

Press release

From : Sparebanken Sør
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PRELIMINARY ANNUAL REPORT AND ACCOUNTS 2006

The Sparebanken Sør Group earned NOK 306 million in 2006. This was in line with the previous year's performance, which was the Bank's best ever result. Net interest income was up due to strong lending growth, but so were costs, as a result of many projects which were completed. The region has been enjoying good economic conditions and the Bank has helped boost its overall development, providing substantial loan capital both for private persons and businesses.

The Bank's NOK 306 million pre-tax result amounted to 1.30 per cent of average assets, compared with NOK 309 million and 1.50 per cent respectively in 2005. This produced an 11.8 per cent after-tax return on equity capital.

Net interest- and credit commission income totalled NOK 495 million, up by NOK 25 million on the previous year. In relation to average assets, however, the overall interest margin narrowed from 2.29 to 2.11 per cent.

Other (non-interest) operating income totalled NOK 236 million, as against NOK 227 million in 2005. Operating costs have risen from NOK 394 million to NOK 426 million, partly due to costs relating to the restructuring of the Bank's electronic data processing systems, coupled with some larger building-related work.

Net losses on loans were virtually non-existent, more or less the same as the year before. Net commitments in default and bad and doubtful commitments were largely unchanged in comparison with the level at the same time last year, amounting 0.86 per cent of gross lending. The Board of Directors expects the risk of loan losses to be modest in 2007 too.

Aggregate assets expanded by 20.8 per cent to NOK 26.1 billion during the last 12 months. Lending grew by 15.9 per cent overall during the period – by 11.8 in the retail banking sector and 22.7 per cent in the corporate market. Deposits from customers were up by 19.2 per cent in 2005, corporate customers accounting for the strongest growth.

The Bank's equity and related capital at the end of the year under review amounted to NOK 2.4 billion. In 2006, the capital adequacy ratio improved from 12.9 to 13.0 per cent, the core capital coverage being 11.4 per cent.

The favorable economic situation in the Sørlandet region, both as far as businesses and private persons are concerned, provides the Bank with a good basis for further growth. Against this background, therefore, Sparebanken Sør's Board of Directors expects low credit losses and a satisfactory level of revenue generation in 2007 too.

Arendal, 25 January 2007
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.

REPORT AND ACCOUNTS FOR THE FOURTH QUARTER OF 2006 SPAREBANKEN SØR

ACCOUNTING PRINCIPLES ETC.

The Parent Bank's quarterly accounts have been prepared in accordance with NGR. The Group's quarterly accounts are prepared in compliance with IFRS. The transitional effects of the implementation of IFRS, and the accounting principles, have been explained in the notes forming part of the quarterly 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 at the end of 2006 totalled NOK 306 million, down by NOK 3 million on 2005. In relation to average assets, this amounted to 1.30 per cent, as against 1.50 per cent the year before. At the end of the fourth quarter, the after-tax return on equity capital was 11.8 per cent, as against 13.2 per cent 12 months earlier.

NET INTEREST INCOME AND AVERAGE INTEREST MARGIN

Net interest income totalled NOK 495 million at the end of the fourth quarter, up by NOK 25 million on last year. In relation to average assets, however, there has been a shrinkage from 2.29 per cent to 2.11 per cent during the last 12 months. The Bank has adjusted its interest rates for deposits and loans in line with Norges Bank's changes in its signal rates. In spite of this, however, the Bank's overall margins have still narrowed as a result of the competitive situation. In view of the Bank's strong market position, the loss of revenue caused by the lower average interest margin has been compensated for by the growth in lending. In addition, the higher level of domestic interest rates has been having a positive impact on the rate of return achieved on the Bank's equity capital.

OTHER (NON-INTEREST) INCOME

Net other operating income totalled NOK 236 million at the end of the fourth quarter, up by NOK 9 million on the same time last year. In relation to average assets, however, this amounted to a reduction from 1.10 to 1.01 per cent this year. Revenue generation from securities was somewhat lower than the year before. This has been compensated for partly through increased fee- and commission income, coupled with income from subsidiaries.

The Bank's real estate brokerage company, ABCenter, made a NOK 4 million profit contribution to the Group accounts, in line with the level last year.

