SPAREBANKEN PLUSS

Annual Report 2006

BANK

ANNUAL REPORT

MACROECONOMIC ENVIRONMENT

In recent years, the global economy has been enjoying its strongest, unbroken expansion since the 1970s. Like a number of other countries in Europe and Asia, Norway experienced strong economic growth in 2006. Investment in the country's oil- and gas industry, coupled with the development of private households' demand, contributed to the economic growth within the mainland economy.

During the course of 2006, the economic growth in USA showed signs of levelling out, whereas the euro area entered its strongest economic expansion since 2000. In Japan and China, the economic growth continued and growth in India was strong too.

Following several years of strong economic expansion, during the course of 2006 it became increasingly evident that there were few excess resources available in the Norwegian economy. High demand for labour brought about a marked reduction in the level of unemployment. The seasonally adjusted jobless total amounted to 3.1 per cent in October. The last recorded lowest level was in 1999, when seasonally adjusted employment was 2.8 per cent.

After three years of solid growth in the economy, the underling rate of inflation still remained low also in 2006. Increased trade with China and other emerging economies brought about falling import prices. Increased competition and moderate wage growth kept the price level of goods produced in Norway down. Last year, price increases were significantly lower than Norges Bank's monetary policy-related inflation target of 2.5 per cent. The assessment of the development of Norway's real economy resulted in the Central Bank, despite the low rate of inflation, making an overall upward adjustment of its signal rate of interest from 2.25 to 3.50 per cent during the course of 2006.

The increase in the overall level of debt has been high in recent years. At the end of 2006, the growth in private households' borrowings amounted to just under 13 per cent. The demand for credit from businesses picked up strongly during the course of 2006, ending up at over 20 per cent.

Increase in private income and a positive outlook on the future, coupled with low interest rates for borrowing, contributed to high activity levels in the housing market. House prices rose strongly in 2006. Stronger competition and adaptation to new capital adequacy rules and regulations within the financial services sector combined to bring about lower lending margins. This dampened the impact of Norges Bank's higher signal rate as far as the development of house prices was concerned.

After a sharp fall towards the end of the first half of 2006, share prices rose again nearer the end of the year. Lower interest rate expectations, the fall in oil prices and good corporate results contributed to the global upturn. In 2006, the main index of the Oslo Stock Exchange rose by some 32 per cent.

Industry and commerce at Sorlandet also produced strong economic growth in 2006. The year currently under review was characterised by high activity levels and strong demand for new labour. Amongst other things, the two Agder counties have many industrial- and service-related companies working within the oil- and gas industry, where capital investment demand has been large. There has also been increased employment within the public sectors of health and care. The jobless level fell by about 25 per cent last year and one would have to go back as far as the middle of the 1980s to find correspondingly low figures.

BUSINESS AREA AND MARKET

In addition to various products within traditional banking services Sparebanken Pluss provides professional services within the areas of cash management, financing, investment, foreign exchange and insurance.

Sparebanken Pluss is located in Kristiansand with 16 local branches in the region, 12 in Vest-Agder and 4 in Aust-Agder.

The following is a brief excerpt from the Bank's corporate vision statement:

"Sparebanken Pluss shall be a leading, financially strong and independent bank, with Sorlandet (the area along the southern coast and immediate inland districts of Norway, including Vest- and Aust-Agder) as its main market".

Sparebanken Pluss has a very strong market position in Vest-Agder and is the largest bank in the county. In addition the Bank has a presence in 4 different locations in Aust-Agder. The Bank's latest branch was established in Grimstad during the autumn of 2006 and two years ago a new branch was opened in Arendal. Both branches are very important for the Bank's total growth in Aust-Agder, which during the course of a very short time has reached over NOK 1 billion.

In recent years, Sparebanken Pluss has also enjoyed strong growth in areas outside its core market Sorlandet. This is primarily related to the Bank's agreement with Norway Christian Purchasing Society (KNIF). It has also noticed that to an increasing extent, customers who move away from Sorlandet like to maintain relations with their former bank. In total, Sparebanken Pluss's growth has been stronger than that for the Norwegian banking market in general – during a period with clearly increasing competition for customers. The Bank's growth has been high both in the retail banking- and corporate markets.

The way in which customers use the Bank has changed a great deal in recent years. In the case of payment transmission, nearly all such transactions are now done through self-service solutions. In due course, most other services will also be made available through automatic solutions, primarily through the Bank's Internet-linked bank, Nettbanken. This applies to both loans, placements and insurance solutions. It is a fairly safe assumption that the various 'manual channels' will continue to be important for the Bank's customers. Sparebanken Pluss will accordingly make sure that conditions are conducive for personal contact through its many branches and also by telephone in the case of the Bank's Customer Service Centre.

OPERATING RESULT

In 2006, Sparebanken Pluss made a NOK 278.7 million pre-tax profit from ordinary operations, equivalent to 1.44 per cent of average assets. Corresponding figures for 2005 were NOK 221.3 million and 1.35 per cent respectively. The 2006 result is the best in the Bank's 182-year old history.

Net interest- and commission income was up by NOK 30.0 million in 2006, totalling NOK 329.5 million. This amounted to 1.71 per cent of average assets, as against 1.83 per cent in 2005. The Commercial Banks' Guarantee Fund and the Savings Banks' Guarantee Fund were merged into one fund with effect from 1 July 2004. In view of this, all savings banks have been exempt from the levy normally payable to the fund, during the 2004-2006 period.

Other (non-interest) operating income totalled NOK 117.2 million in 2006, up by NOK 27.6 million on 2005. Net commission incomes improved by NOK13.6 million in 2006, whereas gains from the sale of shares and bonds amounted to NOK 13.3 million. The Bank maintained a low level of exposure in the share market.

In 2006, operating costs totalled NOK 175.5 million, up by NOK 7.2 million on 2005. However, the relative figures show excellent progress. Costs in relation to average assets were reduced by 0.12 percentage point, totalling 0.91 per cent at the end of 2006. Costs as a percentage of income have also remained at a very low level. The overall ratio at the end of 2006 was 39.3 per cent, as opposed to 43.3 per cent a year earlier.

After an estimated tax cost of NOK 77.3 million, the profit for the year finished up at NOK 201.3 million, up from NOK 157.1 million in 2005.

With reference to Law of Annual Financial Statements etc., paragraph 3-3, the Bank's Board of Directors confirms that the assumption of a going concern still applies, and that the annual report and accounts have been prepared on the basis of this assumption.

NEW LENDING RULES AND REGULATIONS

"Rules and regulations relating to the accounting treatment of loans and guarantees" were implemented at Sparebanken Pluss with effect from 01.01.2006. In accordance with these rules and regulations, the Bank's non-specific loss provisions of NOK 101.9 million at the end of 2005 have been dissolved and replaced by write-downs on groups of loans amounting to NOK 85.5 million as at 01.01.2006. The net impact adjusted for deferred tax is shown in the balance sheet in relation to the Bank's equity capital as at 01.01.2006.

LOSSES ON LOANS AND COMMITMENTS IN DEFAULT

In 2006, under the heading of losses on loans and guarantees, the Bank ended up with a gross income of NOK 5.6 million. Recoveries relating to previous confirmed losses totalled NOK 1.7 million. Overall, therefore, there was a NOK 7.4 million net income in connection with losses on loans and guarantees in 2006.

The Bank's write-downs on groups of loans at the end of the year totalled NOK 79.8 million, equivalent to 0.42 per cent of gross lending. In view of the composition of the Bank's loan portfolio, its diversification in relation to different commercial, industrial and other sectors, and the risk contained in the portfolio, the Board of Directors is of the opinion that the write-downs are sufficient in order to cover the credit risk in the Bank's loan portfolio.

During the course of 2006, gross commitments in default were reduced from NOK 15.6 million to NOK 14.6 million. This is extremely low and ascribable both to close monitoring and follow-up and to the low level of domestic interest rates. The ratio of gross commitments in default to gross lending accordingly ended up at 0.08 per cent, down from 0.10 per cent in 2005.

The Board of Directors is of the opinion that the risk for credit losses in 2007 remains low despite the increase in the level of domestic interest rates. For many years, the Bank credit loss costs have been very low, and for the period 2007-2010, the Bank's total level of credit losses is expected to remain markedly below the 'normalised' estimate of 0.30 per cent of gross lending. It should be pointed out, however, that there will always be a great deal of uncertainty related to the assessment of circumstances in the future.

ALLOCATION OF PROFIT FOR THE YEAR

The Board of Directors proposes that Sparebanken Pluss's NOK 201.3 million profit for the year is allocated as follows:

	(NOK 1000)
Dividend of NOK 18,50 per PCC	23 125
Transferred to the Dividend Equalisation Fund	389
Transferred to the Savings Bank's Fund	165 801
Allocated for Donations	12 000

In view of the Bank's good result and the wish to be actively involved in and committed to the local communities, the Board of Directors proposes the NOK 12 million is set aside for the Donations Fund.

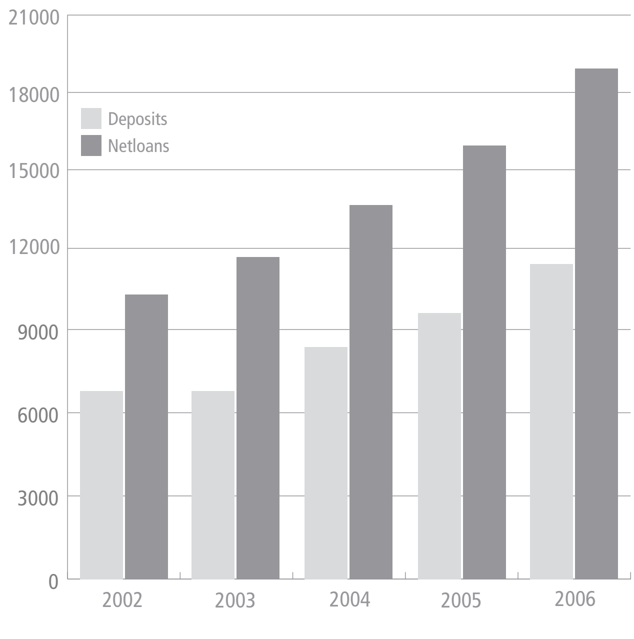
ASSETS

Assets expanded by NOK 3,489 million in 2006, standing at NOK 21.5 billion at the end of the year. In 2006, the growth was 19.3 per cent, compared with 19.9 per cent in 2005.

DEPOSITS

Deposits from customers totalled NOK 11,409 million at the end of the year under review. Deposits were up by NOK 1,761 million or 18.3 per cent in 2006, as against 15.8 per cent in 2005. The Bank's corporate customers accounted for the strongest growth in deposits. At the end of the year, the retail banking-, corporate banking- and public sectors accounted for 45, 50 and 5 per cent respectively of the Bank's total deposits.

Deposits in relation to net lending amounted to 60.4 per cent at the beginning of the year and 60.7 per cent at the close of 2006.



