.12. 2013
1 254	2 791	Interest payments received	3 575	1 614
-921	-1 774	Interest payments made	-2 147	-1 072
119	399	Other payments received	435	111
-266	-693	Operating payments	-782	-272
2	5	Established on confirmed losses	5	2
-82	-135	Period tax paid	-211	-115
-10	-32	Gifts paid	-32	-10
	-6	Paid group contribution		
1 870	4 524	Change in customer deposits	4 521	1 870
-1 608	-6 591	Change in loans to customers	-3 572	-2 365
358	-1 512	Net cash flow from operational activities	1 792	-237
16 409	18 216	Payments received regarding securities	11 188	13 679
-12 464	-12 002	Payments made regarding securities	-9 111	-12 389
	28	Payments received regarding sale of group companies		
1	32	Payments received regarding sale of fixed assets	178	1
-8	-42	Payments made regarding purchase of fixed assets	-44	-8
1	62	Change in other assets	18	1
3 939	6 294	Net cash flow from investment activities	2 229	1 284
-5	554	Change in loans to credit institutions	155	-30
-3 278	-4 031	Change in deposits from credit institutions	-2 879	-3 278
2 501	3 990	Payments received, bond debt	7 240	8 529
-3 039	-6 331	Payments made, bond debt	-9 573	-5 794
401		Payments received, subordinated loan capital		401
-13	-42	Dividend payment	-42	-13
1	-48	Change in other liabilities	-48	3
-3 432	-5 908	Net cash flow from financing activities	-5 147	-182
865	-1 126	Net change in liquid assets	-1 126	865
475	1 721	Cash and cash equivalents as at 1 January	1 721	475
1 340	595	Cash and cash equivalents at end of period	595	1 340

GROUP	Equity	Divided		Primary	Gift	Other	Minority	TOTAL
		certificates	Premium equalisation					
NOK million			fun					
Balance as at 31.12.2012	125	34	46	2 493	32	123		2 853
Dividend distributed for 2012						-13		-13
Profit 2013				147	13	142		302
Recognised estimate deviations, pension			-2	-23				-25
Tax effect estimate deviations, pension			1	6				7
Distributed by gift fund					-13			-13
Balance as at 31.12.2013	125	34	45	2 623	32	252	0	3 111
Equity added through merger	349	141		2 795	13	2	7	3 307
Balance as at 01.01.2014	474	175	45	5 418	45	254	7	6 418
Dividend distributed for 2013						-13		-13
Profit 2014			200			685		885
Recognised estimate deviations, pension			-18	-109				-127
Tax effect estimate deviations, pension			5	29				34
Other changes						-4	-7	-11
Distributed from gift fund					-29			-29
Balance as at 31.12.2014	474	175	232	5 338	16	922	0	7 157
PARENT BANK								
Balance as at 31.12.2012	125	34	46	2 493	32	13		2 743
Dividend distributed for 2012						-13		-13
Profit 2013				147	13	13		173
Recognised estimate deviations, pension			-2	-23				-25
Tax effect estimate deviations, pension			1	6				7
Distributed by gift fund					-13			-13
Balance as at 31.12.2013	125	34	45	2 623	32	13	0	2 872
Equity added through merger	349	141		2 795	13			3 298
Balance as at 01.01.2014	474	175	45	5 418	45	13	0	6 170
Dividend distributed for 2013						-13		-13
Profit 2014			200			411		611
Recognised estimate deviations, pension			-18	-109				-127
Tax effect estimate deviations, pension			5	29				34
Distributed by gift fund					-29			-29
Balance as at 31.12.2014	474	175	232	5 338	16	411	0	6 646

Notes

1. ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with International Standards for Financial Reporting (IFRS), including IAS34. Sparebanken Sør and Sparebanken Pluss merged on 1 January 2014 with Sparebanken Pluss taking over Sparebanken Sør. With effect from the same date, Sparebanken Pluss was renamed Sparebanken Sør.

The accounting principles are the same as those used in the 2013 annual financial statements for Sparebanken Pluss.