OPERATING COSTS

Costs totalled NOK 426 million, up from NOK 394 million at the end last year. Measured against average assets, however, the overall cost ratio was trimmed from 1.92 to 1.82 per cent during the last 12 months. At the Parent Bank, the corresponding cost ratio amounted to 1.47 per cent, down from 1.55 per cent in 2005. In 2006, many activities had an impact on overall costs, the most important of which was the conversion to the some computerised systems which were installed throughout the Bank, coupled with some larger building-related projects.

CREDIT LOSSES AND COMMITMENTS IN DEFAULT

At the end of 2006, there were net recoveries amounting to NOK 1 million. Of this, increased group-related write-downs of loans totalled NOK 7 million. There were accordingly net recoveries relating to individual losses. At the end of the fourth quarter, total group-related write-downs amounted to NOK 53 million.

The region's good general economic conditions have been a factor helping to keep commitments in default as well as bad and doubtful commitments at a low level. At the end of the fourth quarter, net commitments in default and bad and doubtful commitments totalled NOK 191 million, equivalent to 0.9 per cent of total lending. At the same time last year, the corresponding figures were NOK 189 million and 1.0 per cent respectively.

BALANCE SHEET

At the end of the fourth quarter, aggregate assets stood at NOK 26.1 billion, up from NOK 21.6 billion at the same time last year, after a 20.8 per cent growth. During the last 12-month period, loans increased by 15.9 per cent, retail banking and corporate banking expanding by 11.8 and 22.7 per cent respectively. Deposits were up by 19.2 per cent overall, the corporate- and retail banking sectors increasing by 36.1 and 6.6 per cent respectively. The high growth in the corporate sector is ascribable to deposits received from a larger customer in connection with the net proceeds of a new issue.

At the end of the fourth quarter, the Bank's overall deposit coverage ratio amounted to 65.7 per cent, compared with 63.8 per cent at the beginning of the year.

The Bank's funding loans raised in the certificate- and bond markets totalled NOK 7.9 billion at the end of the quarter currently under review, up from NOK 6.7 billion 12 months ago.

CAPITAL ADEQUACY RATIO - EQUITY AND RELATED CAPITAL

At the end of the fourth quarter of 2006, the Bank's capital adequacy ratio amounted to 13.0 per cent. The Bank's equity and related capital totalled NOK 2.4 billion. Subordinated loan capital accounted for NOK 0.3 million, the remainder consisting of accrued earnings which have been added to the Savings Bank's Fund.

FUTURE PROSPECTS

The Sparebanken Sør Group's Board of Directors expects a positive development for the Bank in the future. However, the revenue generation potential from the Bank's lending- and deposit operations continues to be under pressure due to the competitive situation. The ability to compensate for this through increased income derived from other types of products and services will therefore represent a significant challenge going forward. These efforts will have high priority in 2007.

Arendal, 24 January 2007

The Board of Directors of Sparebanken Sør

Accounting principles - quarterly accounts

BASIS FOR PREPARATION OF ACCOUNTS

The quarterly accounts of the Sparebanken Sør Group cover the period from 01.01 to 31.12.06. With effect from the third quarter, Sparebanken Sør prepares its Group accounts in accordance with the IFRS rules and regulations and according to IAS 34. For the time being, it is not permitted to apply IFRS to the Bank's company accounts and the Parent Bank's accounts have therefore been prepared in accordance with Norsk God Regnskapsskikk (NGR) (Norwegian Good Accounting Practice). The accounts are presented in NOK, which is also the Group's functional currency.

CURRENCY

Transactions in foreign currencies have been converted into NOK at the rates of exchange ruling at the time the transactions were concluded. Any foreign exchange loss and gain arising from such transactions, or from the conversion of money items in foreign currencies on the balance sheet date in question, are incorporated in the profit and loss account.

SECURITIES

Securities consist of shares and units, certificates and bonds. Shares and units are classified in the Group accounts either at their actual value through the profit and loss account or as available for sale, with any value changes adjusted against the equity capital. If the real value cannot be ascertained with certainty, acquisition cost is used in the case of the category 'available for sale'. In the Parent Bank's accounts, these value changes will be incorporated in the profit and loss account.