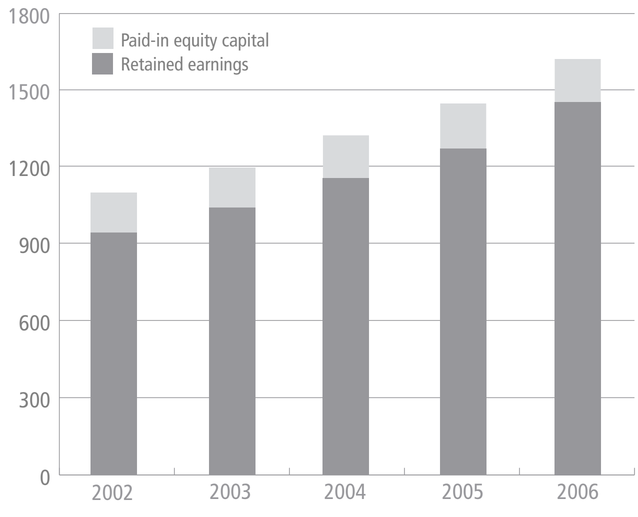
LOANS

As at 31.12.2006, gross loans totalled NOK 18,901 million, up by NOK 2,791 million or 17.3 per cent, unchanged from a year earlier. Lending to the retail banking- and corporate sectors grew by 18.4 and 15.5 per cent respectively.

At the end of 2006, retail banking- and corporate banking customers accounted for 64.3 and 35.7 per cent respectively of the Bank's total loans. Corresponding figures a year earlier were 63.7 and 36.3 per cent respectively.

FINANCIAL STRENGTH AND CAPITAL ADEQUACY

According to the statutory minimum requirement, all banks must have a capital adequacy ratio of at least 8 per cent. At the end of the year currently under review, Sparebanken Pluss's equity capital totalled NOK 1,623 million. This produced a capital adequacy ratio of 13.9 per cent, as against 14.8 per cent a year earlier. Despite the combination of a low level of domestic interest rates and a large core capital, the Bank has achieved a good return on its equity capital – 13.1 per cent at the end of 2006, as opposed to 11.4 per cent 12 months earlier.



PRIMARY CAPITAL CERTIFICATES (PCCs)

In 2006, 241,529 PCCs were traded, equivalent to almost 20 per cent of the outstanding certificates. In 2005, the corresponding figure was 30 per cent. At the end of the year, the Bank had 1,687 PCC-holders. More than 53 of these investors were domiciled in the Agder counties, accounting for 52 per cent of the Bank's PCC-capital. The Bank's 20 largest PCC-holders are shown in note 22 in Notes to the Accounts. These investors represented more than 37 per cent of the PCC-capital at the end of the year. 12 of the Bank's 20 largest PCC-holders were domiciled in Agder. Earnings per PCC ended up at NOK 18.81 in 2006. In accordance with the Bank's dividend policy the Board of Directors proposes to pay a cash dividend of NOK 18.50 per PCC and to transfer NOK 388,556 to the Dividend Equalisation Fund.

RISK AND INTERNAL CONTROL

Risk is one of the basic features of banking operations. Financial risks consist of credit risk, interest rate risk, funding risk, foreign exchange risk and price risk. In addition, there is operational risk. One of the Bank's main aims is to have a low risk profile. Reporting systems for the different risk groups have been prepared for the Bank's management.

Credit risk is related to the loss potential contained in the loan portfolio and is monitored through classification, key figures, analyses and the reporting of commitments in default. The Bank attaches great importance to maintaining a low credit risk and has put in place a comprehensive system of rules and regulations pertaining to credit assessment, the handling of credit and portfolio monitoring.

The risk classification for corporate customers showed continued good quality in the portfolio in 2006; reference is made to further information about this in note 1d. In the Board of Directors' opinion, the aggregate risk, both for the Bank's corporate- and retail banking portfolio, is very satisfactory.

Interest rate risk occurs as a result of maturity differences between fixed interest rates on assets- and liabilities, including off the balance activities. At the end of the year currently under review, the Bank's interest rate risk, measured as the overall impact on the Bank's result of a 1 percentage point shift in interest rates on different maturities, was well within the limits agreed by the Bank's Board of Directors. According to the Bank's assessment, any interest rate increases would have produced a net, positive contribution to the overall result.

The Board of Directors considers it very important for the Bank to maintain a high degree of internally generated funding, coupled with other long-term funding of its operations. At the end of the year, deposits from customers funded more than 60 per cent of the Bank's aggregate lending. 33 per cent of the Bank's assets were funded through the Norwegian bond- and certificate markets. In addition, during the course of 2006, long-term bilateral borrowing arrangements were entered into with Norwegian financial institutions. At the end of the year, the Bank's long-term funding (funding with maturities in excess of 12 months) in addition to deposits from customers amounted to 28 per cent of the balance sheet total. Furthermore, the Bank established stand-by facilities corresponding to 19 per cent of the Bank's bond- and certificate-related borrowings. At the end of 2006, the Bank's liquidity buffer was in accordance with the Board of Directors' guidelines.

Sparebanken Pluss is a foreign exchange bank and therefore subject to the authorities' limits for position-taking. The Bank has set considerably lower internal limits than the authorities' requirements.

In 2006 too, the Bank had a very limited portfolio of shares. Placements in bonds and certificates were mainly related to the collateral security arrangement with Norges Bank and the authorities' requirements according to which banks must at all times have sufficient liquid funds in order to be able to cover all liabilities at maturity.

The Bank makes every effort to apply a continuing process relating to the monitoring and assessment of different risk factors. With reference to rules and regulations relating to internal control, confirmation of internal control has been implemented for all main areas in the Bank, and overall risk assessment has also been done. Areas to be improved have been identified and risk-reducing measures have been implemented. The Bank's security systems are well maintained and periodically tested throughout the year. The internal control is the most important way of reducing the operational risk and the Bank follows this up on an ongoing basis. Focus on corporate ethics forms part of the system of internal control.

ORGANISATION

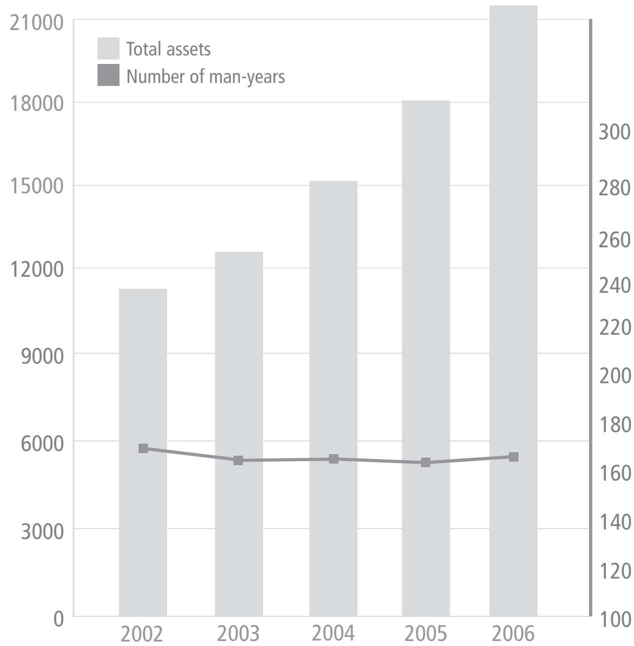
The working environment in the Bank is regarded as good. Systems and routines are in accordance with the requirements contained in 'Rules and Regulations relating to Health, Environment and Safety". The Bank has embraced the concept of Care in the Workplace, having entered into an arrangement in this connection with the Norwegian Social Security Department. In relation to this agreement, the Bank wishes to see a reduction of staff's absenteeism through illness. The Bank also wants its employees to work actively until their ordinary retirement age. Absenteeism through illness fell from an average of 3.8 per cent in 2005, to 3.6 per cent in 2006, which is well below the average for the savings bank industry as a whole. A substantial part of the absenteeism is due to long-term health situations.

As at 31.12.2006, the Bank employed 184 people, equivalent to 167 man-years. In 2006, the number of man-years worked at the Bank increased by 5. 50 of the Bank's staff work on a part-time basis.

On 01.05.2006, Lasse Kvinlaug was appointed Deputy Chief Executive Officer at the Bank.

On 30.11.2006, the Bank opened a new branch at Grimstad which will have 4 employees.

The Bank's operations cause no pollution of the external environment.



EQUALITY BETWEEN THE SEXES - EQUAL OPPORTUNITIES

Since 1996, one of Sparebanken Pluss's aims has been to achieve a relatively even distribution of men and women at all staff levels. This decision has resulted in an evening out of the levels of different positions both in the case of internal and external recruitment.

At the present time, the ratio of women among the Bank's managers and professional experts is 21 per cent, largely unchanged from the year before.

In the case of the Bank's staff (excluding General Managers), the salary index for men is 109 and for women 94. The average salary for this group has an index of 100. The salary index was 111 and 91 respectively in 2005, the difference having accordingly been somewhat reduced during the last 12 months.

Absenteeism through illness at Sparebanken Pluss is still higher for women than for men, the ratios being 4.4 and 2.7 per cent respectively. However, this difference became somewhat smaller last year and is in line with that of similar companies.

Of the Bank's 184 permanent employees, women account for 52 per cent. One man only works on a part-time basis, whereas 51 per cent of women work part-time. In 2006, the Bank recruited 7 new staff, 4 women and 3 men.

The Bank's Board of Directors consists of 7 members – 3 women and 4 men (including the Chief Executive Officer).

IFRS (International Financial Reporting Standards)

Listed companies and companies which have debt instruments quoted on a stock exchange are required to prepare group accounts in accordance with the international accounting standards (IFRS). To a certain extent, it has also become possible to apply IFRS to company accounts. Sparebanken Pluss has no subsidiaries and does not prepare group accounts. The Bank has therefore decided not to implement IFRS standards for 2006.

BASEL II

The new international rules and regulations for risk management and capital adequacy requirements, Basel II, came into force on 01.01.2007. Against the background of Circular 21/2006 from the Financial Supervisory Authority of Norway (FSAN), Sparebanken Pluss has initially chosen to report according to the old capital adequacy rules and regulations also in 2007. However, this will be subject to an ongoing assessment in order to ascertain whether it may become desirable to report in accordance with the new rules and regulations with effect from the second or third quarter.

When implementing new rules and regulations, Sparebanken Pluss will apply the standard method for credit risk and the basic method for operational risk from 2007. However, the Bank has implemented a process according to which the Bank will in due course adapt to the new rules and regulations in an optimal manner, in relation to the Bank's size and risk profile, and in relation to what is expected from banks of a corresponding size. In addition, the Bank has implemented a process aimed at adapting to the regulations relating to Internal Capital Adequacy Assessment Process from 2007.

There is reason to believe that implementation of the Basel II rules and regulations will have a positive impact on the Bank's capital adequacy.

CORPORATE GOVERNANCE

Business concept and value basis:

The Bank's corporate vision is to be a leading, financially strong and independent bank with Sorlandet as its main market. The Bank shall contribute to growth and development within the region.