As a result of the merger, the figures for the year are not directly comparable with the figures for previous periods. As regards the merger, reference is also made to the separate note on the merger.

The segment accounts have changed in relation to the previous presentation for Sparebanken Pluss in that Sør Boligkreditt AS comes under the retail market.

New standards applicable for 2014 have had no effect on the financial statements for the fourth quarter of 2014.

2. LOSSES ON LOANS AND GUARANTEES

PARENT BANK		NOK million	GROUP	
31.12.13	31.12.14		31.12.14	31.12.13
		Individual write-downs		
52	73	Individual write-downs at start of period	73	52
0	376	Individual write-downs identified in connection with merger	376	0
2	142	- Period's confirmed loss where individual write-down has been performed previously	142	2
7	57	+ Increased individual write-downs during the period	57	7
21	180	+ New individual write-downs during the period	180	21
5	24	- Reversal of individual write-downs during the period	24	5
73	521	= Individual write-downs at end of period	521	73

PARENT BANK			GROUP	
31.12.13	31.12.14		31.12.14	31.12.13
		Collective write-downs on loans		
92	92	Collective write-downs of loans at start of period	92	92
0	96	Write-downs of collective loans identified in connection with merger	102	0
0	0	+ Change in collective write-downs during the period	0	0
92	188	= Collective write-down of loans at end of period	194	92

PARENT BANK			GROUP	
31.12.13	31.12.14		31.12.14	31.12.13
		Loss expense on loans during the period		
22	72	Change in individual write-downs during the period	72	22
0	0	+ Change in collective write-downs during the period	0	0
2	142	+ Period's confirmed loss where individual write-down has been performed previously	142	2
1	55	+ Period's confirmed loss where no individual write-down has been performed previously	55	1
5	4	+ Recognised as interest income	4	5
2	5	- Period's recoveries relating to previous losses	5	2
28	268	= Loss expense during the period	268	28

3. DEFAULTED AND DOUBTFUL LOANS

PARENT BANK		NOK million	GROUP	
31.12.13	31.12.14		31.12.14	31.12.13
49	147	Gross defaulted loans 31-60 days	147	49
1	58	Gross defaulted loans 61-90 days	58	1
213	576	Gross defaulted loans >90 days	576	213
263	781	Defaulted loans	781	263
55	180	Individual write-downs	180	55
208	602	Net defaulted loans	602	208
0,79 %	0,94 %	Gross defaulted loans > 90 days in % of gross loans	0,71 %	0,56 %
90	870	Other doubtful loans	870	90
21	341	Individual write-downs	341	21
69	529	Net doubtful loans	529	69

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. CUSTOMER DEPOSITS BROKEN DOWN PER SECTOR AND INDUSTRY

PARENT BANK		NOK million	GROUP	
31.12.13	31.12.14		31.12.14	31.12.13
7 919	23 233	Retail customers	23 233	7 919
2 271	4 278	Public administration	4 278	2 271
48	256	Primary industry	256	48
1 165	2 015	Manufacturing, industry	2 015	1 165
1 318	2 206	Building and construction	2 206	1 318
782	1 265	Transport and communication	1 265	782
677	931	Retail trade	931	677
49	149	Hotel and restaurant	149	49
1 708	3 417	Property management	3 399	1 708
974	2 382	Financial/commercial services	2 381	974
4 338	8 124	Other industries	8 124	4 338
15	13	Accrued interest	13	15
21 264	48 269	Total deposits from customers	48 250	21 264

5. LOANS TO CUSTOMERS BROKEN DOWN PER SECTOR AND INDUSTRY

PARENT BANK		NOK million	GROUP	
31.12.13	31.12.14		31.12.14	31.12.13
11 911	34 268	Retail customers	54 076	23 155
3	22	Public administration	22	3
122	688	Primary industry	709	133
209	808	Manufacturing, industry	819	211
2 300	4 217	Building and construction	4 283	2 314
141	548	Transport and communication	579	141
549	1 001	Retail trade	1 037	558
79	370	Hotel and restaurant	378	79
8 321	14 186	Property management	14 152	8 322
401	1 506	Financial/commercial services	1 537	411
2 718	3 832	Other industries	3 868	2 735
80	143	Accrued interest	168	92
26 834	61 589	TOTAL GROSS LOANS	81 628	38 154
167	709	Write-downs on lending	715	167
26 667	60 880	TOTAL NET LOANS	80 913	37 987

