



PRESS RELEASE

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PRELIMINARY ANNUAL REPORT AND ACCOUNTS 2007

The Sparebanken Sør Group earns NOK 335 million in 2007.

Preliminary figures for Sparebanken Sør show a pre-tax result of NOK 335 million for the Group as a whole, up by NOK 29 million on 2006. The improvement is primarily ascribable to increased net interest income and higher revenue generation from financial instruments. The Bank is making a strong effort in Telemark and has established a new branch at Bø, whereas operations will commence in the Grenland area during the course of the spring. In addition, the Bank is planning to open new branches in the Agder counties in 2008. Sparebanken Sør has also acquired an equity stake in the newly established insurance company, Frende, and intends to become a more visible player in the market for the sale of both life assurance and non-life insurance.

The Bank's NOK 335 million pre-tax result amounted to 1.20 per cent of average assets, compared with NOK 306 million and 1.30 per cent respectively in 2006. This produced an 11.6 per cent after-tax return on equity capital, unchanged from the year before.

Net interest- and credit commission income totalled NOK 558 million, up by NOK 61 million on the previous year. In relation to average assets, however, the overall interest margin narrowed from 2.12 to 2.00 per cent.

Other (non-interest) operating income totalled NOK 268 million, as against NOK 241 million in 2006. The improvement is principally attributable to higher revenue generation from financial instruments, coupled with increased commission income.

Operating costs have risen from NOK 433 million to NOK 478 million, partly due to new establishments, provisions for accrued staff bonuses for 2007, and one-off costs relating to the new premises in Kristiansand.

Net losses on loans totalled NOK 13 million, mainly relating to increased group-related write-downs. Net commitments in default and bad and doubtful commitments posted a small reduction compared with the same time a year ago, amounting to NOK 188 million, or 0.73 per cent of gross lending

Aggregate assets expanded by 15.1 per cent to NOK 30.2 billion during the last 12 months. Lending grew by 16.8 per cent overall during the period – by 13.8 in the retail banking sector and 21.1 per cent in the corporate market. Deposits from customers were up by 7.6 per cent, the retail banking- and corporate sectors increasing by 11.9 and 3.1 per cent respectively.

The Bank's equity and related capital at the end of the year under review amounted to NOK 2.6 billion. With a weighted asset calculation base of NOK 21.3 billion, the capital adequacy ratio finished up at 11.9 per cent, the core capital coverage ratio at 10.5 per cent.

The favorable economic situation in the region, both as far as businesses and private persons are concerned, provides the Bank with a good basis for further growth. The Board of Directors has great expectations for the Bank's new branches in Telemark and the Agder counties, although this involves increased costs. Low credit losses and a satisfactory level of revenue generation are expected in 2008 too.

Arendal, 29 January 2008
Sparebanken Sør

This press release as well as the Bank's quarterly report and accounts can also be found through the Oslo Stock Exchange: www.newsweb.no.



PRELIMINARY ANNUAL REPORT AND ACCOUNTS 2007

Financial highlights

Profit and Loss Account

	2007		2006		2005	
	NOK mill.	% of av. assets	NOK mill.	% of av. assets	NOK mill.	% of av. assets
Interest income	1,582	5.67%	1,001	4.27%	772	3.75%
Interest costs	1,024	3.67%	504	2.15%	303	1.47%
Net interest- and credit commission income	558	2.00%	497	2.12%	469	2.28%
Other income	268	0.96%	241	1.02%	234	1.14%
Operating costs	478	1.71%	433	1.84%	397	1.93%
Result before credit losses	348	1.25%	305	1.30%	306	1.49%
Credit losses	13	0.05%	-1			
Result after credit losses	335	1.20%	306	1.30%	306	1.49%
Taxes	96	0.34%	88	0.37%	85	0.41%
Result after tax	239	0.86%	218	0.93%	221	1.08%

Balance Sheet

Assets	30,191	26,227	21,665
Net lending	25,820	22,102	19,050
Deposits	15,697	14,591	12,235
Equity and related capital	2,587	2,361	1,844
Capital adequacy ratio	11.9 %	13.0 %	12.8 %
Total man-years worked at the Group	415	402	389

PRELIMINARY ANNUAL REPORT AND ACCOUNTS 2007 FOR SPAREBANKEN SØR

ACCOUNTING PRINCIPLES ETC.

The accounts have in their entirety been prepared in compliance with IFRS. The accounting principles have been explained in the notes forming part of these accounts. Accounting figures from previous periods have been restated on the basis of today's accounting principles. The Notes to the Accounts relate to the Group accounts unless it is stated that the notes apply to the Parent Bank.

RESULT

The Group's pre-tax result for 2007 totalled NOK 335 million, up by NOK 29 million on the previous year. Increased net interest income and higher revenue generation from financial instruments are the most important reasons for the improvement in the overall result.