Certificates and bonds are classified in the Group accounts at their actual value through the profit and loss account. All financial instruments which are classified at their actual value through the profit and loss account are assessed at their actual value, and any change in value from the opening balance is included in the profit and loss account as income from other financial investments. In the Parent Bank's accounts, instruments which do not form part of the trading portfolio are assessed according to the lower of cost or market valuation rule.

FIXED ASSETS

Fixed assets comprise buildings, building plots and sites, and operational movable property. Buildings and operational movable property are carried in the accounts at cost minus depreciation and write-downs. Building plots and sites are shown in the accounts at cost minus any write-downs. Straight-line depreciation reflecting the assets' economic life is applied. No properties are classified as investment properties in the balance sheet.

INTEREST INCOME AND INTEREST COSTS

Interest income and interest costs are incorporated in the profit and loss account at amortised cost through the use of the effective interest rate method.

The effective interest rate method is a method used to calculate the amortised cost for loans and deposits, and to apportion interest income and interest cost over the expected term to maturity. The effective rate of interest is defined as the rate of interest which discounts the expected future cash flows in question over the expected maturity at the present value of the financial asset or liability involved. If a financial asset has been written down as a result of impairment of value, the interest income in question is shown in the accounts by using the rate of interest at which future cash flows are discounted in order to estimate the impairment of value which has occurred.

LOANS TO CUSTOMERS

Fixed-interest rate loans to customers are shown at their actual value in the Group accounts; gains and losses due to a change in the actual value are incorporated in the profit and loss account. Other loans are included in the accounts at amortised cost through the use of the

effective interest rate method. In the Parent Bank's accounts, all loans are shown at amortised cost.

On each balance sheet day, an assessment is made in order to ascertain whether there is any objective evidence of an impairment of value of a loan or groups of loans. Impairment of value is deemed to exist only if there is objective evidence of it. The impairment of value must refer to events after the first time the loan has been included in the accounts and such impairment of value must be estimated in a reliable manner.

If there is objective evidence showing that impairment of value has occurred, the extent of the loss is estimated as the difference between the loan's book value and the present value of future cash flows discounted at the loan's original effective rate of interest. The book value of the loan is reduced by using an appropriation account, and the loss is charged to the profit and loss account.

FUNDING LOANS AND LIABILITIES

Deposits are initially shown in the accounts at actual value. During subsequent accounting periods, they are included in the accounts at amortised cost.

In the Group accounts, certificate- and bond debt is assessed at actual value through the profit and loss account. In the Parent Bank's accounts, such liabilities are evaluated at amortised cost.

FINANCIAL DERIVATIVES AND HEDGING

Financial derivatives comprise foreign currency- and interest rate instruments. Financial derivatives are shown in the Group accounts at actual value through the profit and loss account. In the Parent Bank's accounts, current income and costs relating to the financial derivatives involved are shown in accordance with the accounting items being hedged through such instruments.

PENSION LIABILITIES

The Parent Bank provides pension schemes which give its staff the right to future agreed pension benefits. In connection with the transition to IFRS, any estimate discrepancies which had not been incorporated in the profit and loss account according to the former accounting principles applied have been adjusted against the equity capital. Any future estimate discrepancies will be shown in the accounts to the extent that they exceed 10 per cent of the higher of gross pension liabilities and gross pension resources.

CONSOLIDATION

The Group accounts comprise the Savings Bank and those of its subsidiaries where the Bank, on its own or together with subsidiaries, owns more than 50 per cent and/or has a deciding influence and where such ownership is deemed to be permanent. Internal transactions are netted out. In the Bank's accounts, the equity stakes in its subsidiaries are shown on the basis of the equity method of accounting.