Strict requirements with regard to honesty and business morals shall be the basis of the Bank's operations. The Bank will accordingly expect its staff to have integrity and attitudes in accordance with the Bank's ethical guidelines.

Management structure:
The Bank's most senior body is the Board of Trustees, which consists of representatives from the depositors, PCC-holders, staff and publicly appointed members, each of the four groups being represented in equal proportions. The Board of Trustees elects an election committee which proposes elected representatives for the Bank's various bodies.

The Bank is managed by a Board of Directors consisting of seven members. The Bank's Chief Executive Officer is a member of the Board of Directors in accordance with the rules and regulations contained in the Savings Banks' Act. The Bank's staff provides one member of the Board of Directors.

The Bank has introduced a separate routine for assessment of the suitability of members and deputy members for the Board of Directors.

Control mechanisms:
The Control Committee is the Board of Trustees' control body for monitoring the Bank's operations and consists of 3 members. The Control Committee makes an annual statement to the Board of Trustees and also provides a report to FSAN about its work.

The Bank has its own internal audit department which reports to the Board of Directors. The Internal Auditor attends the meetings of the Control Committee.

The Bank is subject to "Rules and regulations relating to the clarification of control responsibility, documentation and confirmation of the internal control". An annual report is sent to the Board of Directors.

The Bank has a clear risk strategy which is explained in the 'Credit Document' and the 'Finance Document', which are discussed every year at the Board of Directors. In general, the Bank has a low risk profile.

Furthermore, the Bank is subject to FSAN's rules and regulations relating to 'Minimum requirements for capital adequacy and rules pertaining to large commitments to individual customers in relation to equity and related capital'.
In addition, the Bank is subject to rules and regulations of Oslo Stock Exchange.

PROSPECTS FOR 2007

The cyclical upturn in the Norwegian economy is expected to continue in 2007, with high capacity utilisation, slightly increasing inflation and rising interest rates.

A very tight labour market in 2007 might contribute to a gradual increase in the rate of inflation, as cost increases are factored into prices for Norwegian-produced goods and services.

Low domestic interest rates and international growth have brought about a strong increase in businesses' investment in recent years. Dependent upon the way in which short- and long-term interest rates develop, the level of investment in mainland Norway is expected to be dampened down somewhat in 2007. On the other hand, it looks as if the level of investment within the oil- and gas industry may be maintained.

The growth in private households' demand has been a significant factor behind the upswing in the Norwegian economy in recent years. Private households' aggregate debt is estimated to have grown to 180 per cent of income in 2006. Higher borrowing rates and a lower rises in house prices may contribute to a reduction in private spending and lending growth in 2007.

In the Board of Directors' opinion, the Bank will experience somewhat lower lending growth in 2007 than in the year before. The competitive situation in the Bank's primary market area is expected to become fiercer, but the Bank's results should nevertheless be satisfactory in 2007 too.

VOTE OF THANKS

The Board of Directors would like to thank all staff and elected representatives for another good year and for their excellent efforts for the Bank. At the same time, the Board would wish to thank the Bank's customers, PCC-holders and other connections for the way in which they have all supported the Bank, and for the trust they have shown in the Bank during the year which is now behind us. Sparebanken Pluss looks forward to continued, good cooperation in 2007.

Kristiansand, 31. December 2006
6. March 2007

Jens Freuchen
Chairman

Thore Westermoen

Kristin Wallevik

Norunn Tveiten Benestad

Peder Syrdalen

Unni Kruse

Stein A. Hannevik
Chief Executive Officer

Profit and loss account

(Amounts in NOK thousand)	Notes:	2006	2005	2004
Interest receivable and similar income from loans to and claims on credit institutions		22 307	10 640	10 404
Interest receivable and similar income from loans to and claims on customers		725 018	529 603	463 270
Interest receivable and similar income from certificates, bonds and other int. bearing securities		29 164	22 234	18 054
Interest receivable and similar income		**776 489**	**562 477**	**491 728**
Interest payable and similar costs relating to liabilities to credit institutions		6 799	5 182	4 135
Interest payable and similar costs relating to deposits from and liabs. to customers		232 040	133 641	103 114
Interest payable and similar costs relating to securities issued		195 743	123 632	97 543
Other interest payable and similar costs	20	12 364	525	0
Interest payable and similar costs		**446 946**	**262 980**	**204 792**
NET INTEREST- AND CREDIT COMMISSION INCOME		**329 543**	**299 497**	**286 936**
Dividends and other income from securities with variable yield		**4 664**	**4 032**	**1 855**
Guarantee commission		4 238	3 417	2 720
Other fees and commission income	7	91 532	78 904	73 227
Commissions receivable and income from banking services		**95 769**	**82 321**	**75 947**
Commissions payable and costs relating to banking services		**13 433**	**13 559**	**14 125**
Net value change and gains on certificates, bonds and other interest-bearing securities		1 448	-1 954	-599
Net value change and gains on shares and other securities with variable yield		12 049	2 158	0
Net value change and gains on foreign exchange and financial derivatives		6 723	6 569	1 962
Net value change and gains on f/x and securities classified as current assets		**20 220**	**6 773**	**1 363**
Operating income from real estate		4 996	4 900	4 910
Other operating income		5 014	5 127	9 398
Other operating income		**10 010**	**10 027**	**14 308**
TOTAL OTHER OPERATING INCOME		**117 230**	**89 594**	**79 348**
Wages, salaries etc.	10/17	97 579	90 552	87 927
Broken down as follows:				
Wages and salaries		72 288	65 906	64 326
Pensions		11 281	10 752	9 646
Social costs		14 011	13 894	13 955
Administration costs		50 420	48 518	51 159
Wages, salaries and general administration costs		**147 999**	**139 070**	**139 086**
Depreciation etc. of fixed and intangible assets	**14**	**9 649**	**10 736**	**10 430**
Operating costs relating to real estate		3 627	5 254	3 571
Other operating costs		14 202	13 257	15 542
Other operating costs		**17 829**	**18 511**	**19 113**
TOTAL OPERATING COSTS		**175 478**	**168 317**	**168 629**
OPERATING RESULT BEFORE CREDIT LOSSES		**271 296**	**220 774**	**197 655**
Losses on loans, guarantees etc.	**1**	**-7 360**	**-494**	**10 490**
OPERATING RESULT		**278 656**	**221 268**	**187 165**
Tax payable on ordinary result	18	77 341	64 169	55 399
RESULT FOR THE ACCOUNTING YEAR		**201 315**	**157 099**	**131 766**
Result/diluted earnings/result per PCC		18,81	16,14	14,48
Transfers:	8			
Transferred from Dividend Equalisation Fund		0	0	28
Allocations:	8			
Dividend payable on PCCs		23 125	20 000	18 125
Transferred to Savings Bank's Fund		165 801	130 927	110 669
Transferred to Donations		12 000	6 000	3 000
Transferred to Dividend Equalisation Fund		389	172	0
Allocation of the result for the accounting year		**201 315**	**157 099**	**131 766**

Balance sheet

ASSETS

(Amounts in NOK thousand)	Notes:	31.12.2006	31.12.2005	31.12.2004
Cash-in-hand and claims on central banks	**16/21**	**785 574**	**653 355**	**410 522**
Loans to and claims on credit insts. without agreed maturity or notice of withdrawal	16	8 273	214 383	5 672
Loans to and claims on credit insts. with agreed maturity or notice of withdrawal		455 300	62 659	117 740
Net loans to and claims on credit institutions	**21**	**463 573**	**277 042**	**123 412**
Overdraft- and working capital facilities	16	2 485 320	966 656	320 872
Building loans		744 521	484 450	398 080
Repayment loans	5/16	15 671 168	14 658 855	13 015 877
Loans before specific and non-specific loss provisions	1/3/10/21	18 901 009	16 109 961	13 734 829
- Individual write-downs	1	13 813	20 337	18 988
- Write-downs on groups of lending	1	79 761	101 900	101 900
Net loans and claims on customers		**18 807 435**	**15 987 724**	**13 613 941**
Repossessed assets		**308**	**337**	**337**
Securities issued by public sector borrowers:				
Certificates and bonds		16	94	137
Issued by other borrowers:				
Certificates and bonds	5	1 166 379	851 682	675 426
Certificates, bonds and other interest-bearing securities	**4/5**	**1 166 395**	**851 776**	**675 563**
Equities, unit trust shares and PCCs with variable yield	**9**	**35 119**	**39 126**	**41 767**
Machinery, fixtures and fittings, and transport equipment		22 273	22 588	22 879
Buildings and other real estate		104 083	95 027	95 175
Fixed assets	**14**	**126 356**	**117 615**	**118 054**
Other assets		**13 541**	**12 711**	**3 319**
Accrued income, not yet received		141 560	106 171	63 169
Over-funding of pension liabilities	17	1 774	6 320	10 406
Prepaid costs, not yet incurred - accrued income, not yet received		**143 333**	**112 491**	**73 575**
TOTAL ASSETS		**21 541 635**	**18 052 177**	**15 060 490**

Jens Freuchen
Formann

Thore Westermoen

Kristin Wallevik

Norunn Tveiten Benestad

Balance sheet

LIABILITIES AND EQUITY CAPITAL

(Amounts in NOK thousand)	Notes:	31.12.2006	31.12.2005	31.12.2004
Loans and deposits from credit insts. - no agreed maturity or notice of withdrawal		36 750	14 071	8 691
Loans and deposits from credit insts. - with agreed maturity or notice of withdrawal		697 649	406 127	440 400
Liabilities to credit institutions	**16/21**	**734 400**	**420 198**	**449 091**
Deposits from and liabilities to customers - without agreed maturity		5 776 775	4 998 604	4 756 225
Deposits from and liabilities to customers - with agreed maturity	16	5 632 302	4 649 634	3 575 068
Deposits from and liabilities to customers	**21**	**11 409 077**	**9 648 238**	**8 331 293**
Certificates and other short-term borrowings		300 000	300 000	1 000 000
Bond debt	12	6 810 557	5 643 063	3 722 473
Borrowings through the issuance of securities	**21**	**7 110 557**	**5 943 063**	**4 722 473**
Financial derivatives		0	0	3 316
Other liabilities	18	182 061	143 558	118 640
Other liabilities		**182 061**	**143 558**	**121 956**
Incurred costs and income received, not yet accrued		**158 244**	**133 241**	**99 058**
Pension commitments	17	20 179	18 753	18 256
Deferred tax	18	6 820	3 155	4 516
Provisions for liabilities		**26 999**	**21 908**	**22 772**
Capital bond	**20**	**297 325**	**297 025**	**0**
TOTAL LIABILITIES		**19 918 663**	**16 607 231**	**13 746 643**
Equity capital				
Paid-in equity capital:				
PCC-capital		125 000	125 000	125 000
Premium Fund		34 324	34 324	34 324
Paid-in equity capital		**159 324**	**159 324**	**159 324**
Accrued equity capital/retained earnings:				
Savings Bank's Fund		1 452 386	1 276 130	1 145 203
Dividend Equalisation Fund		11 262	9 492	9 320
Accrued equity capital/retained earnings:		**1 463 648**	**1 285 622**	**1 154 523**
TOTAL EQUITY CAPITAL	**8**	**1 622 972**	**1 444 946**	**1 313 847**
TOTAL LIABILITIES AND EQUITY CAPITAL		**21 541 635**	**18 052 177**	**15 060 490**
Accounting items off the balance sheet:				
Contingent liabilities:				
Guarantees	2/3	454 286	376 768	286 767
Assets pledged as collateral security	15	1 141 281	803 410	611 742
Liabilities:				
Forward exchange contracts/share index-related bond loan	19/12			