In relation to average assets, this amounted to 1.20 per cent, as against 1.30 per cent the year before.

The after-tax return on equity capital was 11.6 per cent, unchanged from the year before.

NET INTEREST INCOME AND AVERAGE INTEREST MARGIN

Net interest income totalled NOK 558 million at the end of the fourth quarter, up by NOK 61 million on 2006. In relation to average assets, however, there has been a shrinkage from 2.12 to 2.00 per cent during the last 12 months. There were frequent changes to Norges Bank's signal rate of interest in 2007. Sparebanken Sør has followed up on these changes on an ongoing basis, amending its interest rates for customers, and this has helped to maintain net interest income at a satisfactory level. The risk pricing of loans also has a significant impact on the net interest income, as have volume growth and the competitive situation in the market.

OTHER (NON-INTEREST) INCOME

Net other operating income totalled NOK 268 million at the end of the fourth quarter, up by NOK 27 million on 2006. In relation to average assets, this amounted to 0.96 per cent, as against 1.02 per cent the year before. The improvement in earnings is to a significant extent ascribable to income from financial instruments. The most important factor is the impact on the overall result of higher credit spreads in the financial markets in connection with the market value assessment of the certificate-related and bond debt. Net fee- and commission income was up by NOK 9 million, mainly due to increased commission income from the Group's real estate brokerage operations. Fee- and commission income from banking operations posted a smaller increase.

OPERATING COSTS

Costs totalled NOK 478 million, as opposed to NOK 433 million at the end of the fourth quarter of 2006. Measured against average assets, the overall cost ratio nevertheless improved, ending up at 1.71 per cent, down from 1.84 per cent 12 months ago. At the end of the fourth quarter, the Parent Bank's cost ratio was 1.32 per cent. At the end of 2007, Group manning levels were equivalent to 415 man-years, 96 of which were accounted for by the Bank's real estate brokerage subsidiary, ABCenter. In 2007, there was an overall increase of 13 man-years, partly as a result of the opening of the Bank's new branch at Bø in Telemark and the forthcoming establishment of a branch in the Grenland area. Wage- and salary costs have been increasing due to general wage growth, provisions for staff bonus payments for 2007, and the increase in the number of employees as a result of the abovementioned new establishments. In addition, IT- and marketing costs have risen. Furthermore, the one-off costs relating to new premises in Kristiansand have been charged to the profit and loss account.

CREDIT LOSSES AND COMMITMENTS IN DEFAULT

At the end of the fourth quarter, net credit losses amounted to NOK 13 million. Increased group-related write-downs totalled NOK 13 million, the aggregate level amounting to NOK 66 million at the end of 2007. The net change in individual write-downs is roughly equivalent to recoveries in respect of previous confirmed losses.

At the end of the fourth quarter of 2007, net commitments in default and bad and doubtful commitments totalled NOK 188 million, down from NOK 192 million 12 months earlier. In relation to lending, this amounted to 0.73 per cent, down from 0.87 per cent at the end of the previous year.

BALANCE SHEET

At the end of the fourth quarter, aggregate assets stood at NOK 30.2 billion, up from NOK 26.2 billion at the same time last year, after a 15.1 per cent growth. Loans increased by 16.8 per cent, retail banking and corporate banking expanding by 13.8 and 21.1 per cent respectively. Deposits were up by 7.6 per cent overall. The retail banking sector increased by 11.9 per cent and the corporate banking sector by 3.1 per cent. The lending growth in the corporate market is currently lower than earlier in the year. This is the result of the Bank's particular strategy in this connection. The deposit growth in the corporate market was low in December due to a larger deposit received by the Bank in December 2006. At the end of 2007, the overall deposit coverage ratio was 60.8 per cent, as opposed to 66.0 per cent 12 months earlier.

The Bank's funding loans raised in the certificate- and bond markets totalled NOK 9.7 billion at the end of the quarter currently under review, up from NOK 7.6 billion 12 months ago.

RISK MANAGEMENT

There are four different risk areas involved: credit risk, market risk, operational risk and funding risk. Risk is managed through powers of attorney, targets and limits introduced by the Board of Directors. The Bank has a moderate risk profile, within the limits and targets agreed.

EQUITY AND RELATED CAPITAL - CAPITAL ADEQUACY RATIO

At the end of 2007, the Bank's equity and related capital totalled NOK 2.6 billion, of which subordinated loan capital accounted for NOK 0.3 billion. The remainder consists of accrued earnings which have been added to the Savings Bank's Fund. The Bank's capital adequacy ratio amounted to 11.9 per cent at the end of the year.