PROFIT AND LOSS ACCOUNT

PARENT BANK NGR				GROUP IFRS*			
Amounts in NOK million				Amounts in NOK mill.			
31.12.2006	31.12.2005	31.12.2004		Notes	31.12.2006	31.12.2005	31.12.2004
1,005	777	725	Interest receivable and similar income		1,005	773	723
511	306	266	Interest payable and similar costs		510	303	264
494	471	459	Net interest- and credit commission income		495	470	459
13	11	8	Dividends and other income from securities with variable yield		8	8	9
110	104	97	Commissions receivable and income from banking services		202	197	181
23	26	23	Commissions payable and costs relating to banking services		23	26	23
18	27	31	Net value change and gains/losses on f/x and securities		33	32	31
16	16	16	Other operating income		16	16	16
134	132	129	Net other operating income		236	227	214
276	253	255	Wages, salaries and general administration costs		356	330	323
18	15	15	Depreciation of fixed and intangible assets		20	19	23
50	45	43	Other operating costs		50	45	44
344	313	313	Total operating costs		426	394	390
284	290	275	Operating result before credit losses		305	303	283
-1	1	22	Losses on loans, guarantees etc.	2	-1	1	22
	7	-2	Losses/gains on securities held on a long-term basis			7	-2
285	296	251	Result before taxation cost		306	309	259
80	80	63	Tax payable on ordinary result		86	84	67
205	216	188	Result from ordinary operations after tax		220	225	192
			Minority interests		4	4	4
			Result after minority interests		216	221	188

BALANCE SHEET

PARENT BANK NGR				GROUPS IFRS*			
Amounts in NOK million				Amounts in NOK mill.			
31.12.2006	31.12.2005	31.12.2004	ASSETS	Notes	31.12.2006	31.12.2005	31.12.2004
70	147	237	Cash-in-hand and claims on central banks		70	147	237
645	188	37	Loans to and claims on credit institutions		645	188	37
22,235	19,170	17,116	Gross loans to and claims on customers	1 3 5	22,211	19,166	17,093
60	76	82	Write-downs of individual loans	1	60	76	82
53	46	169	Write-downs of group-related loans	1	53	46	169
22,122	19,048	16,865	Net loans to and claims on customers		22,098	19,044	16,842
1	2	6	Repossessed assets		1	2	6
2,749	1,700	1,788	Certificates, bonds and other interest-bearing securities		2,753	1,703	1,788
197	179	159	Shares		212	186	159
10	11	11	Equity stakes in associated companies		10	11	11
34	29	25	Equity stakes in Group companies				
15	6	4	Intangible assets		15	6	7
124	120	101	Fixed assets	1	149	141	131
25	17	14	Other assets		62	62	46
			Financial derivatives	1	52	95	
80	44	94	Prepayments and accrued income	1	80	44	94
26,072	21,491	19,341	TOTAL ASSETS		26,147	21,629	19,358
			LIABILITIES AND EQUITY CAPITAL				
1,130	446	441	Liabilities to credit institutions		1,130	446	441
14,595	12,243	10,840	Deposits from and liabilities to customers	1 4	14,590	12,235	10,828
7,674	6,608	6,170	Borrowings through the issuance of securities	1	7,617	6,711	6,170
186	225	149	Other liabilities		208	252	175
			Financial derivatives	1	95	16	
91	61	67	Incurred costs and prepaid income	1	92	61	67
55	72	46	Provisions for liabilities and costs	1	55	71	46
300			Subordinated bond loan		299		
24,031	19,655	17,713	Total liabilities		24,086	19,792	17,727
			Minority interests		2	2	2
2,041	1,836	1,628	Accrued equity capital	1 6	2,059	1,835	1,630
			Equity capital - subsidiaries				-1
2,041	1,836	1,628	Total equity capital		2,059	1,835	1,629
26,072	21,491	19,341	TOTAL LIABILITIES AND EQUITY CAPITAL		26,147	21,629	19,358

ITEMS OFF THE BALANCE SHEET

			Contingent liabilities:				
656	498	596	Guarantees		656	498	596
1,748	1,518	1,566	Book value of assets pledged as collateral security for debt		1,748	1,518	1,566
2	2	4	Other contingent liabilities		2	2	4
			Liabilities:				
5,785	5,340	4,469	Interest rate swaps		5,785	5,340	4,469
903	336	408	Forward exchange contracts - bought		903	336	408
866	336	408	Forward exchange contracts - sold		866	336	408