Kristiansand, 31. December 2006
6. March 2007

Peder Syrdalen

Unni Kruse

Stein A. Hannevik
Adm. direktør

Cash flow statement

(Amounts in NOK thousand)	2006	2005	2004
Cash flows from operations			
Interest receivable	736 918	527 360	493 609
Interest payable	-428 815	-220 273	-207 805
Dividends received	4 664	4 032	1 855
Other payments received	111 765	83 945	75 983
Other payments made	-156 288	-153 202	-154 095
Recoveries relating to confirmed losses	1 745	4 081	2 973
Payment of tax	-65 530	-57 222	-45 608
Payments - donations	-4 936	-2 385	-985
Net cash flow from operations	**199 523**	**186 336**	**165 927**
Cash flows from investment activities			
Change in loans to and claims on other financial institutions	-186 531	-153 630	-18 696
Change in net loans to and claims on customers	-2 802 260	-2 377 371	-1 960 023
Net change in securities	-311 716	-174 677	-151 742
Net change in fixed assets etc.	-16 456	-8 680	-12 245
Change in other claims	5 883	-11 912	897
Net cash flow from investment activities	**-3 311 081**	**-2 726 270**	**-2 141 809**
Cash flows from financing activities			
Net change in deposits from customers	1 760 839	1 316 945	1 160 183
Net change in deposits from Norges Bank and other financial institutions	314 202	-28 893	31 820
Net change in bond debt	1 167 495	1 220 590	892 225
Change in short-term liabilities	20 941	-4 775	9 728
Capital bond	300	297 025	0
Payment of dividend	-20 000	-18 125	-18 293
Change in own Primary Capital Certificates (PCCs)	0	0	5 485
Net cash flows from financing activities	**3 243 777**	**2 782 767**	**2 081 148**
Net change in liquid assets during the year +/-	**132 219**	**242 833**	**105 266**
Liquid assets as at 01.01 [1]	**653 355**	**410 522**	**305 256**
Liquid assets as at 31.12 [1]	**785 574**	**653 355**	**410 522**

[1] which consist of: Cash-in-hand; Norges Bank

Notes to the accounts

ACCOUNTING PRINCIPLES

The annual financial statement is prepared in accordance with the applicable accounting law for banks, and according to good accounting practice.
In each note to the accounts, the accounting principles applied are explained.
All figures in the Notes to the Accounts are stated in NOK thousand, unless otherwise specified.

With effect from 2006, losses on loans are assessed according to the lending rules and regulations dated 21.12.2004 which regulates accounting principles for loans and guarantees in financial institutions. The impact of new accounting principles on the Bank's Fund and Dividend Equalisation Fund is further specified in note 8. The nominal effect, deferred taxes excluded is added to the bank's Fund and Dividend Equalisation Fund in accordance with the PCC-ratio as at 1.1.2006. Comparable figures in the balance sheet have not been restated.

Financial instruments

In the balance sheet, financial instruments comprise shares, bonds and commercial papers. In addition, in 2006 the Bank has used financial derivatives in order to hedge interest rate- and foreign exchange risk which has been incurred in connection with the Bank's ordinary operations, and in connection with the Bank's funding operations in national and international financial markets. The use of financial derivatives comprises forward exchange contracts, interest rate swaps, agreements relating to the assignment of securities and derivatives related to hedging of equity agreements with customers (structured products) (see note 12/19). As at 31.12.2006, the Bank did not have a trading portfolio of financial instruments.

Accrual accounting of income and costs

Interest, fees and commissions are included in the profit and loss account according to the accrual of this income and costs.
Prepaid income and incurred, not yet paid costs, are subject to accrual accounting and are entered as liabilities in the balance sheet. Accrued, not yet received income, is treated as income and shown under accounts receivable in the balance sheet.
Dividends on shares are included as income in the profit and loss account during the year such funds are received.
Fees related for the establishment of loan agreements with customers are included as income in their entirety in the year in which the loan agreement is established, as such fees are deemed to cover the costs relating to the establishment of the loan in question.

Cash flow statement

The cash flow statement has been prepared on the basis of net cash flows from operational-, investment- and financial activities. The cash flow statement is based on the direct model where cash flows from operational activities are shown through net, aggregate payments received and made.

Merger

In 2006, the Bank acquired the shares in Hanssen Eiendom AS. The company's operations involved the ownership of a building in Grimstad. During the course of 2006, Hanssen Eiendom AS was merged with Sparebanken Pluss. In the Bank's accounts, the merger is shown as a Group continuity. The extra value in excess of the company's equity capital at the time of acquisition was added to the building's book value.

1. LOSSES ON LOANS

1a. Principles relating to the assessment of commitments

Implementation of new lending rules and regulations

On 01.01.2006 Sparebanken Pluss implemented 'Rules and regulations pertaining to the accounting treatment of loans and guarantees' (new lending rules and regulations). As at 31.12.2006, loans are accordingly valued according to the new lending rules and regulations. At the time of establishment, loans are assessed at market value plus direct transaction costs. In the case of subsequent assessments, loans are valued at amortised cost, using the 'effective interest' method.

Confirmed losses/Individual write-downs of losses

The Bank makes quarterly assessment of its loans with a view to ascertaining losses or making individual write-downs of losses. Loans are assessed in order to find out whether there is objective proof of any impairment in value which would require write-down of losses.
Write-down for impairment in value is made when there is objective proof of loans or groups of loans having been subject to impairment in value as a result of reduced creditworthiness. Write-down is calculated as the difference between book and present value of estimated future cash flows.

Group-related write-downs

Loans are divided into groups with largely similar risk characteristics with regard to borrowers' ability to service/pay their outstanding debt to the bank. Group-related write-downs shall cover expected credit loss incurred through events which have occurred and shall take into account losses contained in the portfolio at the time of assessment, but which are not yet identified in the case of individual commitments.
On 01.01.2006 when implementing the new lending rules and regulations, NOK 16.4 million was reversed in respect of non-specific loss provisions, after which group-related write-down at the beginning of the year amounted to NOK 85.5 million.

Commitments in default

In order to classify a loan as being in default, an actual assessment is made if the customer in question has failed to make loan instalments, or if any overdraft relating to a credit facility has not been covered as agreed. According to the Financial Supervisory Authority of Norway's (referred to elsewhere in this document as FSAN) rules and regulations, default is deemed to have occurred if an instalment has not been paid within 90 days of maturity, or if a credit facility has been overdrawn for more than 90 days.
Default is also deemed to have occurred when debt negotiations have been initiated or in the case of bankruptcy, or when legal steps have been taken in order to recover the claim in question.
When a customer has one or more loans in default, the customer's total outstanding commitment is reported and not just the individual loan in question.
In the case of default, this represents objective proof which means that the need for write-down of losses must be assessed.

Repossessed assets

When the Bank repossesses assets as a result of commitments in default, such assets are assessed at their market value. Normally, such assets would be booked as current assets. If the assets are assessed at a lower value at a later date, the difference will be booked as a confirmed loss. In the case of a sale, any loss is booked as a confirmed loss on loans and guarantees, and any gain as recoveries relating to previous losses on loans and guarantees. If the repossessed assets are to be owned by the Bank on a long-term basis, they will be shown in the accounts as fixed assets.

Repossessed assets are as follows:

	Number of units	31.12. 2006	Number of units	31.12. 2005	Number of units	31.12. 2004
Sites and building plots	1	308	2	337	2	337
Total repossessed assets		308		337		337

1b. Losses on loans

Credit loss cost for the period

	2006	2005	2004
Net credit loss cost on loans	-7 361	-519	10 490
Losses on guarantees	0	25	0
Losses on loans and guarantees	-7 361	-494	10 490

	2006	2005	2004
Change in specific loss provisions during the period	-4 562	1 349	-1 950
+ Change in wright-downs on groups of lending	-5 700	0	12 000
+ Period's confirmed losses, against which specific loss provision were previously made	3 050	648	1 524
+ Period's confirmed losses, against which no specific loss provisions were previously made	1 596	1 590	1 889
- Period's recoveries relating to earlier periods' confirmed losses	1 745	4 081	2 973
= Credit loss cost for the period	-7 361	-494	10 490

Changes in specific loss provisions

	2006	2005	2004
Specific loss provisions as at 01.01.	20 337	18 988	20 938
- Period's confirmed losses, against which specific loss provisions were previously made	3 050	648	1 524
+ Increased specific loss provisions during the period	1 132	1 574	2 266
+ New specific loss provisions during the period	2 875	2 347	5 413
- Reversal of specific loss provisions during the period	7 481	1 924	8 105
= Specific loss provisions as at 31.12.	13 813	20 337	18 988

Changes in write-downs on group of lending

	2006	2005	2004
Write-downs on groups as at 01.01.	85 461	101 900	89 900
+ Changes in write-downs on groups during the period	-5 700	0	12 000
= Write-down on groups as at 31.12	79 761	101 900	101 900

Changes in interest income not included in the profit and loss account

	2006	2005	2004
Accrued interest, not included as income from loans shown in the balance sheet at 01.01	1 355	1 192	1 448
- Period's inclusion of income from previous periods' interest on loans	1 355	90	610
- Accrued interest, not incl.as income on loans which have been removed from the balance sheet	0	20	10
+ Period's accrued interest, not incl. as income from loans which have been identified as bad and doubtful	819	273	364
= Accrued interest, not included as income from loans shown in the balance sheet as at 31.12	819	1 355	1 192

1c. Commitments in default

Retail banking market

	31.12. 2006	31.12. 2005	31.12. 2004	31.12. 2003	31.12. 2002
Gross loans/credit in default	3 350	8 278	9 009	14 693	35 056
- Specific loss provisions	0	212	764	521	1 669
= Net loans in default	3 350	8 066	8 245	14 172	33 387
Degree of provisions for retail banking loans in default	0,0 %	2,6 %	8,5 %	3,5 %	4,8 %

Corporate market

	31.12. 2006	31.12. 2005	31.12. 2004	31.12. 2003	31.12. 2002
Gross loans/credit in default	11 219	7 354	7 749	5 135	6 852
- Specific loss provisions	2 849	1 711	1 922	1 669	3 096
= Net loans in default	8 370	5 643	5 827	3 466	3 756
Degree of provisions for corporate loans in default	25,4 %	23,3 %	24,8 %	32,5 %	45,2 %

Total loans/credit in default

	31.12. 2006	31.12. 2005	31.12. 2004	31.12. 2003	31.12. 2002
Gross loans/credit in default	14 569	15 632	16 758	19 828	41 908
- Specific loss provisions	2 849	1 923	2 686	2 190	4 765
= Net loans in default	11 720	13 709	14 072	17 638	37 143
Degree of provisions for loans in default	19,6 %	12,3 %	16,0 %	11,0 %	11,4 %

Other bad and doubtful loans/credits

	31.12. 2006	31.12. 2005	31.12. 2004	31.12. 2003	31.12. 2002
Commitments not in default, against which loss provisions have been made	39 484	54 636	60 663	67 498	49 160
- Specific loss provisions	10 964	18 415	16 302	18 748	12 623
= Net bad and doubtful loans, not in default	28 520	36 221	44 361	48 750	36 537
Degree of provisions for loans not in default	27,8 %	33,7 %	26,9 %	27,8 %	25,7 %
Gross loans which have been put on a non-accrual of interest income basis	42 576	45 347	52 993	53 934	49 249

Total specific loss provisions

	31.12. 2006	31.12. 2005	31.12. 2004	31.12. 2003	31.12. 2002
Specific loss provisions for commitments in default	2 849	1 923	2 686	2 190	4 765
+ Specific loss provisions for commitments not in default	10 964	18 415	16 302	18 748	12 623
= Total specific loss provisions	13 813	20 338	18 988	20 938	17 388

Interest provisions for commitments against which specific loss provisioning has been raised are not shown separately in the accounts, but have been deducted from gross loans.

