Main financial figures

From the Profit and Loss Account

	30/06/2007		30/06/2006		2006	
	NOK mill.	% of average assets	NOK mill.	% of average assets	NOK mill.	% of average assets
Interest income	693	5.17%	459	4.08%	1,001	4.27%
Interest costs	431	3.21%	217	1.93%	504	2.15%
Net int.- and credit comm. Income	**262**	**1.96%**	**242**	**2.15%**	**497**	**2.12%**
Other (non-interest) income	120	0.89%	114	1.01%	241	1.02%
Operating costs	220	1.64%	196	1.74%	433	1.84%
Result before credit losses	**162**	**1.21%**	**160**	**1.42%**	**305**	**1.30%**
Credit losses			9	0.08%	(1)	
Result after credit losses	**162**	**1.21%**	**151**	**1.34%**	**306**	**1.30%**
Tax	42	0.31%	41	0.36%	88	0.37%
Result after tax	**120**	**0.90%**	**110**	**0.98%**	**218**	**0.93%**

From the Balance Sheet

Assets	28,132	23,282	26,227
Net loans	23,854	20,355	22,102
Deposits	15,342	12,704	14,591
Equity and related capital	2,310	1,829	2,323
Capital adequacy ratio	11.4 %	11.4 %	12.9 %
Number of man-years - Group	404	393	402

REPORT AND ACCOUNTS
FOR THE FIRST HALF OF 2007
SPAREBANKEN SØR

ACCOUNTING PRINCIPLES ETC.
Permission has now been granted for the use of IFRS in the accounts of both the Parent Bank and Group. The quarterly accounts have therefore in their entirety been prepared in compliance with IFRS. The accounting principles and transitional effects of the implementation of IFRS in the Parent Bank's accounts have been explained in the notes forming part of the quarterly accounts. The transitional effects of the implementation of IFRS in the Group accounts have been explained previously. 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 the second quarter of 2007 totalled NOK 162 million, up by NOK11 million on the corresponding interim period last year. Increased net interest income, higher fee- and commission income, coupled with virtually no credit losses are the most important reasons for the improvement in the overall result.

In relation to average assets, this amounted to 1.21 per cent, as against 1.34 per cent the year before. The development in the result was largely as expected.

At the end of the quarter, the after-tax return on equity capital was 11.6 per cent, as opposed to 12.0 per cent 12 months earlier.

NET INTEREST INCOME AND AVERAGE INTEREST MARGIN
Net interest income totalled NOK 262 million at the end of the second quarter, up by NOK 20 million on last year at the same time. In relation to average assets, however, there has been a shrinkage from 2.15 to 1.96 per cent during the last 12 months. A higher level of domestic interest rates produces a better return on that part of the Bank's balance sheet which is funded by equity capital; this has a favorable impact on net interest income, as have the larger volumes of loans and deposits. Lower customer margins produce a negative impact, as does the fact that changes in interest rates relating to the Bank's loans and deposits as a result of increases in Norges Bank's signal rate are only made six weeks after the event.

OTHER (NON-INTEREST) INCOME
Net other operating income totalled NOK 120 million at the end of the second quarter, up by NOK 6 million on the same time last year. In relation to average assets, however, this amounted to a reduction from 1.01 to 0.89 per cent this year.

The improvement in earnings is primarily ascribable to the level of fee- and commission income. The largest increase is due to higher revenue generation from the Bank's real estate brokerage subsidiary, ABCenter. Income from financial instruments shows a smaller reduction compared with the previous year.

OPERATING COSTS
Costs totalled NOK 220 million, up from NOK 196 million at the end of the second quarter of 2006. Measured against average assets, the overall cost ratio nevertheless improved, ending up at 1.64 per cent, as against 1.74 per cent 12 months ago. At the end of the second quarter, the Parent Bank's cost ratio was 1.30 per cent. So far this year, there has been a net increase of two man-years. At the end of the quarter, Group manning levels were equivalent to 404 man-years, 90 of which were accounted for by the Bank's real estate brokerage company, ABCenter.