CASH FLOW STATEMENT

PARENT BANK Amounts in NOK million

GROUP Amounts in NOK million

31.12.2006	31.12.2005	31.12.2004		31.12.2006	31.12.2005	31.12.2004
197	223	212	Net payments received from operations	216	234	254
-3,065	-2,086	-1,565	Increase in loans	-3,045	-2,090	-1,589
-8	-3	12	Change in other assets		-16	8
-1,068	83	-340	Change in securities	-1,072	83	-340
-457	-151	12	Change in loans to credit institutions	-457	-151	12
-4,598	-2,157	-1,881	Net change in current financial operations	-4,574	-2,174	-1,909
-31	-51	23	Net cash flow from investment	-37	-48	19
2,352	1,403	577	Change in deposits from customers	2,355	1,404	568
1,066	438	932	Change in debt incurred through the issuance of securities	906	438	932
684	5	55	Change in funding loans from financial institutions	684	5	55
253	49	13	Change in other liabilities	373	51	12
4,355	1,895	1,577	Net cash flow from long-term financing	4,318	1,898	1,567
-77	-90	-69	Net change in liquid funds	-77	-90	-69
147	237	306	Liquid funds as at 01.01	147	237	306
70	147	237	Liquid funds as at 31.12	70	147	237

* Group figures as at 31.12.2004 have been prepared according to NGR.

Note 1

IFRS opening balance sheet as at 01.01.2005

	Balance at 31.12.2004 NGAAP	Change in financial in- struments	New lending rules 1)	Change in pensions - guar. 1)	Change in pensions - not g. 1)	Reversal of write-up - buildings	Tax	Balance at 01.01.2005 IFRS
Cash-in-hand and claims on central banks	237							237
Loans to credit institutions	37							37
Gross loans	17,093	36	-14					17,115
Specific loss provisions	-82		-8					-90
Non-specific loss provisions	-169		121					-48
Net loans	16,842	36	99	0	0	0	0	16,977
Repossessed assets	6							6
Bonds/certificates	1,788							1,788
Shares	159	5						164
Associated companies	11							11
Group companies								0
Intangible assets	7							7
Fixed assets	131					-5		126
Other assets	46							46
Financial derivatives		180						180
Prepayments	94			-72				22
Total assets	19,358	221	99	-72	0	-5	0	19,601
Liabilities to credit institutions	441							441
Deposits from customers	10,828	5						10,833
Borrowings through issuance of securities	6,170	194						6,364
Other liabilities	175							175
Financial derivatives		31						31
Incurred costs	67						-4	63
Provisions for liabilities and costs	46				24			70
Total liabilities	17,727	230	0	0	24	0	-4	17,977
Minority interests	2							2
Equity capital	1,629		99	-72	-24		-1	1,631
Equity capital effect - IFRS		-9				-5	5	-9
Retained earnings								0
Total equity capital	1,629	-9	99	-72	-24	-5	4	1,622
Total liabilities and equity capital	19,358	221	99	-72	0	-5	0	19,601

IFRS opening bal. sheet at 01.01.06

	Balance at 31.12.2005 - NGAAP	Change in financial in- struments	New lending rules 1)	Change in pensions - guar. 1)	Change in pensions - not g. 1)	Reversal of write-up - buildings	Tax	Balance at 01.01.2006 - IFRS
Cash-in-hand and claims on central banks	147							147
Loans to credit institutions	188							188
Gross loans	19,168	15	-17					19,166
Specific loss provisions	-69		-7					-76
Non-specific loss provisions	-169		123					-46
Net loans	18,930	15	99	0	0	0	0	19,044
Repossessed assets	2							2
Bonds / certificates	1,700	3						1,703
Shares	179	7						186
Associated companies	11							11
Group companies								0
Intangible assets	6							6
Fixed assets	145					-4		141
Other assets	62							62
Financial derivatives		95						95
Prepayments	113			-69				44
Total assets	21,483	120	99	-69	0	-4	0	21,629
Liabilities to credit institutions	446							446
Deposits from customers	12,232	3						12,235
Borrowings through issuance of securities	6,608	103						6,711
Other liabilities	252							252
Financial derivatives		16						16
Incurred costs	62						-1	61
Provisions for liabilities and costs	51				20			71
Total liabilities	19,651	122	0	0	20	0	-1	19,792
Minority interests	2							2
Equity capital	1,830		99	-69	-20		-3	1,837
Equity capital - subsidiaries								0
Equity capital effect - IFRS		-2				-4	4	-2
Retained earnings								0
Total equity capital	1,830	-2	99	-69	-20	-4	1	1,835
Total liabilities and equity capital	21,483	120	99	-69	0	-4	0	21,629