PROSPECTS FOR 2008

The Board of Directors expects a good year for the Bank in 2008 too. Operations will commence in the Grenland area during the course of the spring. There are also plans to establish new branches in the Agder counties in 2008. Together with Sparebanken Sør's real estate brokerage subsidiary, ABCenter, the Bank's branch in Kristiansand will be moving into a new building centrally located at Markensgate. These activities will further strengthen Sparebanken Sør's position as the leading bank in the area of Sørlandet, and also contribute to the Bank gaining a similar position in Telemark.

Arendal, 28 January 2008

The Board of Directors of Sparebanken Sør

Profit and Loss Account

PARENT BANK IFRS				GROUP IFRS			
31.12.2005	31.12.2006	31.12.2007		Notes	31.12.2007	31.12.2006	31.12.2005
774	1,005	1,580	Interest receivable and similar income		1,582	1,001	772
306	510	1,024	Interest payable and similar costs		1,024	504	303
468	495	556	Net interest- and credit commission income		558	497	469
104	110	115	Commissions receivable and income from banking services		219	208	197
26	23	25	Commissions payable and costs relating to banking services		25	23	26
78	87	90	Net commission income		194	185	171
47	37	53	Income from financial instruments Income from investment in associated companies		56	37	47
16	16	14	Other operating income		18	19	16
63	53	67	Total other operating income		74	56	63
159	174	182	Personnel costs		241	222	201
15	17	19	Depreciation of fixed- and intangible assets		24	19	16
142	152	167	Other operating costs		213	192	180
316	343	368	Total operating costs		478	433	397
293	292	345	Operating result before credit losses		348	305	306
	-1	13	Losses on loans, guarantees etc.	2	13	-1	
293	293	332	Result before tax cost		335	306	306
78	84	95	Tax payable on ordinary result		96	88	85
215	209	237	Result from ordinary operations after credit losses		239	218	221
			Minority interests		2	4	4
215	209	237	Majority interests		237	214	217

Balance Sheet

PARENT BANK IFRS			GROUP IFRS				
31.12.2005	31.12.2006	31.12.2007	ASSETS	Notes	31.12.2007	31.12.2006	31.12.2005
147	70	543	Cash-in-hand and claims on central banks		543	70	147
188	645	214	Loans to and claims on financial institutions		214	645	188
19,071	22,123	25,886	Net loans to customers	1 3 5	25,820	22,102	19,050
2	1		Repossessed assets	1		1	2
1,703	2,750	2,817	Bonds and certificates	1	2,817	2,750	1,703
186	217	223	Shares		223	217	186
95	68	9	Financial derivatives		9	68	95
29	51	129	Equity stakes in Group companies	9			
11	11	1	equity stakes in associated companies		1	11	11
	10	9	Intangible assets		33	31	
120	121	114	Fixed assets		264	150	141
96	136	222	Other assets		267	182	142
21,648	26,203	30,167	TOTAL ASSETS		30,191	26,227	21,665
LIABILITIES AND EQUITY CAPITAL							
446	1,131	1,591	Liabilities to financial institutions		1,591	1,131	446
12,246	14,601	15,709	Deposits from and liabilities to customers	1 4	15,697	14,591	12,235
6,711	7,617	9,712	Liabilities incurred through the issuance of securities	1	9,712	7,617	6,711
16	111	150	Financial derivatives	1	150	111	16
80	79	93	Liabilities relating to tax for the period	1	97	83	85
310	314	334	Other liabilities	1	357	333	328
	299	292	Subordinated loan capital		292	299	
19,809	24,152	27,881	Total liabilities		27,896	24,165	19,821
			Minority interests		4	6	6
7	19	17	Other equity capital	1 6	22	24	8
1,832	2,032	2,032	Savings Bank's Fund		2,032	2,032	1,830
		237	Retained earnings		237		
1,839	2,051	2,286	Total equity capital		2,295	2,062	1,844
21,648	26,203	30,167	TOTAL LIABILITIES AND EQUITY CAPITAL		30,191	26,227	21,665

OFF-BALANCE SHEET ITEMS

Contingent liabilities:

498	656	745	Guarantees		745	656	498
1,518	1,748	1,236	Book value of assets pledged as collateral security for liabilities		1,236	1,748	1,518
2	2	1	Other contingent liabilities		1	2	2