1d. Loans and guarantees broken down by different risk classes

Principles for risk classification of commitments

The Bank has a system for risk classification of customers. All commitments in excess of NOK 500,000 are classified on an annual basis. The classification is based on two main factors which show the customer's financial position and the value of the security provided. In the case of corporate customers, classification of financial factors is done on the basis of certain key figures in the customer's last available audited accounts. Customers are classified in 5 different risk classes according to financial position and the ability to service their outstanding commitments, and in 5 different risk classes according to security. This, as shown below, provides a breakdown into a total of 25 different risk classes. These classes are divided into the main groups of low risk (A1-A4,B1-B2,C1) medium risk (A5,B3-B4,C2-C4,D1-D2,E1) and high risk (B5,C5,D3-D5,E2-E5). The customer's total commitments are subject to classification. In addition to outstanding balances of loans and credits, unutilised credits, guarantee facilities, incurred interest and any credit exposure relating to foreign exchange and interest rate futures are included.

		Financial position				
		A	B	C	D	E
Security	1	A1	B1	C1	D1	E1
	2	A2	B2	C2	D2	E2
	3	A3	B3	C3	D3	E3
	4	A4	B4	C4	D4	E4
	5	A5	B5	C5	D5	E5

Breakdown within different risk groups as at 31.12.2006

	Commitment	%	Gross loans	Guar-antees	Potential exposure	Specific loss provision
Corporate customers:						
Low risk	3 015 599	36,1	2 377 976	213 886	423 737	0
Medium risk	3 213 891	38,4	2 649 563	131 278	433 050	4 175
High risk	654 106	7,8	511 174	23 630	119 302	9 020
De-classified *)	1 479 260	17,7	1 214 005	76 894	188 361	0
Tot. corporate customers	8 362 856	100,0	6 752 718	445 688	1 164 450	13 195
Retail banking customers:						
Low risk	8 274 418	63,3	7 481 756	4 219	788 443	0
Medium risk	3 804 860	29,1	3 709 430	1 854	93 576	220
High risk	380 826	2,9	371 240	75	9 511	78
De-classified *)	603 042	4,6	585 865	2 450	14 727	320
Total retail banking customers	13 063 146	100,0	12 148 291	8 598	906 257	618
Total	21 426 002		18 901 009	454 286	2 070 707	13 813

*) Partly classsified customers include some unclassified customers (commitments less than NOK 500,000) and those customers classified according to just one factor (security).

Breakdown within different risk groups as at 31.12.2005

	Commitment	%	Gross loans	Guar-antees	Potential exposure	Specific loss provision
Corporate customers:						
Low risk	3 143 042	43,4	2 280 793	176 554	685 695	1 674
Medium risk	2 211 959	30,5	1 852 103	97 934	261 922	9 450
High risk	288 700	4,0	226 017	4 872	57 811	6 938
De-classified *)	1 598 709	22,1	1 486 649	86 687	25 373	396
Tot. corporate customers	7 242 410	100,0	5 845 562	366 047	1 030 801	18 458
Retail banking customers:						
Low risk	6 427 766	59,9	6 097 720	6 680	323 366	0
Medium risk	3 329 587	31,0	3 201 906	2 874	124 807	883
High risk	367 935	3,4	358 218	0	9 717	270
De-classified *)	611 976	5,7	606 555	1 167	4 254	726
Total retail banking customers	10 737 264	100,0	10 264 399	10 721	462 144	1 879
Total	17 979 674		16 109 961	376 768	1 492 945	20 337

Changes between different risk groups throughout the year

In the case of the corporate portfolio, there has been a reduction of 7.3 percentage points in the share of commitments with low risk, whereas the share of commitments with medium risk has have increased by 7.9 percentage points. The share of high-risk commitments rose by 3.8 percentage points, whereas partly classified commitments were reduced by 4.4 percentage point. The aggregate risk for the corporate portfolio is regarded as very satisfactory.

In the case of the retail banking portfolio, there was a 3.4 percentage point increase in the share of commitments with low risk, whereas the share of medium risk remained largely unchanged. The share of commitments with high risk and the share of partly classified commitments showed a marginal shrinkage. The aggregate risk for the retail banking portfolio is deemed to be very satisfactory.

Average annual expected credit loss level

Monitoring of credit risk and follow-up of bad and doubtful commitments are both considered very important. Credit risk is monitored, amongst other things, through analyses, the reporting of commitments in default and arrears, as well as risk classification.

In 2006, the Bank ended up with a net gain of NOK 7,361.000 on loan losses. Due to the implementation of the new lending rules and regulations, the credit loss costs for 2006 will not be directly comparable with figures from 2005. Based on empirical data, local market conditions and the composition of the Bank's existing portfolio, however, the Bank's net credit loss cost for 2007 is expected to remain at a very moderate level.

Based on previous years experience and the composition of the Bank's corporate portfolio, the average annual credit loss cost for the corporate portfolio is expected to be relatively low during the coming years. The bulk of the losses is likely to come from commitments in the risk classes C3 and lower.

Assessment of expected losses in relation to expected interest income

Expected estimated losses within the retail banking section should be marginal in comparison with interest income. This will also apply to risk classes A and B of the corporate portfolio, whereas losses in risk classes D and E are expected to be significantly lower than the group's interest income.

2. GUARANTEE LIABILITIES

	31.12.06	31.12.05	31.12.04
Loan guarantees	0	0	0
Payment guarantees	56 337	57 906	60 288
Contract guarantees	336 574	261 795	206 769
Guarantee for tax	250	250	250
Other guarantees	61 125	56 817	19 460
Guarantee liabilities relating to customers	454 286	376 768	286 767

3a. LOANS AND GUARANTEES BROKEN DOWN BY THE MOST IMPORTANT GEOGRAPHICAL AREAS

	Loans				Guarantees	
	31.12.06	%	31.12.05	%	31.12.06	31.12.05
Akershus	539 956	2,9	432 870	2,7	5 660	3 354
Oslo	2 141 440	11,3	1 800 996	11,2	24 280	20 573
Aust-Agder	1 716 985	9,1	1 300 714	8,1	6 774	1 882
Vest-Agder	12 357 440	65,4	10 953 323	68,0	357 671	289 951
Rogaland	637 833	3,4	331 444	2,1	26 587	27 362
Hordaland	549 739	2,9	446 215	2,8	24 589	28 985
Møre	114 599	0,6	105 561	0,7	68	63
Trøndelag	193 361	1,0	164 849	1,0	4 242	1 367
Miscellaneous	649 656	3,4	573 989	3,6	4 415	3 231
Total	18 901 009	100,0	16 109 961	100,0	454 286	376 768

3b. LOANS AND GUARANTEES AS AT 31.12.06, BROKEN DOWN BY THE MOST IMPORTANT COMMERCIAL-, INDUSTRIAL AND RETAIL BANKING MARKETS

	Gross loans	Guarantees	Potential exposure	Commitments in default	Spesific loss provisions	Bad and doubtful commitments	Non-specific loss provisions
Retail banking customers	12 148 291	8 598	906 257	3 350	618	2 149	
Corporate customers	6 752 718	445 688	1 164 451	11 219	13 195	37 335	
Total loans and guarantees	18 901 009	454 286	2 070 708	14 569	13 813	39 484	79 761
Agriculture, forestry and fishing	84 680	302	11 144		972	2 220	
Industry, including manufacturing industry	167 272	94 601	111 703		3 203	11 722	
Building and construction, energy and water supply	428 103	130 236	155 312		255	610	
Retail and wholesale trade; hotel- and restaurant industry	440 893	34 941	101 591		2 188	12 471	
Real estate management	3 667 080	97 660	595 017	11 203	2 849		
Transport	62 563	18 327	2 135				
Business- and social services	1 877 963	69 546	147 260	16	3 728	10 312	
Central and local government administration	24 164	75	40 289				
Total - corporate customers	6 752 718	445 688	1 164 451	11 219	13 195	37 335	

3c. LOANS AND GUARANTEES AS AT 31.12.05, BROKEN DOWN BY THE MOST IMPORTANT COMMERCIAL-, INDUSTRIAL AND RETAIL BANKING SECTORS

	Gross loans	Guarantees	Potential exposure	Commitments in default	Spesific loss provisions	Bad and doubtful commitments	Non-specific loss provisions
Retail banking customers	10 264 399	10 721	462 144	8 278	1 879	3 158	
Corporate customers	5 845 562	366 047	1 030 801	7 354	18 458	51 478	
Total loans and guarantees	16 109 961	376 768	1 492 945	15 632	20 337	54 636	101 900
Agriculture, forestry and fishing	83 085	370	4 570	1 653	1 089	2 404	
Industry, including manufacturing industry	216 712	93 251	154 387		4 250	13 402	
Building and construction, energy and water supply	372 375	126 332	250 083	2 305	1 667	2 498	
Retail and wholesale trade; hotel- and restaurant industry	437 443	33 871	100 295		2 627	5 956	
Real estate management	2 855 724	46 877	176 218	3 396	3 544	11 200	
Transport	58 986	13 979	33 728		200	425	
Business- and social services	1 821 237	51 287	171 374		5 081	15 593	
Central and local government administration		80	140 146				
Total - corporate customers	5 845 562	366 047	1 030 801	7 354	18 458	51 478	

4. COMMERCIAL PAPERS AND BONDS

Valuation

Commercial papers and bonds are classified as current assets and assessed as an aggregate portfolio at the lower of acquisition cost and market value on the balance sheet day in question. The portfolio assessment principle has been chosen as the Bank's bond portfolio is managed as an aggregate risk.