1) Also applied to the Parent Bank's accounts

Note 2 - Losses on loans and guarantees

PARENT BANK Amounts in NOK million				GROUP Amounts - NOK mill.		
31.12.2006	31.12.2005	31.12.2004		31.12.2006	31.12.2005	31.12.2004
-9	-13	-15	Period's change in individual write-downs	-9	-13	-15
7	-2	5	Period's change in group-related write-downs	7	-2	5
2	16	28	Period's conf. losses against which ind. write-downs prev. made	2	16	28
2	3	8	Period's conf. losses against which no ind. wr.-downs prev. made	2	3	8
3	3	4	Period's recoveries from previous confirmed losses	3	3	4
-1	1	22	Period's loss cost	-1	1	22

Note 3 - Commitments in default - bad and doubtful commitments

PARENT BANK Amounts in NOK million				GROUP Amounts in NOK million		
31.12.2006	31.12.2005	31.12.2004		31.12.2006	31.12.2005	31.12.2004
142	77	142	Commitments in default	142	77	142
-25	-22	-39	Individual write-downs	-25	-22	-39
117	55	103	Net commitments in default	117	55	103
109	181	165	Other bad and doubtful commitments	109	181	165
-35	-47	-43	Individual write-downs	-35	-47	-43
74	134	122	Net bad and doubtful commitments	74	134	122

Commitments in default are defined as a customer's total commitments if at least one of his/her/its loans has been in default for 90 days or more.

Note 4 - Deposits from customers according to different industrial, commercial and other sectors

PARENT BANK Amounts in NOK million				GROUP Amounts in NOK million		
31.12.2006	31.12.2005	31.12.2004		31.12.2006	31.12.2005	31.12.2004
1,386	1,286	1,054	Public sector	1,386	1,286	1,054
218	212	189	Primary industry	218	212	189
2,308	1,227	704	Industry/building/transport	2,308	1,227	704
538	440	468	Retail and wholesale trade/hotels/restaurants	538	440	468
1,762	1,285	1,040	Financing/property management	1,757	1,277	1,028
7,456	6,995	6,564	Retail banking customers	7,456	6,995	6,564
927	798	821	Miscellaneous	927	798	821
14,595	12,243	10,840	TOTAL	14,590	12,235	10,828

Note 5 - Gross loans according to different industrial, commercial and other sectors

PARENT BANK Amounts in NOK million				GROUP Amounts in NOK million		
31.12.2006	31.12.2005	31.12.2004		31.12.2006	31.12.2005	31.12.2004
58	59	73	Public sector	58	59	73
368	348	337	Primary industry	368	348	337
1,497	1,159	1,173	Industry/building/transport	1,497	1,159	1,173
1,435	1,497	1,198	Retail and wholesale trade/hotels/restaurants	1,435	1,497	1,198
5,110	3,810	3,112	Financing/real estate management	5,086	3,806	3,089
13,362	11,955	10,826	Retail banking customers	13,362	11,955	10,826
405	342	397	Miscellaneous	405	342	397
22,235	19,170	17,116	TOTAL	22,211	19,166	17,093

Note 6 - Equity capital movements

PARENT BANK Amounts in NOK million			GROUP Amounts in NOK million	
2006	2005		2006	2005
1,836	1,630	Equity capital as at 01.01	1,835	1,617
		Value change without any impact on the result	8	7
205	206	Allocation of profit	216	211
2,041	1,836	Equity capital as at 31.12	2,059	1,835

Note 7 - Equity and related capital - capital adequacy ratio

	31/12/2006	31/12/2005	31/12/2004
Savings Bank's Fund	2,036	1,836	1,628
Subordinated loan capital	300		
Intangible assets and over-funded pension liabilities etc.	24	52	-49
Equity and related capital participations in other financial institutions	-5	-2	
Net equity and related capital	2,355	1,886	1,579
Weighted asset calculation basis	18,117	14,594	12,957
Capital adequacy ratio	13.0 %	12.9 %	12.2 %