CREDIT LOSSES AND COMMITMENTS IN DEFAULT

At the end of the second quarter of 2007, net credit losses amounted to virtually zero. So far this year, increased group-related write-downs have amounted to NOK 3 million. In the case of individual write-downs, however, there are net recoveries so far this year.
At the end of the second quarter, total group-related write-downs amounted to NOK 56 million.

At the end of the quarter, net commitments in default and bad and doubtful commitments totalled NOK 197 million, down from NOK 218 million at the same time last year. In relation to lending, this amounted to 0.83 per cent, down from 1.07 per cent a year earlier.

BALANCE SHEET

At the end of the second quarter, aggregate assets stood at NOK 28.1 billion, up from NOK 23.3 billion at the same time last year, after a 20.8 per cent growth. During the last 12-month period, loans increased by 17.0 per cent, retail banking and corporate banking expanding by 12.1 and 25.0 per cent respectively. Deposits were up by 20.8 per cent overall. The retail banking sector increased by 10.4 per cent and the corporate banking sector by 36.0 per cent. The growth within the retail banking market has been relatively stable both as far as deposits and loans are concerned. The development of loans in the corporate market has also been relatively stable, whereas a dominant feature within the deposit sector has been larger individual deposits. At the end of the second quarter, the Bank's overall deposit coverage ratio amounted to 64.0 per cent, compared with 65.7 per cent at the beginning of the year.

The Bank's funding loans raised in the certificate- and bond markets totalled NOK 8.3 billion at the end of the quarter currently under review, up from NOK 7.8 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.

CAPITAL ADEQUACY RATIO - EQUITY AND RELATED CAPITAL

At the end of the second quarter of 2007, the Bank's capital adequacy ratio amounted to 11.4 per cent. The Bank's equity and related capital totalled NOK 2.3 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.

FUTURE PROSPECTS

So far this year, overall results have developed in a stable manner and within the targets set for revenue generation. Although the interest rate level is rising the Board of Directors expects that the currently good economic conditions will continue to make a big impact on the financial situation both for private households and the business sector. There is a good basis for continued progress for the Sparebanken Sør Group. However, the competitive situation will put pressure on customer margins. In view of this, it will also be important to focus on other income and on the overall level of costs in order to maintain the Group's level of revenue production.

The Bank is in the process of extending its market area in Telemark. A new branch has been opened at Bø and another branch is being established in the Grenland area.

Arendal, 21 August 2007
The Board of Directors of Sparebanken Sør

Profit and Loss Account

PARENT BANK - IFRS					GROUP - IFRS		
31.12.2006	**30.06.2006**	**30.06.2007**		**Notes**	**30.06.2007**	**30.06.2006**	**31.12.2006**
1,005	459	693	Interest receivable and similar income		693	459	1,001
510	217	432	Interest payable and similar costs		431	217	504
495	**242**	**261**	**Net interest- and credit commission income**		**262**	**242**	**497**
110	51	54	Commissions receivable and income from banking services		106	95	208
23	11	12	Commissions payable and costs relating to banking services		12	11	23
87	**40**	**42**	**Net commission income**		**94**	**84**	**185**
37	27	19	Income from financial instruments		19	27	37
			Income from investment in associated companies				
16	6	7	Other (non-interest) operating income		7	3	19
53	**33**	**26**	**Total other operating income**		**26**	**30**	**56**
174	79	83	Personnel costs		110	100	222
17	8	9	Depreciation of fixed- and intangible assets		10	9	19
152	71	82	Other operating costs		100	87	192
343	**158**	**174**	**Total operating costs**		**220**	**196**	**433**
292	**157**	**155**	**Operating result before credit losses**		**162**	**160**	**305**
-1	9		Losses on loans, guarantees etc.	2		9	-1
			Losses/gains on securities held on a long-term basis				
293	**148**	**155**	**Result before taxation cost**		**162**	**151**	**306**
84	41	41	Tax payable on ordinary result		42	41	88
209	**107**	**114**	**Result of ordinary operations after tax**		**120**	**110**	**218**
			Minority interests		3		4
209	**107**	**114**	**Majority interests**		**117**	**110**	**214**