6. PRIMARY CAPITAL AND CAPITAL ADEQUACY

PARENT BANK		NOK million	GROUP	
31.12.13	31.12.14		31.12.14	31.12.13
125	474	Equity certificates	474	125
34	175	Premium fund	175	34
2 636	5 338	Primary capital	5 338	2 624
31	16	Gift fund	16	31
44	232	Equalisation fund	232	44
	411	Other equity	922	253
-13	-48	- Deductions for dividends incl. under other equity	-48	-13
0	-17	- Deduction for intangible assets and deferred tax assets	-17	0
2 857	6 581	Total core Tier 1 capital	7 092	3 098
500	700	Hybrid capital	700	500
-11	0	- Deduction for intangible assets and deferred tax assets	0	-12
3 346	7 281	Total core capital	7 792	3 586
		Additional capital over core capital:		
400	400	Subordinated loan capital	400	400
400	400	Total additional core capital	400	400
-11	-22	- Deduction from core and additional capital	-22	-10
3 735	7 659	Total primary capital	8 170	3 976
		Minimum requirement for subordinated capital Basel II calculated according to the standard method:		
3	3	Engagements with local and regional authorities	3	3
199	181	Engagements with institutions	62	18
770	1 192	Engagements with enterprises	1 192	770
338	810	Engagements with the mass market	947	341
414	1 087	Engagements secured in property	1 618	753
23	91	Engagements which have fallen due	91	23
2	0	Engagements which are high-risk	0	2
38	200	Engagements in covered bonds	62	23
0	0	Engagements in collective investment funds	0	0
51	62	Engagements, other	62	51
1 838	3 626	Capital requirements for credit - and counterparty risk	4 037	1 984
0	4	Capital requirements for position -, currency - and product risk	4	0
81	193	Capital requirements for operational risk	233	93
	27	CVA addition	45	
-9	0	Deduction from the capital requirement	0	-9
1 910	3 850	Total minimum requirement for primary capital	4 319	2 068
23 875	48 125	Risk-weighted balance (calculation basis)	53 988	25 850
11,9 %	13,7 %	Core tier 1 capital ratio, %	13,1 %	11,9 %
14,0 %	15,1 %	Core capital ratio, %	14,4 %	13,8 %
15,6 %	15,9 %	Total capital ratio, %	15,1 %	15,4 %

7. SEGMENT REPORTING

Rapport per segment	Group 31.12.2014				Group 31.12.2013			
	RM	CM	Undistrib. and elimin.	Total	RM	CM	Undistrib. and elimin.	Total
Income statement (NOK million)								
Net interest	964	513	34	1 511	486	221	-105	602
Net other operating income	158	59	274	491	161	24	-75	110
Operating expenses	352	91	191	634	117	26	128	271
Profit before losses per segment	770	481	117	1 368	530	219	-308	441
Losses on loans, guarantees	9	259	0	268	18	11	-1	28
Profit before tax per segment	761	222	117	1 100	512	208	-307	413
Net loans to customers	53 913	26 876	124	80 913	25 372	11 600	1 015	37 987
Other assets			13 149	13 149			7 772	7 772
Total assets per segment	53 913	26 876	13 273	94 062	25 372	11 600	8 787	45 759
Deposits from customers	24 980	18 682	4 588	48 250	11 853	6 594	2 817	21 264
Other liabilities	28 933	8 194	1 528	38 655	13 519	5 006	2 859	21 384
Total liabilities per segment	53 913	26 876	6 116	86 905	25 372	11 600	5 676	42 648
Equity			7 157	7 157			3 111	3 111
Total liabilities and equity per segment	53 913	26 876	13 273	94 062	25 372	11 600	8 787	45 759

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 30 Fair value of financial instruments in the 2013 annual financial statements.