Cash Flow Statement

PARENT BANK IFRS				GROUP IFRS		
31.12.2005	31.12.2006	31.12.2007		31.12.2007	31.12.2006	31.12.2005
223	187	277	Net cash flow from operations	282	182	234
-2,086	-3,074	-3,775	Increase in loans	-3,730	-3,076	-2,090
-3	-8	-52	Change in Other assets	-51	-8	-16
65	-1,066	-82	Change in Securities	-82	-1,066	65
-151	2,352	431	Change in Loans relating to other financial institutions	431	-457	-151
1,403	-457	1,112	Change in Deposits from customers	1,110	2,353	1,404
5	685	460	Change in Loans from financial institutions	460	685	5
49	-10		Change in Other liabilities	2		51
-718	-1,578	-1,906	Net cash flow from current financial operations	-1,860	-1,569	-732
-34	-33	-11	Investment in fixed assets	-140	-63	-36
	-22	-68	Net investment in Group- and Associated companies	10		
1	3		Sale of fixed assets		7	6
-33	-52	-79	Net cash flow from investments	-130	-56	-30
438	1,066	2,181	Change in Liabilities incurred through issuance of securities	2,181	1,066	438
	300		Change in Subordinated loan capital		300	
438	1,366	2,181	Net cash flow from long-term financial operations	2,181	1,366	438
-90	-77	473	Net change in liquid funds	473	-77	-90
237	147	70	Liquid funds as at 01.01	70	147	237
147	70	543	Liquid funds as at 31.12	543	70	147

Accounting principles

Accounting principles

The Sparebanken Sør Group presents its Group accounts according to International Financial Reporting Standards, IFRS, and currently valid interpretations.

The Parent Bank accounts have also been prepared in accordance with IFRS.

All figures are stated in NOK million.

Consolidation/subsidiaries

The Group accounts comprise the Parent Bank and its subsidiaries of which the Bank on its own or together with subsidiaries owns more than 50 per cent and/or has a deciding influence, and the equity stake is deemed to be permanent. Internal transactions and intra-Group balances are netted out.

Foreign exchange

The accounts are presented in Norwegian kroner which are also the Group's functional currency.

Transactions in foreign currencies are converted into NOK at the exchange rates ruling at the time of the transaction involved. Any foreign exchange losses and gains arising from such transactions and from conversion of money items in foreign currencies on the balance sheet day in question are incorporated in the profit and loss account.

Interest income and interest costs

Interest income and interest costs relating to assets and liabilities assessed at amortised cost are incorporated on an ongoing basis in the profit and loss account according to the effective interest rate method. The effective interest rate is defined as the rate of interest which, when applied, means that the present value of the expected cash flow over the expected life of a financial asset or financial liability ends up equal to the book value of the financial asset or liability.

Commission income and commission costs

In general, commission income and commission costs are subject to accrual accounting in relation to when the services involved are rendered or received. Fees relating to loans are not shown in the accounts as commissions, but are factored into the calculation of effective interest and included accordingly in the profit and loss account. Fees received from the Group's real estate brokerage operations are booked through the profit and loss account when the transaction in question is completed.

Loans to customers

Initially, loans are assessed at market value. During subsequent periods, loans at floating rates of interest are assessed at amortised cost by using the effective interest rate method.

Fixed interest rate loans to customers are incorporated at market value, any gains or losses due to a change in market value being included in the profit and loss account as a change in value.

Impairment in value relating to loans

At regular intervals, an assessment is made to ascertain whether there is objective proof of impairment in value of loans or groups of loans. Impairment of value exists if there is objective proof of events which may bring about a reduced cash flow. Impairment in value must refer to events occurring after the first time a loan is assessed, and it must be possible to calculate such impairment in value in a reliable manner. Events which indicate that impairment in value has taken place are as follows:

- significant financial difficulties being experienced by the borrower
- default
- special terms and conditions having been agreed due to the borrower's financial situation
- the borrower is likely to enter into debt negotiations or other financial restructurings
- data which can be observed indicating a measurable reduction in future cash flows from a group of loans

If there is objective proof of impairment in value having occurred, the amount of loss is calculated as the difference between the loan's book value and the present value of future, estimated cash flows discounted at the loan's original effective rate of interest.

Loans in default and bad and doubtful loans

A customer's aggregate commitments are deemed to be in default if repayments due or interest due have not been paid 90 days after the due date in question or if credit facilities have been overdrawn for more than 90 days. Loans which are not in default, but where the customer's financial situation would suggest that the commitment is bad or doubtful, are classified as bad and doubtful.

Confirmed losses

When it is highly probable that credit losses are final and definite, the losses are classified as confirmed. Losses are regarded as confirmed in the case of an officially confirmed composition with creditors, when a distraint order has not produced satisfactory results, in the case of a legally valid judgment, or when the Bank has waived its rights relating to the whole or part of the commitment in question.

Securities

Securities consist of shares and unit trust certificates, bonds and certificates. Shares, unit trust certificates and Primary Capital Certificates (PCCs) are classified in the Group accounts either as 'market value through the profit and loss account' or as 'available for sale', any value change being shown directly in relation to equity capital.