Balance Sheet

PARENT BANK - IFRS					GROUP - IFRS		
31.12.2006	**30.06.2006**	**30.06.2007**	**ASSETS**	**Notes**	**30.06.2007**	**30.06.2006**	**31.12.2006**
70	96	328	Cash-in-hand and claims on central banks		328	96	70
645	333	126	Loans to and claims on credit institutions		126	333	645
22,123	20,374	23,875	Net loans to customers	1 3 5	23,854	20,355	22,102
1	2	1	Repossessed assets	1	1	2	1
2,750	1,917	2,982	Bonds and certificates	1	2,982	1,917	2,750
217	199	216	Shares		216	199	217
68	18	42	Financial derivatives		42	18	68
51	30	55	Equity stakes in Group companies				
11	11	11	Equity stakes in associated companies		11	11	11
10		11	Intangible assets		36		31
121	131	125	Fixed assets		154	156	150
27	28	27	Assets relating to tax		28	34	28
109	124	310	Other assets		354	161	154
26,203	**23,263**	**28,109**	**TOTAL ASSETS**		**28,132**	**23,282**	**26,227**
			LIABILITIES AND EQUITY CAPITAL				
1,131	243	1,104	Liabilities to credit institutions		1,104	243	1,131
14,601	12,715	15,352	Deposits from and liabilities to customers	1 4	15,342	12,704	14,591
7,617	7,825	8,252	Borrowings through the issuance of securities	1	8,252	7,825	7,617
111	3	178	Financial derivatives	1	178	3	111
79	118	120	Liabilities relating to tax for the period involved	1	124	118	83
314	413	644	Other liabilities	1	659	434	333
299		300	Subordinated loan capital		300		299
24,152	**21,317**	**25,950**	**Total liabilities**		**25,959**	**21,327**	**24,165**
			Minority interests		6	6	6
19	7	13	Other equity capital	1 6	18	7	24
2,032	1,832	2,032	Savings Bank's Fund		2,032	1,832	2,032
	107	114	Retained earnings		117	110	
2,051	**1,946**	**2,159**	**Total equity capital**		**2,173**	**1,955**	**2,062**
26,203	**23,263**	**28,109**	**TOTAL LIABILITIES AND EQUITY CAPITAL**		**28,132**	**23,282**	**26,227**
			ITEMS OFF THE BALANCE SHEET				
			Contingent liabilities:				
656	582	753	Guarantees		753	582	656
1,748	1,581	1,669	Book value of assets pledged a collateral security for debt		1,669	1,581	1,748
2	4	1	Other contingent liabilities		1	4	2

Cash Flow Statement

PARENT BANK - IFRS				GROUP - IFRS		
31.12.2006	**30.06.2006**	**30.06.2007**		**30.06.2007**	**30.06.2006**	**31.12.2006**
187	**104**	**127**	**Net cash flow from operations**	**131**	**107**	**182**
-3,074	-1,299	-1,769	Increase in loans	-1,769	-1,299	-3,076
-8	-13	-201	Change in other assets	-200	-13	-8
-1,066	-230	-228	Change in securities	-228	-230	-1,066
2,352	-145	519	Change in loans to other credit institutions	519	-145	-457
-457	469	754	Change in deposits from customers	754	469	2,353
685	-203	-27	Change in funding loans from credit institutions	-27	-203	685
-10	80	371	Change in other liabilities	366	77	
-1,578	**-1,341**	**-581**	**Net cash flow from current financial operations**	**-585**	**-1,344**	**-1,569**
-33	-15	-5	Investment in fixed assets	-9	-15	-63
-22		-4	Investment in Group companies			
3			Sale of fixed assets			7
-52	**-15**	**-9**	**Net cash flow from investments**	**-9**	**-15**	**-56**
1,066	1,201	721	Change in liabilities relating to the issuance of securities	721	1,201	1,066
300			Change in subordinated loan capital			300
1,366	**1,201**	**721**	**Net cash flow from long-term funding operations**	**721**	**1,201**	**1,366**
-77	**-51**	**258**	**Net change in liquid funds**	**258**	**-51**	**-77**
147	147	70	Liquid funds as at 01.01	70	147	147
70	**96**	**328**	**Liquid funds as at 30.06/31.12**	**328**	**96**	**70**