Note 8 - Segmentation reporting
Reporting by segment

Reporting by segment	Group as at 31.12.2006					Group as at 31.12.2005				
	Ret. bkg.	Corporate	ABCenter	Un-alloc.	Total	Ret. bkg.	Corporate	ABCenter	Un-alloc.	Total
Profit and Loss Account (NOK mill.) Re										
Net interest and credit comm. Income	235	154	1	105	495	262	158	1	49	470
Net other operating income	49	17	92	78	236	48	25	93	61	227
Operating costs	143	101	82	100	426	149	80	78	87	394
Op. res. bef. losses per segm.	141	70	11	83	305	161	103	16	23	303
Losses on loans and guarantees		-7		6	-1	-1	3		-1	1
Losses/gains on long-term secs.				0					7	7
Result before tax by segment	141	77	11	77	306	162	100	16	31	309
Loans to customers	13,487	8,752		-28	22,211	12,084	7,103		-21	19,166
Individual write-downs of loans	-20	-40		0	-60	-19	-50		-7	-76
Group-related wr. -downs of loans				-53	-53				-46	-46
Other assets			70	3,979	4,049			68	2,517	2,585
Total assets per segment	13,467	8,712	70	3,898	26,147	12,065	7,053	68	2,443	21,629
Deposits from/liabs. to customers	8,101	5,903		586	14,590	7,542	4,700		-7	12,235
Open accounts/other liabilities	5,366	2,809	70	1,251	9,496	4,523	2,353	68	613	7,557
Total liabilities per segment	13,467	8,712	70	1,837	24,086	12,065	7,053	68	606	19,792
Equity capital				2,061	2,061				1,837	1,837
Tot. liabs./eq. cap. per segment	13,467	8,712	70	3,898	26,147	12,065	7,053	68	2,443	21,629

Reporting per region

Reporting per region	Group as at 31.12.2006					Group as at 31.12.2005				
	Øst	Vest	ABCenter	Ufordelt	Totalt	Øst	Vest	ABCenter	Ufordelt	Totalt
P&L Account (in NOK million)										
Net int. and credit comm. Income	206	207	1	81	495	208	211	1	50	470
Net other operating income	49	54	92	41	236	49	49	93	36	227
Operating costs	117	127	82	100	426	110	119	78	87	394
Op. res. bef. losses per segm.	138	134	11	22	305	147	141	16	-1	303
Losses on loans and guarantees	5	-13		7	-1	6	-4		-1	1
Losses/gains on long-term securities				0					7	7
Pre-tax result per segment	133	147	11	15	306	141	145	16	7	309
Loans to customers	9,991	11,758		462	22,211	8,798	10,080		288	19,166
Individual write-down of loans	-34	-26		0	-60	-30	-39		-7	-76
Group-related write-down of loans				-53	-53				-46	-46
Other assets	102	97	70	3,780	4,049	79	84	68	2,354	2,585
Total assets per segment	10,059	11,829	70	4,189	26,147	8,847	10,125	68	2,589	21,629
Deposits from and liabs. to customers	6,877	6,985		728	14,590	5,664	6,317		254	12,235
Open accounts/other liabilities	3,182	4,844	70	1,400	9,496	3,183	3,808	68	498	7,557
Total liabilities per segment	10,059	11,829	70	2,128	24,086	8,847	10,125	68	752	19,792
Equity capital				2,061	2,061				1,837	1,837
Tot. liabs./eq. cap. per segment	10,059	11,829	70	4,189	26,147	8,847	10,125	68	2,589	21,629

QUARTERLY RESULTS (Parent Bank)

Amounts in NOK million	4th q. 2006	3rd q. 2006	2nd q. 2006	1st q. 2006	4th q. 2005	3rd q. 2005
Net interest- and credit commission income	125	127	122	120	120	121
Net other operating income	43	29	20	42	27	35
Operating costs	105	81	82	76	101	68
Operating costs before credit losses	63	75	60	86	46	88
Losses on loans, guarantees etc.	-4	-6	7	2	3	-1
Losses/gains on securities held on a long-term basis					1	4
Result before taxation cost	67	81	53	84	44	93
Tax payable on ordinary result	18	24	18	20	13	23
Result from ordinary operations after tax	49	57	35	64	31	70

QUARTERLY RESULTS (Group)