Certificates and bonds are classified in the Group accounts at market value with any value change included in the profit and loss account. All financial instruments which are classified at market value through the profit and loss account are assessed at market value, any change in market value from the opening balance sheet date being included in the profit and loss account as net gains/losses on financial instruments.

Market value of securities such as equities, unit trust certificates and PCCs quoted in a regular market is defined as the last quoted buying price.

Market value of securities such as equities, unit trust certificates and PCCs not quoted in a regular market is based on the level of revenue generation and/or balance sheet value of the company in question.

Market value of securities such as bonds and certificates is calculated as the present value based on the swap curve for the remaining life, with an addition or a deduction made for the group of issuers in question.

Financial assets are removed from the balance sheet when the right to receive the cash flows from the investment stops or has stopped in the case of realisation.

Bond- and certificate debt

When an issue is raised, the bond- and certificate debt is shown in the accounts at the market value of the net proceeds. During subsequent periods, the debt is shown at market value with value change recorded through the profit and loss account.

The market value of the bond- and certificate debt is calculated as the present value initially based on the swap curve for the remaining life, with an addition or a deduction made for the group of issuers in question.

Subordinated loans

Subordinated loans rank behind all other liabilities in priority. Subordinated loans are classified as a liability in the balance sheet and, when raised, are shown in the accounts at the cost price. During subsequent periods, such loans are shown at market value with value change recorded through the profit and loss account.

Deposits/financial liabilities

Most deposits are shown in the accounts at amortised cost. The exception to this rule are deposits linked to a share yield, such deposits being shown in the accounts at market value, with value change recorded in the profit and loss account.

Financial derivatives and hedging

Financial derivatives consist of foreign currency- and interest rate instruments. Financial derivatives are shown in the Group accounts at market value at the time when the derivatives contract is entered into and thereafter at market value at all times, with value change included in the profit and loss account under the accounting item 'Income from financial instruments'.

In practice, the Bank uses financial derivatives mainly for hedging purposes, but hedging accounting is not applied.

Intangible assets

Intangible assets consist of goodwill, rights and electronic data programmes.

Fixed assets

Fixed assets comprise buildings, sites and operations-related chattels. Buildings and operations-related chattels are shown in the accounts at cost price, deductions having been made for depreciation and write-downs. The Bank applies straight-line depreciation reflecting the asset's economic life.

Pensions

The Bank has different pension schemes, which are all benefit schemes. A benefit-related scheme is a pension scheme which provides the right to receive a defined, future benefit once retirement age has been reached. The level of pension is decided by factors such as age, the number of years in employment and the amount of salary. The most comprehensive pension schemes are guaranteed through payment to an insurance company.

The liabilities included in the balance sheet relating to a defined benefit scheme amount to the present value of the defined liability reduced by the market value of the pension resources. The liability is assessed every year by an independent actuary. The present value of future defined benefits is computed by discounting future estimated payments, using interest rates recommended by Norsk Regnskapsstiftelse.

Non-guaranteed liabilities

The Bank issues financial guarantees as part of its ordinary operations. Loss assessment is made as part of the assessment of losses on loans and is reported together with these.

Provisions are made for other non-guaranteed liabilities if it is more likely than not that the liability would materialise, and if the financial consequences can be assessed in a reliable manner. Provisions for restructuring costs are made when the Group has an agreement-related or legal liability.

Tax

Tax included in the profit and loss account consists of tax payable and deferred tax.

Liabilities or assets are calculated in the case of deferred tax on temporary differences, which involve the difference between book value and tax-related value of assets and liabilities.

Segmentation reporting

A segment is a customer category of similar products, services, return and risk. A segment can also be customer groups within a geographical area.

Events occurring after the balance sheet date in question

Events occurring up to the time the accounts are published and which were known on the balance sheet date in question have been taken into consideration in the accounts. Events relating to circumstances which were not known on the balance sheet day will be made known if they are of significant importance.

Use of estimates and assessments relating to accounting principles

Critical estimates and assessments are primarily related to the write-down of individual loans or groups of loans, pension liabilities, depreciation and amortisation, as well as confirmation of market value. Accounting estimates may deviate from the results achieved, but are based on the best estimate available at the time of presenting the accounts.