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 for the Parent Bank

	Balance at 31.12.2006 NGAAP	Change in financial instrs.	Reversal of write-up of buildings	Available for sale	Balance at 01.01.2006 IFRS
Cash and claims on central banks	147				147
Loans to credit institutions	188				188
Gross loans	19,171	15			19,186
Individual write-downs	-69				-69
Group-related write-downs	-46				-46
Net loans	**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
Assets relating to tax	31	1	-4		28
Other asets	63		1		64
Total assets	**21,526**	**118**	**-3**	**7**	**21,648**
Liabilities to credit institutions	446				446
Deposits from customers	12,243	3			12,246
Borrowings through issuance of securities	6,608	103			6,711
Financial derivatives		16			16
Liabilities relating to tax for period involved	80				80
Other liabilities	310				310
Subordinated loan capital					0
Total liabilities	**19,687**	**122**	**0**	**0**	**19,809**
					0
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 for the Parent Bank

	Balance at 31.12.2006 NGAAP	Change in financial instrs.	Change re equity method of accounting	Reversal of write-up of buildings	Available for sale	Balance at 01.01.2007 IFRS
Cash and claims on central banks	70					70
Loans to credit institutions	645					645
Gross loans	22,241	-5				22,236
Individual write-downs	-60					-60
Group-related write-downs	-53					-53
Net loans	**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
Assets relating to tax	29	-2				27
Other assets	109					109
Total assets	**26,133**	**60**	**-5**	**-4**	**19**	**26,203**
Liabilities to credit institutions	1,131					1,131
Deposits from customers	14,595	6				14,601
Borrowings through issuance of securities	7,674	-57				7,617
Financial derivatives		111				111
Liabilities relating to tax for period involved	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		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
-9	3	-6	Period's change in individual write-downs	-6	3	-9
7	4	3	Period's change in Group-related write-downs	3	4	7
2	2	4	Period's conf. losses - ind. write-downs made in prev. years	4	2	2
2	1	0	Period's conf. losses - no ind. write-downs made in prev. years	0	1	2
3	1	1	Period's recoveries from previous, confirmed losses	1	1	3
-1	**9**	**0**	**Loss cost for the period**	**0**	**9**	**-1**

Note 3 - Commitments in default - bad and doubtful commitments

PARENT BANK				GROUP		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
141	105	142	Commitments in default	142	105	141
-25	-28	-23	Individual write-downs	-23	-28	-25
116	**77**	**119**	**Net commitments in default**	**119**	**77**	**116**
111	185	111	Other bad and doubtful commitments	111	185	111
-35	-44	-33	Individual write-downs	-33	-44	-35
76	**141**	**78**	**Net bad and doubtful commitments**	**78**	**141**	**76**

Commitments in default are defined as the total amount of all a customer's commitments to the Bank if just one of his/her/its loans has been in default for 90 days or more.