Notes

PARENT BANK				NOK million	GROUP			
Recognised value	Fair value			31.12.2014	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
54 111			54 111	Assets recognised at amortised cost				
				Net loans to customers (floating interest rate)	74 144			74 144
6 769			6 769	Assets recognised at fair value				
10 059		10 059		Net loans to customers (fixed interest rate)	6 769			6 769
445	50		394	Bonds and certificates	10 359		10 359	
751		751		Shares	445	50		394
				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		Debts to credit institutions	614		614	
48 269			48 269	Deposits 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			31.12.2013	Recognised value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
21 194			21 194	Assets recognised at amortised cost				
1 261		1 271		Net loans to customers (floating interest rate)	32 514			32 514
				Bonds and certificates				
5 473			5 473	Assets recognised at fair value				
6 360		6 360		Net loans to customers (fixed interest rate)	5 473			5 473
98	7		92	Bonds and certificates	5 783		5 783	
203		203		Shares	98	7		92
16		16		Financial derivatives	203		203	
				Other assets	16		16	
34 605	7	7 850	26 759	Total financial assets	44 087	7	6 002	38 079
				Liabilities recognised at amortised cost				
2 027		2 027		Debts to credit institutions	2 027		2 027	
21 264			21 264	Deposits from customers	21 264			21 264
9 799		9 882		Debt incurred due to issue of securities	17 935		18 063	
899		894		Subordinated loan capital	899		894	
				Liabilities recognised at fair value				
241		241		Financial derivatives	241		241	
16		16		Other liabilities	16		16	
34 246	0	13 060	21 264	Total financial liabilities	42 382	0	21 241	21 264

Movement level 3

GROUP / PARENT BANK

NOK million	Losses to customers	Of which credit risk	Shares	Of which credit risk
Recognised value as at 01.01.2013	5 471	-93	88	0
Acquisitions 2013	533			
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	-54	-12	2	0
Disposals 2013	-477			
Recognised value as at 31.12.2013	5 473	-105	90	0
Acquisitions 2014 (incl. acquisitions, merger)	2 655	-54	560	
Of which, transferred from level 1 or 2	0			
Change in value recognised during the period	229	50	116	0
Disposals 2014	-1 588		-322	
Recognised value as at 31.12.2014	6 769	-110	445	0

Sensitivity analysis

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

GROUP / PARENT BANK

NOK million	31.12.2014	31.12.2013
Loan to customers	22	21
- of which, loans to the corporate market (CM)	9	11
- of which, loans to the retail market (RM)	13	10

9. OFFSETTING

NOK million	GROUP			
	31.12.2014	31.12.2014 (1) presented net	31.12.2013	31.12.2013 (1) presented net
Assets				
Financial derivatives	906	477	203	99
Liabilities				
Financial derivatives	521	93	241	137
NOK million	PARENT BANK			
	31.12.2014	31.12.2014 (1) presented net	31.12.2013	31.12.2013 (1) presented net
Assets				
Financial derivatives	751	326	203	99
Liabilities				
Financial derivatives	517	93	241	137

(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 counterparty.

The bank and the Group's counter-claim rights adhere to common Norwegian law. The Bank and 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	31.12.2014	31.12.2013
Bonds, nominal value	17 587	9 600
Value adjustments	542	104
Accrued interest	285	95
Debt incurred due to issue of securities	18 414	9 799

Change in debt securities - parent bank

NOK million	31.12.2013	Supplied in the merger	Issued	Matured / Redeemed	Other changes during the period	31.12.2014
Bonds, nominal value	9 600	10 328	3 990	-6 331		17 587
Value adjustments	104	339			99	542
Accrued interest	95	194			-4	285
Debt incurred due to issue of securities	9 799	10 861	3 990	-6 331	95	18 414

Debt securities – group

NOK million	31.12.2014	31.12.2013
Bonds, nominal value	34 748	17 728
Value adjustments	692	100
Accrued interest	335	107
Debt incurred due to issue of securities	35 775	17 935