Note 1

IFRS opening balance sheet as at 01.01.2006 - Parent Bank

	Balance at 31.12.06 NGAAP	Change in financial instrs/	Reversal of write-up of buildings	Available for sale	Balance at 01.01.2006 IFRS
Cash-in-hand and claims on central banks	147				147
Loans to financial institutions	188				188
Gross lending	19,171	15			19,186
Individual write-downs	-69				-69
Group-related write-downs	-46				-46
Net lending	19,056	15	0	0	19,071
Repossessed assets	2				2
Securities	1,879	7		7	1,893
Financial derivatives		95			95
Equity stakes in Group companies	29				29
Equity stakes in associated companies	11				11
Intangible assets					0
Fixed assets	120				120
Asset relating to tax	31	1	-4		28
Other assets	63		1		64
Total assets	21,526	118	-3	7	21,648
Liabilities to financial institutions	446				446
Deposits from customers	12,243	3			12,246
Debt through issuance of securities	6,608	103			6,711
Financial derivatives		16			16
Liabilities relating to period tax	80				80
Other liabilities	310				310
Subordinated loan capital					0
Total liabilities	19,687	122	0	0	19,809
Other equity capital				7	7
Savings Bank's Fund	1,839	-4	-3		1,832
Retained earnings					0
Total equity capital	1,839	-4	-3	7	1,839
Total liabilities and equity capital	21,526	118	-3	7	21,648

IFRS opening balance sheet as at 01.01.2007

	Balance at 31.12.06 NGAAP	Change in financial instrs.	Change re equity method of accounting	Reversal of write-ups of buildings	Available for sale	Balance at 01.01.07 IFRS
Cash-in-hand and claims on central banks	70					70
Loans to financial institutions	645					645
Gross lending	22,241	-5				22,236
Individual write-downs	-60					-60
Group-related write-downs	-53					-53
Net lending	22,128	-5				22,123
Repossessed assets	1					1
Securities	2,949	-1			19	2,967
Financial derivatives		68				68
Equity stakes in Group companies	56		-5			51
Equity stakes in associated companies	11					11
Intangible assets	10					10
Fixed assets	125			-4		121
Asset relating to tax	29	-2				27
Other assets	109					109
Total assets	26,133	60	-5	-4	19	26,203
Liabilities to financial institutions	1,131					1,131
Deposits from customers	14,595	6				14,601
Debt through issuance of securities	7,674	-57				7,617
Financial derivatives		111				111
Liabilities relating to period tax	79					79
Other liabilities	315	-1				314
Subordinated loan capital	300	-1				299
Total liabilities	24,094	58				24,152
						0
Other equity capital					19	19
Savings Bank's Fund	2,039	2	-5	-4		2,032
Retained earnings						0
Total equity capital	2,039	2	-5	-4	19	2,051
Total liabilities and equity capital	26,133	60	-5	-4	19	26,203

Note 2 - Losses on loans and guarantees

PARENT BANK				GROUP		
31.12.2005	31.12.2006	31.12.2007		31.12.2007	31.12.2006	31.12.2005
-16	-9	-10	Period's change in individual write-downs	-10	-9	-16
	7	13	Period's change in group-related write-downs	13	7	
16	2	11	Period's conf. losses against which ind. wr.ds. made prev. years	11	2	16
3	2	1	Per.'s conf. losses against which no wr. ds. made in prev. years	1	2	3
3	3	2	Period's recoveries from previous confirmed losses	2	3	3
0	-1	13	Loss cost for the period	13	-1	0

Note 3 - Commitments in default and bad and doubtful commitments

PARENT BANK				GROUP		
31.12.2005	31.12.2006	31.12.2007		31.12.2007	31.12.2006	31.12.2005
77	141	106	Commitments in default	106	141	77
-22	-25	-18	Individual write-downs	-18	-25	-22
55	116	88	Net commitments in default	88	116	55
181	111	134	Other bad and doubtful commitments	134	111	181
-47	-35	-34	Individual write-downs	-34	-35	-47
134	76	100	Net bad and doubtful commitments	100	76	134

Commitments in default are defined as the aggregate sum of a customer's total commitments to the Bank where at least one loan has been in default for 90 days or more.

Note 4 - Deposits from customers broken down by commercial, industrial and other sectors

PARENT BANK				GROUP		
31.12.2005	31.12.2006	31.12.2007		31.12.2007	31.12.2006	31.12.2005
6,998	7,462	8,349	Retail banking customers	8,349	7,462	6,998
1,286	1,386	1,667	Central and local government administration	1,667	1,386	1,286
212	219	246	Primary industries	246	219	212
1,227	2,307	1,192	Industry / building / transport	1,192	2,307	1,227
440	538	524	Retail- and wholesale trade / hotels / restaurants	524	538	440
1,285	1,763	2,734	Real estate	2,722	1,753	1,274
798	926	997	Sundry	997	926	798
12,246	14,601	15,709	TOTAL	15,697	14,591	12,235