Note 4 - Deposits from customers broken down by different sectors

PARENT BANK				GROUP		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
7,462	7,566	8,352	Retail banking customers	8,352	7,566	7,462
1,386	1,336	1,625	Public sector	1,625	1,336	1,386
219	238	252	Primary industries	252	238	219
2,307	1,068	1,129	Industry/building/transport	1,129	1,068	2,307
538	386	559	Wholesale- and retail trade; hotels and restaurants	559	386	538
1,763	1,528	2,535	Real estate	2,525	1,517	1,753
926	593	900	Sundry	900	593	926
14,601	**12,715**	**15,352**	**TOTAL**	**15,342**	**12,704**	**14,591**

Note 5 - Gross loans broken down by different sectors

PARENT BANK				GROUP		
31.12.2006	30.06.2006	30.06.2007		30.06.2007	30.06.2006	31.12.2006
13,363	12,611	14,134	Retail banking customers	14,134	12,611	13,363
58	65	54	Public sector	54	65	58
368	358	357	Primary industries	357	358	368
1,497	1,307	1,631	Industry/building/transport	1,631	1,307	1,497
1,435	1,537	1,661	Wholesale- and retail trade; hotels and restaurants	1,661	1,537	1,435
5,111	4,203	5,696	Real estate	5,675	4,184	5,090
404	416	454	Sundry	454	416	404
22,236	**20,497**	**23,987**	**TOTAL GROSS LOANS**	**23,966**	**20,478**	**22,215**
113	123	112	Write-downs on loans	112	123	113
22,123	**20,374**	**23,875**	**TOTAL NET LOANS**	**23,854**	**20,355**	**22,102**

Note 6 - Equity capital movements

PARENT BANK				GROUP		
2006	2nd q. 06	2nd q. 07		2nd q. 07	2nd q. 06	2006
1,839	1,839	2,051	Equity capital as at 01.01	2,062	1,845	1,845
209	107	114	Result	117	110	218
-10			Donations			-10
13		-6	Change in market value of eq. cap. instrs. available for sale	-6		13
			Dividends paid			-4
2,051	**1,946**	**2,159**	**Equity capital at the end of the period**	**2,173**	**1,955**	**2,062**

Note 7 - Equity and related capital - capital adequacy ratio	30/06/2007	30/06/2006	31/12/2006
Savings Bank's Fund	2,032	1,832	2,032
Subordinated loan capital	300		300
Part of unrealised gain on equity capital instruments available for sale	6	3	9
Intangible assets and over-funded pension liabilities etc.	-43	-55	-43
Share of zero-rated unamortised estimate discrepancies	26	54	39
Equity and related capital in other financial institutions	-11	-2	-5
Net equity and related capital	**2,310**	**1,832**	**2,332**
Weighted asset calculation basis	20,191	16,073	17,993
Capital adequacy ratio	**11.4 %**	**11.4 %**	**13.0 %**

Note 8 - Segmentation reporting

Reporting by segment	**Group as at 30.06.2007**					**Group as at 30.06.2006**				
Profit % Loss Account (NOK mill.)	**Ret. bkg.**	**Corp. b.**	**ABCenter**	**Unallotted**	**Total**	**Ret. bkg.**	**Corp. b.**	**ABCenter**	**Unallotted**	**Total**
Net interest- and cr. comm. income	104	84	1	73	262	118	73		51	242
Net other operating income	24	9	52	35	120	23	8	44	39	114
Operating costs	66	54	46	54	220	64	50	38	44	196
Op. result before losses per sgt.	**62**	**39**	**7**	**54**	**162**	**77**	**31**	**6**	**46**	**160**
Losses on loans and guarantees	-2	-1		3			5		4	9
Losses/gains on secs. held long-term				0					0	
Result before tax per segment	**64**	**40**	**7**	**51**	**162**	**77**	**26**	**6**	**42**	**151**
Net loans to customers	14,233	9,715		-94	23,854	12,720	7,707		-72	20,355
Other assets			75	4,203	4,278			68	2,859	2,927
Total assets per segment	**14,233**	**9,715**	**75**	**4,109**	**28,132**	**12,720**	**7,707**	**68**	**2,787**	**23,282**
Deposits from and liabs. to customers	8,926	6,364		52	15,342	8,127	4,563		14	12,704
Open accounts/other liabilities	5,307	3,351	75	1,884	10,617	4,593	3,144	68	818	8,623
Total liabilities per segment	**14,233**	**9,715**	**75**	**1,936**	**25,959**	**12,720**	**7,707**	**68**	**832**	**21,327**
Equity capital				2,173	2,173				1,955	1,955
Total liabs. and eq. cap. per sgt.	**14,233**	**9,715**	**75**	**4,109**	**28,132**	**12,720**	**7,707**	**68**	**2,787**	**23,282**