Certificates and bonds

Portfolio as at 31.12.2006

All securities are listed on Oslo Stock Exchange

	Certificates	Bonds	Subord. loans in fin. inst.	Total
Issued by public sector borrowers	0	44	0	44
Issued by other borrowers	149 971	1 000 380	16 000	1 166 351
Total book value	149 971	1 000 424	16 000	1 166 395
Acquisition cost	149 971	1 000 424	16 000	1 166 395
Market value[1]	149 970	1 001 590	16 148	1 167 708

[1] Market value is defined either as the price quoted on the stock exchange in question or at estimated present value based on the securities' contractual cash flows, discounted at a rate of interest corresponding to the swap interest rates at the end of the year.

When calculating the yield on the Bank's securities portfolio, the following elements are taken into consideration: interest coupons, realised gains/losses and any change in unrealised gains/losses. The impact of hedge transactions relating to the portfolio is also taken into consideration. The average rate of return on investment in bonds was 50 basis points over 3 months' NIBOR in 2006.

The Bank has no bonds which have to be held until maturity.

5. SUBORDINATED LOAN CAPITAL IN OTHER INSTITUTIONS

	31.12.06	31.12.05	31.12.04
Subordinated loan, included under bonds	16 000	41 085	59 418
Subordinated loan, included under loans	0	0	0
Total subordinated loan capital	16 000	41 085	59 418
- of which subordinated loan capital in other financial institutions accounts	16 000	41 085	59 418

6. CAPITAL ADEQUACY

	31.12.06	31.12.05	31.12.04
Capital adequacy ratio	13,88 %	14,81 %	13,00 %
Calculation basis	13 769 711	11 605 884	9 906 349
- Cash-in-hand and ordinary deposits in other banks	92 715	55 408	24 682
- Short-term placements in securities	957 643	624 378	509 048
- Loans	12 156 988	10 553 148	9 113 373
- Other claims	76 687	53 900	48 740
- Fixed assets	159 139	156 905	159 984
- Items off the balance sheet	415 946	289 908	187 135
- Share of trading portfolio	11 280	11 550	0
- Deductible items	-100 687	-139 315	-136 614
Net equity and related capital	1 911 410	1 718 573	1 287 715
Broken down as follows:			
Core capital	1 907 291	1 692 501	1 303 441
- Savings Bank's Fund	1 452 386	1 276 130	1 145 204
- PCC-capital	125 000	125 000	125 000
- Premium Fund/Dividend Equalis. Fund	45 586	43 816	43 644
- Over-funding of pension liabilities	-1 774	-6 320	-10 406
- Capital bond	286 093	253 875	0
Supplementary capital	11 232	43 150	0
Deductions			
- Equity and related capital in other finacial institutions	-7 113	-17 078	-15 726

7. OTHER FEES AND COMMISSIONS

	2006	2005	2004
Commissions - credit brokerage	8 992	6 038	5 858
Fees-securities trading and management/adm.	13 893	8 577	7 600
Payment transmission	59 806	56 359	53 229
Insurance services	6 746	5 836	4 449
Other fees	2 095	2 094	2 091
Total other fees and commission income	91 532	78 904	73 227

8. CHANGE IN THE BANK'S EQUITY CAPITAL - 31.12.05 – 31.12.06

	PCCs-fond	Premium Fund	Savings Bank's Fund	Divided Equalisation Fund	Total
Equity capital as at 31.12.	125 000	34 324	1 276 130	9 492	1 444 946
Change in principle relating to new lending rules and regulations as at 01.01	0	0	10 454	1 382	11 836
Equity capital as at 01.01.	125 000	34 324	1 286 584	10 874	1 456 782
Allocation of profit for the year	0	0	165 801	389	166 190
Equity capital as at 31.12.	125 000	34 324	1 452 385	11 263	1 622 972

9. SHARES, PARTICIPATIONS AND UNITS

			BANK'S SHARE			
	Company's share capital	Number of shares	Equity stake	Nominal value	Book value	Acquisition cost
Shares classified as current assets:						
NorgesInvestor Value AS	179 400	100 000	5,6	10 000	110	110
NorgesInvestor III AS	176 647	30 030	1,4	30	30	30
NorgesInvestor Long Short AS	72 500	50 000	6,9	57	57	57
NorgesInvestor Proto AS	100 000	100 000	5,0	10 000	10 000	10 000
NorgesInvestor Opportunities AS	24 960	15 000	4,8	1 200	1 500	1 500
Total shares current assets					11 697	11 697
Shares classified as fixed assets:						
Bankenes Betalingssentral AS	165 000	38 520	0,6	963	912	912
Eiendomskreditt AS	160 000	112 396	7,0	11 240	11 321	11 321
Sparebankmateriell AS	3 156	590	1,9	59	59	59
Eksportfinans ASA	1 593 532	304	0,2	3 192	5 472	5 472
Teller AS	45 000	106	1,3	596	2 951	2 951
Other companies (11)					207	307
Total shares fixed assets					20 922	21 022
Participations classified as fixed assets:						
Skagerak Venture Capital 1 KS			9,73		2 500	2 500

Movements during the year	Opening balance	Additions	Disposal	Closing balance
Total long-term placements	39 126	1 990	20 194	20 922

Portfolio of shares classified as current assets is assessed at the lower of acquisition cost and expected market value, when the shares in question are not listed on a stock exchange. During the course of 2006, shares were reclassified from fixed assets. The Bank's portfolio of shares classified as long-term investment is valued at acquisition cost, unless circumstances of a permanent nature have necessitated a lower valuation. In connection with the investment in Skagerak Venture Capital 1 KS the Bank has a total commitment in the form of equity capital and loans amounting to NOK 25 million in all. The equity stake is valued at acquisition cost. None of the securities classified as fixed assets are listed.

10. INFORMATION RELATING TO BANK'S STAFF AND ELECTED REPRESENTATIVES

10a. Number of employees as at 31.12

	2006	2005	2004
Number of employees	184	180	183
Number of man-years	167	162	164
Avarage number of staff	182	182	184

10b. Wages, salaries, pensions and other benefits

A. Wages, salaries, fees etc

	2006	2005	2004
Chief Executive Officer			
- Wages and salaries	1 411	1 360	1 276
- Pension cost	108	74	73
- Other benefits	172	164	163
Members of Board of Directors			
- Other benefits	394	389	355
Members of Control Committee			
- Other benefits	119	124	110
Members of Board of Trustees			
- Other benefits	81	88	119

Members f the Board of Directors, Control Committee and Board of Trustees are only paid fees for their services.

B. Total remuneration and fringe benefits

		2006	2005	2004
Management Team (5)		4 466	4 187	4 038
- Deputy CEO/head of Corporate market		1 127		
- Divisional Director, Retail market		1 084		
- General Manager Credit Risk		787		
- General Manager Accounting and Reporting		767		
- General Manager Technical Support		701		
Members of Board of Directors				
- Chairman	Fixed annual fee	88	88	80
- Other members	Fixed annual fee	55	55	50
Members of Control Committee				
- Chairman	Fixed annual fee	50	50	45
- Other members	Fixed annual fee	33	33	30
Members of Board of Trustees				
- Chairman	Fixed annual fee	15	15	13
- Other members	Fixed fee per meeting	1	1	1

The Chief Executive Officer is a member of the Board of Directors, but does not receive a Board fee. Members of the Board of Directors, Control Committee and Board of Trustees who have stepped down have been paid fees according to the amounts set out above. There was no change in the Bank's senior management during the last accounting year.

C. Accrual of pension entitlements for senior staff and elected representatives

The Bank's Chief Executive Officer and other senior personnel accumulate entitlements in the Bank's general benefit-based pension scheme. The pension benefits comprise old age pension, disability pension, pension for spouses and children, supplementing the benefits from Folketrygden (National Insurance Fund). A full pension requires an accrual period of 30 years and provides an entitlement to old age pension of the difference between 66 per cent of leaving salary and the estimated benefit to be paid by Folketrygden. In addition, The Bank's Chief Executive Officer and other senior personnel earn the right to retire earlier with an old age pension from the Bank equivalent to 66 per cent of leaving salary. In the case of the Bank's Chief Executive officer, this applies from his 60th birthday and for other senior personnel from their 62nd//65th birthday. Elected representatives have no agreement in respect of accrual of pension

D. Liabilities relating to termination/change of employment contracts for managers

The Bank has no liabilities towards the Members of the Bank's Board of Directors .

The age limit for the Bank's Chief Executive Officer is 60 years, with a pension amounting to 66 per cent of leaving salary. From the age of 67 years, the Bank's normal pension scheme applies.

For two members of the Bank's management team, the age limit is 62 years. For the other members of the Bank's management team the ordinary age limit is 65 years, but with an option to retire at 63. Their pension amounts to 66 per cent of leaving salary. From the age of 67 years, the Bank's normal pension scheme applies.

E. Agreement relating to bonus/profit sharing

The Chief Executive Officer is also part of the Bank's bonus scheme, which applies to all the Bank's staff. Depending upon the degree of target achieved, the bonus arrangement can amount to up to one and a half time of monthly salary for each member of staff. Members of the Board of Directors are not part of the Bank's bonus scheme.

F. Liabilities relating to subscription rights, options and private placements for staff

No agreements relating to subscription rights or options have been entered into.

10c. Loans/provision of security for staff and elected representatives

	2006	2005	2004
Chief Executive Officer	2 749	1 901	1 905
Management Team (5 persons)	4 875	4 734	3 138
- Deputy CEO / head of Corporate market	2 260		
- Divisional Director Retail market	1 522		
- General Manager Credit Risk	625		
- General Manager Accounting and Reporting	1 925		
- General Manager Technical Support	803		
Members of Board of Directors (tot)	6 045	4 281	6 001
- Jens Freuchen (Chairman)	4 645	3 281	4 481
- Thore Westermoen	0		
- Kristin Wallevik	730		
- Norunn Tveiten Benestad	0		
- Unni Kruse	670		
Members of the Control Committee (tot)	5 954	6 110	2 479
- Tor Emil Tellefsen (Chairman)	4 750		
- Olav Eivindson	1 062		
- Greta Hilding	142		
Members of the Board of Trustees (tot)	33 941	38 982	26 921
- Einar Robstad (Chairman)	0		
- Other Board members (23 persons)	33 941		
Total - other staff	176 371	141 695	122 153

Loans to staff are granted according to general loan rules and regulations pertaining to staff. Loans to staff beyond general loan rules and regulations pertaining to staff are granted at ordinary customer terms and conditions.

Loans to elected representatives are granted at ordinary customer terms and conditions.

The interest rate benefit in relation to the taxation of benefits in kind involving the Bank's staff amounts to NOK 1.1 million.