Amounts in NOK million	4th q. 2006	3rd q. 2006	2nd q. 2006	1st q. 2006	4th q. 2005	3rd q. 2005
Net interest- and credit commission income	125	128	122	120	121	120
Net other operating income	69	64	40	63	58	54
Operating costs	129	101	100	96	133	85
Operating result before credit losses	65	91	62	87	46	89
Losses on loans, guarantees etc.	-4	-6	7	2	3	-1
Losses/gains on securities held on a long-term basis					1	4
Result before taxation cost	69	97	55	85	44	94
Tax payable on ordinary result	18	29	19	20	16	24
Result from ordinary operations after tax	51	68	36	65	28	70

QUARTERLY RESULTS (Group)

As a percentage of average assets	4th q. 2006	3rd q. 2006	2nd q. 2006	1st q. 2006	4th q. 2005	3rd q. 2005
Net interest- and credit commission income	2.00	2.17	2.13	2.17	2.27	2.31
Net other operating income	1.10	1.08	0.70	1.14	1.09	1.04
Operating costs	2.06	1.71	1.75	1.74	2.5	1.64
Operating costs before credit losses	1.04	1.54	1.08	1.57	0.86	1.71
Losses on loans, guarantees etc.	-0.06	-0.1	0.12	0.03	0.05	-0.02
Losses/gains on securities held on a long-term basis					0.02	0.08
Result before taxation cost	1.10	1.64	0.96	1.54	0.83	1.81
Tax payable on ordinary result	0.28	0.49	0.33	0.36	0.30	0.46
Result from ordinary operations after tax	0.82	1.15	0.63	1.18	0.53	1.35

KEY FINANCIAL FIGURES 2002-2006 (GROUP)

Profit and Loss Account	2006	2005	2004	2003	2002
Interest- and credit commission income	1,005	773	723	1,034	1,211
Interest costs	510	303	264	601	771
Net interest- and credit commission income	495	470	459	433	440
Net other operating income	236	227	214	204	101
Operating costs	426	394	390	392	359
Operating result before credit losses	305	303	283	245	182
Losses on loans, guarantees etc.	-1	1	22	75	78
Losses/gains on securities held on a long-term basis		7	-2	-1	
Result before taxation cost	306	309	259	169	104
Tax payable on ordinary result	86	84	67	52	33
Result from ordinary operations after tax	220	225	192	117	71

Profit and Loss Account items as a percentage of average assets	2006	2005	2004	2003	2002
Interest- and credit commission income	4.28%	3.76%	3.88%	6.02%	7.86%
Interest costs	2.17%	1.47%	1.42%	3.50%	5.00%
Net interest- and credit commission income	2.11%	2.29%	2.46%	2.52%	2.86%
Net other operating income	1.01%	1.10%	1.15%	1.19%	0.65%
Operating costs	1.82%	1.92%	2.09%	2.28%	2.33%
Operating result before credit losses	1.30%	1.47%	1.52%	1.43%	1.18%
Losses on loans, guarantees etc.l	0.00%	0.00%	0.12%	0.44%	0.51%
Losses/gains on securities held on a long-term basis	0.00%	0.03%	-0.01%	-0.01%	0.00%
Result before taxation cost	1.30%	1.50%	1.39%	0.98%	0.67%
Tax payable on ordinary result	0.36%	0.41%	0.36%	0.30%	0.21%
Result from ordinary operations after tax	0.94%	1.09%	1.03%	0.68%	0.46%
Average assets	23,453	20,550	18,623	17,180	15,399
From the Balance Sheet					
Total assets	26,147	21,629	19,358	17,570	16,272
Gross loans	22,211	19,166	17,093	15,539	14,131
Deposits from customers	14,590	12,235	10,828	10,260	10,362
Equity and related capital	2,355	1,886	1,579	1,406	1,293
Capital adequacy ratio	13.0 %	12.9 %	12.2 %	11.8 %	11.6 %
Other key ratios					
Costs as a percentage of income excl. securities and f/x	61.03%	60.27%	60.75%	66.22%	62.33%
Deposits as a percentage of gross loans	65.69%	63.84%	63.35%	66.03%	73.33%
Return on equity capital	11.77%	13.20%	13.28%	8.77%	5.61%