Reporting per region	**Group as at 30.06.2007**					**Group as at 30.06.2006**				
Profit % Loss Account (NOK mill.)	**Øst**	**Vest**	**ABCenter**	**Unallotted**	**Total**	**Øst**	**Vest**	**ABCenter**	**Unallotted**	**Total**
Net interest- and cr. comm. income	101	100	1	60	262	101	103		38	242
Net other operating income	24	25	52	19	120	23	23	44	24	114
Operating costs	57	63	46	54	220	55	59	38	44	196
Op. result before losses per sgt.	**68**	**62**	**7**	**25**	**162**	**69**	**67**	**6**	**18**	**160**
Losses on loans and guarantees	-2			2		5			4	9
Losses/gains on secs. held long-term				0					0	
Result before tax per segment	**70**	**62**	**7**	**23**	**162**	**64**	**67**	**6**	**14**	**151**
Net loans to customers	10,755	12,895		204	23,854	9,367	10,818		170	20,355
Other assets			75	4,203	4,278			68	2,859	2,927
Total assets per segment	**10,755**	**12,895**	**75**	**4,407**	**28,132**	**9,367**	**10,818**	**68**	**3,029**	**23,282**
Deposits from and liabs. to customers	7,050	8,083		209	15,342	5,948	6,638		118	12,704
Open accounts/other liabilities	3,705	4,812	75	2,025	10,617	3,419	4,180	68	956	8,623
Total liabilities per segment	**10,755**	**12,895**	**75**	**2,234**	**25,959**	**9,367**	**10,818**	**68**	**1,074**	**21,327**
Equity capital				2,173	2,173				1,955	1,955
Total liabs. and eq. cap. per sgt.	**10,755**	**12,895**	**75**	**4,407**	**28,132**	**9,367**	**10,818**	**68**	**3,029**	**23,282**

QUARTERLY RESULTS

Parent Bank

	2nd q. 2007	1st q. 2007	4th q. 2006	3rd q. 2006	2nd q. 2006	1st q. 2006
Net interest- and credit commission income	134	127	125	128	122	120
Net other operating income	28	40	40	27	28	45
Operating costs	87	87	105	80	82	76
Operating result before credit losses	**75**	**80**	**60**	**75**	**68**	**89**
Losses on loans, guarantees etc.	-1	1	-4	-6	7	2
Losses/gains on securities held on a long-term basis						
Result before taxation cost	**76**	**79**	**64**	**81**	**61**	**87**
Tax payable on ordinary result	21	20	18	25	20	21
Result from ordinary operations after tax	**55**	**59**	**46**	**56**	**41**	**66**

Group

	2nd q. 2007	1st q. 2007	4th q. 2006	3rd q. 2006	2nd q. 2006	1st q. 2006
Net interest- and credit commission income	135	127	127	128	122	120
Net other operating income	57	63	74	53	47	67
Operating costs	109	111	136	101	100	96
Operating result before credit losses	**83**	**79**	**65**	**80**	**69**	**91**
Losses on loans, guarantees etc.	-1	1	-4	-6	7	2
Losses/gains on securities held on a long-term basis						
Result before taxation cost	**84**	**78**	**69**	**86**	**62**	**89**
Tax payable on ordinary result	22	20	20	27	20	21
Result from ordinary operations after tax	**62**	**58**	**49**	**59**	**42**	**68**