10d. Remuneration paid to auditor

	2006	2005	2004
Auditing	390	352	376
Tax advice	35	29	33
Other advices	0	0	0

11a. LIQUIDITY RISK – FUNDING

Funding risk

Funding risk is defined as the risk of the Bank being unable to meet its obligations at maturity. The Bank's funding risk is in general low. In 2006, this was illustrated by the fact that a high proportion of the Bank's loans was funded on a long-term basis. Long-term funding is defined as customer deposits, funding from the money- and capital markets with maturities in excess of 12 months, coupled with unutilised committed drawing rights facilities. In addition to statutory funding requirements, internal benchmarks have been agreed for the Bank's liquidity buffer. Other benchmark figures agreed by the Board of Directors, applied to the Bank's operational activities, are guidelines for its refinancing requirement within different time intervals. In addition to diversification with regard to different maturities, the Bank has a policy to obtain its funding from different markets and through different instruments. In 2006, the Bank's funding structure complied with all requirements introduced by law and by the Bank's Board of Directors.

Remaining maturity period for main accounting items

Balance sheet items	Total	Up to 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	No interest rate exposure
Assets:							
Cash-in-hand and claims on the central bank	785 574	727 446					58 128
Loans to and claims on fianciel institutions	463 573	408 273			55 300		
Loans to and claims on customers	18 807 435	2 640 706	431 157	1 476 707	2 653 097	11 699 342	-93 574
Bonds and certificates	1 166 395	149 987	25 058	112 907	695 235	183 208	
Other assets	318 658	138 325					180 333
Total assets	21 541 635	4 064 737	456 215	1 589 614	3 403 632	11 882 550	144 887
- Of which in foreign currencies	396 742	90 026	293 338	9 588			3 790
Liabilities:							
Liabilities to other financial institutions	734 400	100 741	99 012	9 647	25 000	500 000	
Deposits from and liabilities to customers	11 409 077	10 290 529	237 086	90 945	650 451	140 066	
Borrowings through the issuance of securities	7 110 557	380 798		1 150 000	5 179 759	400 000	
Other liabilities	367 304	84 219	119 336	85 385			78 364
Capital bond	297 325					297 325	
Equity capital	1 622 972						1 622 972
Total liabilities and equity capital	21 541 635	10 856 287	455 434	1 335 977	5 855 210	1 337 391	1 701 336
- Of which in foreign currencies	339 867	231 207	99 012	9 648			
Net funding exposure on balance sheet items		-6 791 550	781	253 637	-2 451 578	10 545 159	-1 556 449
- Of which in foreign currencies	56 875	-141 181	194 326	-60			3 790
Forward purchases of foreign currency							
- NOK	309 356	53 371	203 276	52 709			
- Foreign Currency	271 950	184 073	28 095	59 782			
Forward sales of foreign currency							
- NOK	249 914	176 874	20 414	52 626			
- Foreign Currency	328 259	56 879	211 426	59 954			
Forward foreign exchange transactions	3 133	3 691	-469	-89			

11b. INTEREST RATE RISK

Repricing date (gap) for assets and liabilities

Interest rate risk occurs in connection with the Bank's ordinary lending and borrowing activities and in relation to the activities in the money and capital markets. Interest risk may occur when repricing dates on assets and liabilities also including off-balance instruments, are not matched. An interest risk limit has been adopted by the Board of Directors, and is measured as a maximum loss as a result of a parallel displacement of the yield curve by one percentage point. Interest rate risk is neutralised through matching of repricing on balance sheet items or by off-balance hedging instruments. The Bank's interest rate exposure is reported to the Board of Directors on a quarterly basis. Interest rate exposure was as at December 2006 far lower than the risk limit adopted by the Board. The exposure would give a benefit for the Bank of NOK 1,8 million from a potential upward fluctuation of interest rates.

The table below shows for how long a period the bank is locked into the applicable rates of interest for the different balance sheet items.

Balance sheet items	Total	Up to 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	No interest rate exposure
Assets:							
Cash-in-hand and claims on the central bank	785 574	727 446					58 128
Loans to and claims on financial institutions	463 573	408 273	25 000		30 300		
Loans to and claims on customers	18 807 435	116 374	17 320 278	48 823	981 845	433 689	-93 574
Bonds and certificates	1 166 395	317 189	704 924	140 203	4 079		
Other assets	318 658						318 658
Total assets	21 541 635	1 569 282	18 050 202	189 026	1 016 224	433 689	283 212
- Of which in foreign currencies	396 742	90 026	293 338	9 588			3 790
Liabilities:							
Liabilities to other financial institutions	734 400	100 742	624 010	9 648			
Deposits from and liabilities to customers	11 409 077	10 340 528	237 086	40 945	650 452	140 066	
Borrowings through the issuance of securities	7 110 557	425 675	3 200 602	550 000	2 534 280	400 000	
Other liabilities	367 304						367 304
Capital bond	297 325		297 325				
Equity capital	1 622 972						1 622 972
Total liabilities and equity capital	21 541 635	10 866 945	4 359 023	600 593	3 184 732	540 066	1 990 276
- Of which in foreign currencies	339 867	231 207	99 012	9 648			
Net interest exposure on balance sheet items	0	-9 297 663	13 691 179	-411 567	-2 168 508	-106 377	-1 707 064
- Of which in foreign currencies	56 875	-141 181	194 326	-60			3 790
Off balance sheet financial derivatives	0	-712 000	-2 418 000	550 000	2 580 000		
Net total - all items	0	-10 009 663	11 273 179	138 433	411 492	-106 377	-1 707 064
- Of which in foreign currencies	56 875	-141 181	194 326	-60			3 790

12. SECURITISED DEBT

ISIN-number	Issue	Maturity	Nominal value	Rate and interest	
NO 001 011916.7	2002	03.01.07	80 798		1)
NO 001 014512.1	2002	29.05.07	600 000	NIBOR related	
NO 001 018948.3	2003	18.06.08	535 000	5,05	2)
NO 001 020268.2	2003	24.10.07	550 000	4,70	2)
NO 001 022954.5	2004	17.06.09	600 000	NIBOR related	
NO 001 029055.4	2005	09.11.10	300 000	4,05	2)
NO 001 029056.2	2005	09.11.10	500 000	NIBOR related	
NO 001 026595.2	2005	26.04.10	800 000	3,75	2)
NO 001 025290.1	2005	22.03.11	24 192		1)
NO 001 028268.4	2005	12.03.12	400 000	3,80	2)
NO 001 028753.5	2006	06.08.08	35 755		1)
NO 001 030221.9	2006	02.03.09	800 000	NIBOR related	
NO 001 028754.3	2006	06.08.09	126 727		1)
NO 001 032099.7	2006	18.09.09	78 465		1)
NO 001 029390.5	2006	28.09.09	77 037		1)
NO 001 030213.6	2006	26.10.09	44 877		1)
NO 001 034094.6	2006	09.11.09	500 000	4,50	2)
NO 001 030689.7	2006	22.12.09	58 426		1)
NO 001 034744.6	2006	22.12.09	300 000	NIBOR related	
NO 001 033278.6	2006	12.09.11	400 000	4,50	2)
Total bond loans			6 811 277		
Discount			720		
Book value as at 31.12.06			6 810 557		

The Bank's securitised debt are listed on the Oslo Stock Exchange. The loans are not subject to instalments.

1) The return for bondholders is linked to the value of one or more equity indices at the point of assessment. The obligation to pay a yield to the investors has been hedged through financial derivatives agreements.

2) Fixed interest loans. The interest rate conditions have been swapped into 3 months' NIBOR plus a margin.

As at 31.12.06, the Bank has no own holdings of bonds. Any discount in relation to par price as shown in the accounts is charged to the profit and loss account as interest payable throughout the fixed life of the loan in question.

13. LEVY PAYABLE TO THE BANKS' GUARANTEE FUND

In 2004, 2005 and 2006, all savings banks were exempt from payment of the levy to the Banks' Guarantee Fund.

The Guarantee Fund is legally obliged to cover losses up to NOK 2 million incurred by a customer on a deposit at a savings bank. This arrangement does not apply to deposits received from other financial institutions.

14. FIXED ASSETS

Value assessment

Real estate and other fixed assets are shown in the balance sheet at acquisition cost, plus previous write-ups, minus accumulated depreciation and any write-downs. Depreciation is based on cost price, plus previous write-ups, spread evenly over the economic life of the assets in question. If the actual value of an asset is significantly lower than its book value, and if the reduction in value cannot be expected to be of a temporary nature, in that case, the asset is written down to its actual value.

	Machinery, fixture, fittings transp. equipm.	Bank buildings	Other real estate
Acquisition cost as at 01.01.	94 223	86 482	14 849
+ Written up as at 01.01.	0	17 405	4 136
+ Additions in 2006	6 743	3 971	7 835
- Disposals in 2006	586	0	194
- Total depreciation and write-downs	78 107	23 710	6 690
Book value as at 31.12.	22 273	84 148	19 936
Depreciation in 2006	6 949	2 087	608
Depreciation rates	10-30 %	2%	2%
Tax-related value	25 361	67 933	15 814

Buildings are depreciated over an economic life of 50 years
Eletronic data equipment is depreciated over an economic life of 3 years
Other fixtures, fittings and equipment are depreciated over an economic life of 3-10 years.

The bank's head office building is shown in the balance sheet at a book value of NOK 67,0 million. The building is located in the middel of Kristiansand and is mostly used for banking operations. In 2006, the Bank made a NOK 1,8 million gain on the sale of a property.

An agreement of rental of bank premises has been entered into. The annual rental for 2006 amounted to NOK 0,9 million.
The Bank pays a NOK 1.3 million annual rental cost for machinery relating to electronic data network.

15. COLLATERAL SECURITY

As at 31.12.06, the Bank has deposited bonds of a total book value of NOK 1,141.3 million as collateral security for drawing rights at Norges Bank.

16. ACCOUNTING PRINCIPLES FOR FOREIGN CURRENCY ITEMS

	31.12.06	31.12.05	31.12.04
Assets in foreign currencies	396 742	317 174	394 816
Liabilities in foreign currencies	339 867	720 518	512 174
Opened, uncovered letters of credit as at 31.12 which have not been incl. in the balance sheet	3,1 mill	2,1 mill	0,8 mill

The balance sheet for foreign currency items has been converted into NOK at the foreign exchange rates as at 31.12.06 (middle price).
Income and costs in foreign currencies are converted into NOK at the foreign exchange rates quoted at the time of the transaction involved. The Bank's Board of Directors has decided on a limit for net positions in individual currencies which must not exceed the foreign currency equivalent of NOK 10 million; the total net foreign currency position may be up to the foreign currency equivalent of NOK 30 million. The Bank's foreign exchange exposure is monitored on a daily basis, and the Board of Directors receives a report on net foreign currency positions at its meetings. In the case of forward exchange contracts for customers, the foreign exchange risk occurring is hedged by entering into matching transactions with other counterparts in the market.

As at 31.12.06, the net foreign exchange exposure, taking into consideration off-balance sheet financial derivatives, totalled NOK 11.8 million.
The net position in foreign currencies is mainly made up of USD, JPY, CHF and Eur. For further details, please see note 21.