Note 5 - Gross loans broken down by commercial, industrial and other sectors

PARENT BANK				GROUP		
31.12.2005	31.12.2006	31.12.2007		31.12.2007	31.12.2006	31.12.2005
11,987	13,363	15,213	Retail banking customers	15,213	13,363	11,987
59	58	62	Central and local government administration	62	58	59
348	368	401	Primary industries	401	368	348
1,159	1,497	1,711	Industry / building / transport	1,711	1,497	1,159
1,497	1,435	1,708	Retail- and wholesal trade / hotels / restaurants	1,708	1,435	1,497
3,810	5,111	6,372	Property	6,306	5,090	3,789
326	404	537	Sundry	537	404	326
19,186	22,236	26,004	TOTAL GROSS LENDING	25,938	22,215	19,165
115	113	118	Write-downs on loans	118	113	115
19,071	22,123	25,886	TOTAL NET LENDING	25,820	22,102	19,050

Note 6 - Movement in equity capital

PARENT BANK				GROUP		
2005	2006	2007		2007	2006	2005
1,631	1,839	2,051	Equity capital as at 01.01	2,062	1,845	1,634
215	209	237	Result	239	218	221
-10	-10		Donations		-10	-10
3	13	-2	Change in market value of equity cap. instrs. available for sale	-2	13	3
			Dividend paid	-4	-4	-4
1,839	2,051	2,286	Equity capital at the end of the period	2,295	2,062	1,844

Note 7 - Equity and related capital - capital adequacy ratio

	31.12.2007	31.12.2006	31.12.2005
Savings Bank's Fund	2,259	2,032	1,840
Subordinated loan capital	292	300	
Proportion of unrealised gain on equity capital instruments available for sale	8	9	
Intangible assets, over-funded pension liabilities etc.	-44	-43	-6
Proportion of zero-rated non-amortised estimate discrepancies	26	39	52
Equity and related capital in other financial institutions		-5	-2
Net equity and related capital	2,541	2,332	1,884
Weighted asset calculation base	21,295	17,993	14,717
Capital adequacy ratio	11.9 %	13.0 %	12.8 %

Note 8 - Segmentation reporting

Reporting per segment	Group as at 31.12.2007					Group as at 31.12.2006				
	Ret. Bkb.	Corp.	ABCcenter	Unallotted	Total	Ret. bkg.	Corp.	ABCcenter	Unallotted	Total
Profit and Loss Acct. (NOK mill.)										
Net int.- and credit comm. income	207	187	3	161	558	235	154	2	106	497
Net other operating income	51	18	104	95	268	49	17	98	77	241
Operating costs	149	106	101	122	478	143	101	87	102	433
Op. res. bef. cr. losses per seg.	109	99	6	134	348	141	70	13	81	305
Losses on loans and guarantees	2	-2		13	13		-7		6	-1
Result before tax per segment	107	101	6	121	335	141	77	13	75	306
Net loans to customers	15,319	10,640		-139	25,820	13,452	8,674		-24	22,102
Other assets			75	4,296	4,371			75	4,050	4,125
Total assets per segment	15,319	10,640	75	4,157	30,191	13,452	8,674	75	4,026	26,227
Deps. from and liabs. to customers	8,941	6,759		-3	15,697	8,101	5,903		587	14,591
Open accounts/other liabilities	6,378	3,881	75	1,865	12,199	5,351	2,771	75	1,377	9,574
Total liabilities per segment	15,319	10,640	75	1,862	27,896	13,452	8,674	75	1,964	24,165
Equity capital				2,295	2,295				2,062	2,062
Total liabs. and eq. cap. per seg.	15,319	10,640	75	4,157	30,191	13,452	8,674	75	4,026	26,227

Reporting per region	Group as at 31.12.2007					Group as at 31.12.2006				
	Øst	Vest	ABCcenter	Unallotted	Total	Øst	Vest	ABCcenter	Unallotted	Total
Profit and Loss Acct. (NOK mill.)										
Net interest and credit comm. income	210	209	3	136	558	206	207	2	82	497
Net other operating income	52	53	104	59	268	49	54	98	40	241
Operating costs	123	132	101	122	478	117	127	87	102	433
Op. res. bef. losses per segm.	139	130	6	73	348	138	134	13	20	305
Losses on loans and guarantees	4	-4		13	13	5	-13		7	-1
Result bef. tax per segment	135	134	6	60	335	133	147	13	13	306
Net loans to customers	11,655	14,127		38	25,820	9,957	11,732		413	22,102
Other assets	97	107	75	4,092	4,371	102	97	75	3,851	4,125
Total assets per segment	11,752	14,234	75	4,130	30,191	10,059	11,829	75	4,264	26,227
Deposits from and liabs. to custs.	7,055	8,412		230	15,697	6,877	6,985		729	14,591
Open accounts/other liabilities	4,697	5,822	75	1,605	12,199	3,182	4,844	75	1,473	9,574
Total liabilities per segment	11,752	14,234	75	1,835	27,896	10,059	11,829	75	2,202	24,165
Equity capital				2,295	2,295				2,062	2,062
Total liabs. and eq. cap. per seg.	11,752	14,234	75	4,130	30,191	10,059	11,829	75	4,264	26,227