Change in debt securities - group

NOK million	31.12.2013	Supplied in the merger	Issued	Matured / Redeemed	Other changes during the period	31.12.2014
Bonds, nominal value	17 728	19 353	7 240	-9 573		34 748
Value adjustments	100	365			227	692
Accrued interest	107	240			-12	335
Debt incurred due to issue of securities	17 935	19 958	7 240	-9 573	215	35 775

Change in subordinated loan capital and hybrid capital – parent bank and group

NOK million	31.12.2013	Supplied in the merger	Issued	Matured / Redeemed	Other changes during the period	31.12.2014
Subordinated loans	400					400
Hybrid capital	500	200				700
Value adjustments	-1	1				0
Total subordinated loan capital	899	201				1 100

11. EQUITY CERTIFICATE OWNERS

The twenty largest equity certificate owners as at 31.12.2014

	NUMBER	SHARE OF		NUMBER	SHARE OF
NAME	OF EC.	EC. CAP. %	NAME	OF EC.	EC. CAP. %
1. Sparebankstiftelsen Sparebanken Sør	3 518 674	73,79	11. MP Pensjon PK	26 900	0,56
2. Pareto AS	124 150	2,60	12. Spareskillingsbanken	26 600	0,56
3. Glastad Invest AS	91 250	1,91	13. Allumgården	25 179	0,53
4. Verdipapirfondet EIKA	66 460	1,39	14. Birkenes Sparebank	20 000	0,42
5. Sparebankstiftelsen DNB	62 300	1,31	15. Flekkefjord Sparebank	15 800	0,33
6. Brøvig Holding AS	34 800	0,73	16. Albert Alf	15 120	0,32
7. Harald Espedal AS	34 542	0,72	17. Apriori Holding AS	13 900	0,29
8. Varodd AS	32 800	0,69	18. Strømme Leif Eieindom	13 400	0,28
9. Gumpen Bileiendom AS	32 350	0,68	19. Lund Hans Arvid	12 500	0,26
10. Sparebanken Sør	31 600	0,66	20. Spectatio Invest	11 900	0,25
Total – 10 largest owners	4 028 926	84,49	Total – 20 largest owners	4 210 225	88,28

As at 31.12.2014, Sparebanken Sør owns 31,600 of its own equity certificates. Equity certificate ratio as at 31.12.2013 was 7.13

The equity certificate ratio in the merged bank is 14.1%, cf. note 13.

As at 31.12.2014, 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% has been used as a basis. The tax expense for 2014 is lower due to recognised negative goodwill and realisation of shares in Nets.

13. MERGER

The merger of Sparebanken Pluss and Sparebanken Sør took place on 1 January 2014. Sparebanken Pluss is the acquiring bank in the merger and has changed its name to Sparebanken Sør. In accounting terms, the merger has been carried out according to the acquisition method, in line with IFRS 3. The bank has its head office in Kristiansand.

On 12 March 2013, the Boards of Directors of the banks confirmed a Letter of Intent regarding the merger. On 15 May 2013, the merger plan was accepted by the Boards of Directors of the banks and the merger was finally ratified by the banks' Board of Trustees on 20 June 2013. On 17 December 2013, the Boards of Directors of the two banks confirmed the implementation of the merger as of 1 January 2014, after authorisation had been obtained from the Financial Supervisory Authority and the Ministry of Finance. In the final merger plan, the exchange ratio was determined and a decision was made to increase the capital in Sparebanken Pluss by 3,518,674 new equity certificates that were to represent remuneration to the equity certificate holders in Sparebanken Sør.

The fair value of the 3,518,674 equity certificates issued as remuneration to the equity certificate holders in Sparebanken Sør was set at NOK 140 per equity certificate. The value used is the final quoted price before the merger was implemented on 1 January 2014, adjusted because the fee certificates were not entitled to dividends for 2013. In addition, dividends approved for distribution to equity certificate owners in the «old» Sparebanken Sør have been treated as a cash fee.