17. PENSIONS

The Bank provides pension insurance for its staff through Nordea Liv AS. The pension insurance comprises 231 persons, of whom 59 former employees were receiving pensions as at 31.12.06. The Bank's pension schemes comply with the requirements by the Law of Obligatory Occupational Pension Scheme.
In addition, the Bank has pension liabilities covering 30 persons who are not covered by the insurance arrangement in connection with early retirement- and supplementary pensions.
The pension schemes are treated in accordance with the Norwegian accounting standard for treatment of pension costs. The pension schemes are deemed to be contributory plans. Changes in estimates and any discrepancies are amortised over the remaining time of accruals without the use of a 'corridor'.
The arrangement relating to statutory early retirement pension (Referred to as SERP below) from the 62nd birthday has been taken into consideration in the pension liabilities. 7 persons receive pensions within the Bank's SERP arrangement as at 31.12.06.

In the actuarial computations relating to pensions, the following assumptions have been applied as a basis:

	31.12.06	31.12.05	31.12.04
Rate of discounting	4,75%	4,75%	5%
Investment return on pension resources	5,75%	5,75%	6%
Wage adjustment	4,25%	3%	3%
"G" - adjustment	4,25%	3%	3%
Pension adjustment	2,0%	3%	3%
Voluntary retirement	0%	0%	0%
Propensity to take up SERP	30%	25%	25%

The year's pension cost

	2006	2005	2004
The year's pension accruals	6 118	5 454	4 704
Interest cost relating to pension liabilities	6 982	6 633	6 455
Expected return on pension resources	-5 350	-4 539	-4 533
Amortisation of estimated discrepancies,changed employers' social security contribuions etc.	3 531	3 204	3 020
Net pension cost	11 281	10 752	9 646

Balance Sheet

	31.12.06 Insured	31.12.06 Not insured	31.12.05 Insured	31.12.05 Not insured	31.12.04 Insured	31.12.04 Not insured
Estimated incurred pension liabilities	131 458	26 197	128 003	21 183	119 047	19 076
Value of pension resources	97 134		89 299		87 041	
Estimated pension resources/(-liabilities)	-34 324	-26 197	-38 704	-21 183	-32 006	-19 076
Impact of estimate discrepancies not incl. in profit and loss account	36 098	8 512	45 024	4 748	42 412	3 076
Estimated employers' social security contributions		-2 494		-2 318		-2 256
Pension resources (-liabilities) in the balance sheet	1 774	-20 179	6 320	-18 753	10 406	-18 256

18. TAX

The difference between the result before tax cost and the tax basis for the year:

	2006	2005	2004
Result before taxation cost	278 656	221 268	187 166
Dividends received	-4 664	-4 031	-1 855
Permanent differences	-14 357	-2 498	825
Change in temporary differences	9 729	4 861	5 317
Tax basis for the year	269 364	219 600	191 453
Income tax	75 422	61 488	53 607
Wealth tax	4 635	4 042	3 615
Change in deferred tax	-2 724	-1 361	-1 489
Previous years' payable tax	8	0	-334
Tax cost for the year	77 341	64 169	55 399

The reconciliation of tax cost in relation to estimated tax payable on the result as shown in the profit and loss account:

	2006	2005	2004
Result before taxation cost	278 656	221 268	187 166
28% tax of pre-tax result	78 024	61 955	52 406
Tax impact of permanent differnces	-4 020	-699	231
Tax impact of dividends received	-1 306	-1 129	-519
Wealth tax	4 635	4 042	3 615
Change relating to previous years	8	0	-334
Tax cost for the year	77 341	64 169	55 399

Due payable tax for 2006, NOK 80,057, is included in 'Other liabilities' in the balance sheet.

Deferred tax and deferred tax benefit are calculated on the basis of the temporary differences which existed at the end of the accounting year between the values in the accounts and the tax-related values.
Below is a breakdown of the temporary differences, as well as calculations of deferred tax and deferred tax benefit.

Deferred tax

	2006	2005	2004
Differences relating to buildings	17 249	11 295	11 713
Gains/loss account	12 605	13 987	16 057
Differences relating to securities	0	-1 105	0
Differences relating to pensions	-18 405	-12 433	-7 849
Other differeces	12 907	-477	-3 793
Total temporary differences	24 356	11 267	16 128
Rate of tax applied	28%	28%	28%
Deferred tax 31.12	6 820	3 155	4 516

Change in deferred tax in 2006

	2006
Deferred tax 01.01	3 155
Acquisition/merger - subsidiary	1 786
Implementation of new lending rules and regulations	4 603
Change in temporary differences	-2 724
Deferred tax 31.12	6 820

19. FINANCIAL DERIVATIVES

Off balance interest rate- and foreign currency instruments

	Nominal amount 31.12.06	Actual value 31.12.06	Nominal value avarage 2006
Interest rate swaps	5 250 739	-63 006	4 952 122
Equity index agreements	1 323 590	413	1 066 746
Foreign exchange agrements	578 175	-4 131	561 309

Nominal amount equals principal sum.

Trading in financial derivatives is primarily done in order to reduce interest rate- and foreign exchange risk in the balance sheet. Equity-related agreements such as equity swaps are used to hedge structured investment products sold to customers. Financial derivatives are traded with solid Norwegian and international banks, making sure that the counterpart risk is limited. Profit and loss account items from hedge transactions are booked in conjunction with the booking of the result relating to the hedged item.

Sparebanken Pluss has used the following financial derivatives in 2006:

Interest rate swaps:	Agreements to swap interest rates for an agreed amount for an agreed period. Only interest payments are involved as far as transaction flows are concerned.
Equity index agreements: (equity swaps)	Agreements to swap terms from a yield linked to one or more equity indexes into floating-based terms.
Foreign exchange agreement:	Agreements to buy or sell a certain foreign currency amount at a future point in time at an agreed rate of exchange against another currency.

20. PERPETUAL CAPITAL BOND

In December 2005, the Bank launched a NOK 300 million perpetual capital bond, at 3 months' NIBOR, plus a margin of 100 basis points. The Bank has the option to repay the loan in December 2015. Alternatively, the loan may be extended, at a higher cost. The cost pertaining to the establishment of the loan have been capitalised and will be amortised over the life of the loan with NOK 300,000.- each year.

21. ASSETS AND LIABILITIES AS AT 31.12.2006 IN NOK BROKEN DOWN BY DIFFERENT FOREIGN CURRENCIES

Assets	TOTAL	NOK	USD	JPY	EURO	CHF	Other currencies
Cash-in-hand and claims on central banks	785 574	781 784	458	45	1 058	56	2 173
Loans to financial institutions with no agreed maturity	8 273	1 108	2 029	228	3 858	12	1 038
Loans to financial institutions with agreed maturity	455 300	455 300					
Overdraft- and working capital facilities	2 485 320	2 480 817	635	522	3 346		
Building loans	744 521	744 521					
Repayment loans	15 671 168	15 290 266	17 812	42 620	661	319 182	627
Other assets	13 541	13 159	102		279		1
Total assets items	20 163 697	19 766 955	21 036	43 415	9 202	319 250	3 839

Liabilities	TOTAL	NOK	USD	JPY	EURO	CHF	Other currencies	Average interest %
Liabilities to financial institutions with no agreed maturity	36 750	34 249			7		2 494	3,20
Liabilities to financial institutions with agreed maturity	697 649	526 207		31 215	1 033	138 568	626	3,07
Deposits from customers with no agreed maturity	5 776 775	5 731 054	31 518	266	12 247	1	1 689	2,21
Deposits from customers with agreed maturity	5 632 302	5 512 099	95 350		24 853			3,47
Certificates and other short-term borrowings	300 000	300 000						3,95
Bond debt	6 810 557	6 810 557						3,81
Capital bond	297 325	297 325						4,78
Total liabilities items	19 551 358	19 211 491	126 868	31 481	38 140	138 569	4 809	

The average rate of interest is the effective rate of interest as at 31.12.06

22. PRIMARY CAPITAL CERTIFICATES (PCCS) (ISSUE NB. 6001502)

The 20 largest PCC holders as at 31.12.06

NAME		Number of PCC's held	%part of total PCC capital	NAME		Number of PCC's held	%part of total PCC capital
1.	Sparebankenstiftelsen DnB NOR	61 400	4,91	11.	Flekkefjord Sparebank	15 800	1,26
2.	Terra Utbytte VPF	60 950	4,88	12.	Hol Sparebank	15 000	1,20
3.	Glastad Farsund AS	33 700	2,70	13.	Bratland Bjørn	12 800	1,02
4.	Sparebanken Rogaland Finansavd.	33 179	2,65	14.	Allumgården	12 350	0,99
5.	Sparebanken Sør	31 600	2,53	15.	Strømme Leif	12 000	0,96
6.	Varodd AS	27 800	2,22	16.	MP Pensjon	12 000	0,96
7.	Brøvig Holding AS	27 000	2,16	17.	Pareto AS C/O Pareto Forvaltning	10 150	0,81
8.	Spareskillingsbanken	26 600	2,13	18.	Lillesands Sparebank	10 000	0,80
9.	Gumpens Auto AS	20 750	1,66	19.	HJELM AS	10 000	0,80
10.	Birkenes Sparebank	20 000	1,60	20.	TET Invest AS	10 000	0,80
Total - 10 largest PCC holders		342 979	27,44	Total - 20 largest PCC holders		463 079	37,05

Sparebanken Pluss does not hold any of its own PCCs at the end of the year. Please also see note 8.

As at 31.12.06, the PCC-capital totalled NOK 125 million, made up of 1,250,000 certificates, each of a nominal value of NOK 100.

AUDITOR'S REPORT FOR 2006

We have audited the annual financial statements of Sparebanken Pluss as of 31 December 2006, showing a profit of NOK 201 315 000. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The regulations of the Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements. These financial statements and the Directors' report are the responsibility of the Bank's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Bank's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Bank as of 31 December 2006, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Bank's management has fulfilled its duty to properly record and document the accounting information as required by law and generally accepted bookkeeping practice in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and comply with law and regulations.

Kristiansand, 6 March 2007

ERNST & YOUNG

Ove Eriksen (Sign.)
State Authorised Public Accountant (Norway)

Note: The translation to English has been prepared for information purposes only.

REPORT FROM THE CONTROL COMMITTEE FOR 2006

The Control Committee has monitored the Bank's operations, making sure that these operations have been conducted in accordance with the rules and regulations contained in the Savings Banks Act, the Bank's bylaws, the Board of Trustees' resolutions and other rules and regulations to which the Bank has to adhere.

The Control Committee has reviewed the minutes of the Board of Directors' meetings and also examined various matters in compliance with the Savings Banks Act and the instructions applying to the Control Committee.

At its meeting on 6 March 2007, the Control Committee examined the annual report from the Board of Directors, the profit and loss account and balance sheet, with notes to the accounts, as well as the auditor's report, and has no comments to make in that connection.

The Control Committee would like to recommend that the profit and loss account and balance sheet are adopted as the Bank's annual financial statement for 2006.

Kristiansand, 6 March 2007

Tor E. Tellefsen

Tor Emil Tellefsen
Formann

Greta Hilding

Greta Hilding

Olav Eivindson

Olav Eivindson

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