Quarterly Result Development

Parent Bank

	4th q. 2007	3rd q. 2007	2nd q. 2007	1st q. 2007	4th q. 2006	3rd q. 2006
Net interest- and credit commission income	150	145	134	127	125	128
Net other operating income	42	47	28	40	40	27
Operating costs	100	94	87	87	105	80
Operating result before credit losses	92	98	75	80	60	75
Losses on loans, guarantees etc.	10	3	-1	1	-4	-6
Result before tax cost	82	95	76	79	64	81
Tax payable on ordinary result	25	29	21	20	18	25
Result from ordinary operations after tax	57	66	55	59	46	56

Group

	4th q. 2007	3rd q. 2007	2nd q. 2007	1st q. 2007	4th q. 2006	3rd q. 2006
Net interest- and credit commission income	150	146	135	127	127	128
Net other operating income	69	79	57	63	74	53
Operating costs	137	121	109	111	136	101
Operating result before credit losses	82	104	83	79	65	80
Losses on loans, guarantees etc.	10	3	-1	1	-4	-6
Result before tax cost	72	101	84	78	69	86
Tax payable on ordinary result	24	30	22	20	20	27
Result from ordinary operations after tax	48	71	62	58	49	59

Group

As a percentage of average assets	4th q. 2007	3rd q. 2007	2nd q. 2007	1st q. 2007	4th q. 2006	3rd q. 2006
Net interest- and credit commission income	2.04	2.04	1.98	1.92	2.03	2.17
Net other operating income	0.94	1.10	0.83	0.96	1.18	0.90
Operating costs	1.87	1.69	1.6	1.68	2.17	1.71
Operating result before credit losses	1.11	1.45	1.21	1.20	1.04	1.36
Losses on loans, guarantees etc.	0.13	0.04	-0.02	0.02	-0.06	-0.10
Result before tax cost	0.98	1.41	1.23	1.18	1.10	1.46
Tax payable on ordinary result	0.33	0.42	0.32	0.30	0.32	0.46
Result from ordinary operations after tax	0.65	0.99	0.91	0.88	0.78	1.00

Key Financial Figures 2003 - 2007 (Group)

Profit and Loss Account	2007	2006	2005	2004	2003
Interest- and credit commission income	1,582	1,001	772	723	1,034
Interest costs	1,024	504	303	264	601
Net interest- and credit commission income	558	497	469	459	433
Net other operating income	268	241	234	212	203
Operating costs	478	433	397	390	392
Operating result before credit losses	348	305	306	281	244
Losses on loans, guarantees etc.	13	-1		22	75
Result before tax cost	335	306	306	259	169
Tax payable on ordinary result	96	88	85	67	52
Result from ordinary operations after tax	239	218	221	192	117

Profit and Loss Account items as a percentage of average assets	2007	2006	2005	2004	2003
Interest- and credit commission income	5.67 %	4.27 %	3.75 %	3.88 %	6.02 %
Interest costs	3.67 %	2.15 %	1.47 %	1.42 %	3.50 %
Net interest- and credit commission income	2.00 %	2.12 %	2.28 %	2.46 %	2.52 %
Net other operating income	0.96 %	1.02 %	1.14 %	1.14 %	1.18 %
Operating costs	1.71 %	1.84 %	1.93 %	2.09 %	2.28 %
Operating result before credit losses	1.25 %	1.30 %	1.49 %	1.51 %	1.42 %
Losses on loans, guarantees etc.	0.05 %			0.12 %	0.44 %
Result before tax cost	1.20 %	1.30 %	1.49 %	1.39 %	0.98 %
Tax payable on ordinary result	0.34 %	0.37 %	0.41 %	0.36 %	0.30 %
Result from ordinary operations after tax	0.86 %	0.93 %	1.08 %	1.03 %	0.68 %

Average assets	27,890	23,453	20,550	18,623	17,180
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From the Balance Sheet

Assets	30,191	26,227	21,665	19,358	17,570
Net lending	25,820	22,102	19,050	17,093	15,539
Deposits from customers	15,697	14,591	12,235	10,828	10,260
Equity and related capital	2,587	2,361	1,844	1,629	1,446
Capital adequacy ratio	11.9 %	13.0 %	12.8 %	12.2 %	11.8 %

Other key ratios

Costs as a percentage of income	57.87 %	58.67 %	56.47 %	58.12 %	61.64 %
Deposits as a percentage of loans	60.80 %	66.02 %	64.22 %	63.35 %	66.03 %
Return on equity capital	11.59 %	11.60 %	13.20 %	13.30 %	8.77 %
Total man-years worked at the Group	415	402	389	385	404