The Bank's primary capital was adjusted up to the stake of net assets, in accordance with the acquisition analysis. Negative goodwill was calculated and determined as the difference between the fair value of the issued equity certificates and their stake of the net assets at the point of acquisition. The table below shows the remuneration, fair value of assets and liabilities from Sparebanken Sør, and also the calculation of negative goodwill at the point of implementation.

Fee	Quantity	Value per equity certificate	Fee, NOK million
Equity instruments (3,518,674 ordinary equity certificates)	3 518 674	140,0	493
Dividend/cash fee to equity capital certificate owners			30
Total fees			522
Identifiable assets and liabilities in the balance sheet			
		Parent bank	Group
Cash and receivables from central banks		381	381
Loans to and receivables from credit institutions		1 485	285
Gross loans, customers		28 144	39 885
Provisions for losses		-472	-478
Repossessed properties		2	2
Bonds and certificates		8 464	6 445
Shares		536	536
Financial derivatives		363	400
Shareholding in group companies		757	
Intangible assets		4	7
Goodwill			
Deferred tax asset		24	11
Fixed assets		266	448
Other assets		34	55
Debts to credit institutions		-2 630	-1 465
Deposits from customers		-22 492	-22 476
Debt incurred due to issue of securities		-10 861	-19 958
Financial derivatives		-61	-66
Other liabilities		-106	-137
Obligations associated with period tax		-64	-111
Provisions for obligations		-38	-34
Hybrid capital		-201	-201
Net assets		3 532	3 532
Sparebanken's primary capital (owner ratio 79.54)		2 809	2 809
Equity certificate capital's share of identifiable net assets (owner ratio 20.46)		723	723
Total fees		522	522
Negative goodwill (fee - value-adjusted equity certificate capital)		-200	-200

Negative goodwill of NOK 200 million has been entered as revenue in its entirety in the first quarter of 2014, in the income statement, and is transferred to the bank's equalisation fund to prevent equity dilution. In the calculation of net assets included in the merger, the dividend for 2013 (paid to equity certificate owners in the transferring company) and appropriated gifts have been excluded. These could have been included as part of the fee in connection with the merger, as they went to the bank's owners at the time of the merger.

If the merger had been carried out with effect from 1 January 2013, the income statement would have shown net interest income of NOK 1,018 million (parent bank) and NOK 1,443 million (Group). The annual result would have been NOK 711 million (parent bank) and NOK 973 million (Group).

The equity certificate ratio in the merging bank is 14.1%. This amounted to 7.1% in Sparebanken Pluss and 20.5 % in Sparebanken Sør before the merger was implemented.

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 include 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.

Quarterly profit trend

(The recognition of negative goodwill during the first quarter of 2014 has been excluded from the statement)

Group	Q4	Q3	Q2	Q1	*Q4
NOK million	2014	2014	2014	2014	2013
Net interest income	375	378	379	379	384
Net commission income	78	73	72	61	74
Net income from financial instruments	18	48	17	101	176
Other operating income	9	5	4	5	3
Total income	480	504	472	546	637
Total expenses	220	183	221	210	223
Profit before losses	260	321	251	336	414
Losses on loans and guarantees	19	193	28	28	57
Profit before taxes	241	128	223	308	357
Tax expenses	57	38	54	66	48
Profit for the period	184	90	169	242	309

Group	Q4	Q3	Q2	Q1	*Q4
% of average assets	2014	2014	2014	2014	2013
Net interest income	1,59	1,58	1,60	1,64	1,65
Net commission income	0,33	0,31	0,30	0,26	0,32
Net income from financial instruments	0,08	0,20	0,07	0,44	0,75
Other operating income	0,04	0,02	0,02	0,02	0,01
Total income	2,03	2,11	1,99	2,36	2,73
Total expenses	0,93	0,77	0,93	0,91	0,96
Profit before losses	1,10	1,34	1,06	1,45	1,77
Losses on loans and guarantees	0,08	0,81	0,12	0,12	0,24
Profit before taxes	1,02	0,53	0,94	1,33	1,53
Tax expenses	0,24	0,16	0,23	0,29	0,21
Profit for the period	0,78	0,37	0,71	1,04	1,32

*Pro forma figures

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