Group

As a percentage of average assets	2nd q. 2007	1st q. 2007	4th q. 2006	3rd q. 2006	2nd q. 2006	1st q. 2006
Net interest- and credit commission income	1.98	1.92	2.03	2.17	2.13	2.17
Net other operating income	0.83	0.96	1.18	0.90	0.82	1.21
Operating costs	1.60	1.68	2.17	1.71	1.75	1.74
Operating result before credit losses	**1.21**	**1.20**	**1.04**	**1.36**	**1.20**	**1.64**
Losses on loans, guarantees etc.	-0.02	0.02	-0.06	-0.10	0.12	0.03
Losses/gains on securities held on a long-term basis						
Result before taxation cost	**1.23**	**1.18**	**1.10**	**1.46**	**1.08**	**1.61**
Tax payable on ordinary result	0.32	0.30	0.32	0.46	0.35	0.38
Result from ordinaty operations after tax	**0.91**	**0.88**	**0.78**	**1.00**	**0.73**	**1.23**

FINANCIAL HIGHLIGHTS 2003-2007 (GROUP)

Profit and Loss Account	30.06.07	30.06.06	2006	2005	2004	2003
Interest- and credit commission income	693	459	1,001	772	723	1,034
Interest costs	431	217	504	303	264	601
Net interest- and credit commission income	**262**	**242**	**497**	**469**	**459**	**433**
Net other operating income	120	114	241	234	214	204
Operating costs	220	196	433	397	390	392
Operating result before credit losses	**162**	**160**	**305**	**306**	**283**	**245**
Losses on loans, guarantees etc.		9	-1		22	75
Losses/gains on securities held on a long-term basis					-2	-1
Result before taxation cost	**162**	**151**	**306**	**306**	**259**	**169**
Tax payable on ordinary result	42	41	88	85	67	52
Result from ordinary operations after tax	**120**	**110**	**218**	**221**	**192**	**117**

Profit and Loss Account items as a percentage of average assets	30.06.07	30.06.06	2006	2005	2004	2003
Interest- and credit commission income	5.17%	4.08%	4.27%	3.75%	3.88%	6.02%
Interest costs	3.21%	1.93%	2.15%	1.47%	1.42%	3.50%
Net interest- and credit commission income	**1.96%**	**2.15%**	**2.12%**	**2.28%**	**2.46%**	**2.52%**
Net other operating income	0.89%	1.01%	1.02%	1.14%	1.15%	1.19%
Operating costs	1.64%	1.74%	1.84%	1.93%	2.09%	2.28%
Operating result before credit losses	**1.21%**	**1.42%**	**1.30%**	**1.49%**	**1.52%**	**1.43%**
Losses on loans, guarantees etc.		0.08%	0.00%	0.00%	0.12%	0.44%
Losses/gains on securities held on a long-term basis			0.00%	0.00%	-0.01%	-0.01%
Result before taxation cost	**1.21%**	**1.34%**	**1.30%**	**1.49%**	**1.39%**	**0.98%**
Tax payable on ordinary result	0.31%	0.36%	0.37%	0.41%	0.36%	0.30%
Result from ordinary operations after tax	**0.90%**	**0.98%**	**0.93%**	**1.08%**	**1.03%**	**0.68%**
Average assets	26,833	22,503	23,453	20,550	18,623	17,180
From the Balance Sheet						
Assets	28,132	23,282	26,227	21,665	19,358	17,570
Net loans	23,854	20,355	22,102	19,050	17,093	15,539
Deposits from customers	15,342	12,704	14,591	12,235	10,828	10,260
Equity and related capital	2,310	1,829	2,323	1,884	1,579	1,406
Capital adequacy ratio	11.4 %	11.4 %	12.9 %	12.8 %	12.2 %	11.8 %
Other key ratios						
Costs as a percentage of income, excl. securities and foreign exchange	59.14%	57.64%	61.00%	60.30%	60.80%	66.22%
Deposits as a percentage of gross loans	64.02%	62.05%	65.70%	63.80%	63.30%	66.03%
Return on equity capital	11.64%	11.97%	11.60%	13.20%	13.30%	8.77%
Number of man-years worked at the Group	404	393	402	389	385	404