

First quarter report 2007

As at 31 March

Main features

The main features of the Bank's operations so far this year are as follows:

- Improved operating result
- Increased net interest income
- Other (non-interest) operating income in line with last year's figures
- A very low overall cost ratio
- Very low credit losses
- Good lending - and deposit growth

Framework conditions

So far this year, Norges Bank has raised its benchmark rate twice, each time by 0.25 percentage point; it was 4.00 per cent at the end of the first quarter.

The annual growth in domestic gross debt, K2, amounted to 14.7 per cent at the end of February. In particular, credit growth within the industrial and commercial sector has been increasing, whereas growth in the case of private households appears to be levelling out at a level which is still high.

The upward trend at the Oslo Stock Exchange continued at the beginning of 2007, but was reversed by a 4.4 per cent fall in prices in February. At the end of the first quarter, the index had still risen by 5.1 per cent.

In the last few months, unemployment has fallen a little, the registered level amounting to 2.1 per cent of the total labour force at the end of March. On a seasonally adjusted basis, the number of people without a job or participation in labour market measures totalled 59,891 persons.

Operating result

The Bank's pre-tax operating result for the first quarter of 2007 ended up at NOK 63.4 million, as opposed to NOK 59.8 million at the same time last year. The result is equivalent to 1.22 per cent of average assets, as against 1.31 per cent 12 months ago.

Net interest income totalled to NOK 85.5 million, up by NOK 7.5 million on the corresponding interim period last year. In relation to average assets, this amounted to 1.64 per cent.

Other (non-interest) operating income totalled to NOK 24.7 million, down by NOK 0.9 million on the first quarter of 2006. However, during that quarter, the Bank received an extraordinary dividend on shares amounting to approximately NOK 3 million. The Bank's exposure in the stock market remains low.

Costs totalled NOK 45.0 million, up by NOK 1.5 million compared with the same interim period last year. In relation to average assets, however, costs were reduced from the very low level of 0.95 per cent at the end of the first quarter last year to 0.86 per cent this year.

Costs as a percentage of income have also remained at a very low level. The ratio at the end of the first quarter of 2007 was 40.8 per cent, down from 42.0 per cent a year earlier.

Total assets

At the end of the first quarter of 2007, total assets amounted to NOK 22,652 million. This involved an increase of NOK 3,439 million or 17.9 per cent during the last 12 months.

Deposits

At the end of the first quarter, deposits from customers totalled NOK 12,268 million, up by NOK 2,013 million or 19.6 per cent during the last 12 months. The corporate banking market accounted for the largest share of the overall increase in deposits. At the end of the first quarter of 2007, 63.1 per cent of the Bank's loans were funded by deposits received from customers. In addition to maintaining a stable deposit base, Sparebanken Pluss makes every effort to fund the growth in assets by long-term borrowings in the domestic and international money- and capital markets. The Bank's good results and excellent capital adequacy ratio have helped ensure that new capital is raised at very competitive terms and conditions.

Loans

Gross lending to customers was up by NOK 2,755 million or 16.4 per cent, standing at NOK 19,553 million at the end of the first quarter. Retail banking- and corporate loans increased by 17.4 and 14.6 per cent respectively, the two sectors accounting for 64.1 and 35.9 per cent respectively of the Bank's total loan portfolio. The level of gross loans in default remains very low. The credit risk contained in the Bank's lending portfolio is still regarded as low.

Losses on loans and guarantees

Assessment of loans, credit losses and write-downs relating to losses is made in accordance with the rules and regulations pertaining to the treatment in the accounts of loans and guarantees. Write-downs on groups of loans have been increased by NOK 0.7 million, totalling NOK 80.4 million as at 31.03.2007.

Individual write-downs on loans have been increased by NOK 1.2 million in relation to the level at the end of last year, amounting to NOK 15.0 million, excluding amortised amounts relating to loans. At the end of the first quarter, there was a net credit loss cost of NOK 1.8 million.

In the opinion of the Board of Directors, the level of write-downs is sufficient to cover the credit risk contained in the Bank's loan portfolio.

Equity capital and capital adequacy

New capital adequacy rules and regulations (Basel II) came into force from 01.01.2007; against the background of the transitional rules in this connection, Sparebanken Pluss has chosen to apply the old capital adequacy rules and regulations also in 2007.

During the first quarter, Sparebanken Pluss raised a subordinated loan of NOK 400 million. At the end of the first quarter of 2007, Sparebanken Pluss's equity capital totalled NOK 1,668 million. This produced a capital adequacy ratio of 16.2 per cent. Despite the high level of equity capital and low domestic interest rates, the Bank succeeded in maintaining a relatively high return on its equity capital. At the end of the first quarter of 2007, the ratio was 11.1 per cent, compared with 11.6 per cent 12 months earlier.

Primary Capital Certificates (PCCs)

So far this year, 67,454 PCCs have been traded; there were 480 transactions in all. As at 31.03.2007, the Bank had 1,759 PCC-holders. A list of the 20 largest PCC-holders at the end of the quarter currently under review is shown in one of the attached notes to the accounts. So far this year, earnings per PCC amount to NOK 3.78, as against NOK 3.94 at the same time last year.

Future prospects

The Board of Directors expects Sparebanken Pluss's operating result to be satisfactory in 2007 too.

Kristiansand, 26 April 2007

Norunn Tveiten Benestad
Deputy Chairman

Thore Westermoen

Kristin Wallevik

Peder Syrdalen

Unni Kruse

Stein A. Hannevik
Managing Director

PROFIT AND LOSS ACCOUNT

(NOK 1.000)

PER CENT OF AVERAGE ASSETS

31.3.07	31.3.06	31.12.06		31.3.07	31.3.06	31.12.06
246.555	170.276	776.489	Interest receivable and similar income	4,73	3,72	4,02
161.104	92.360	446.946	Interest payable and similar costs	3,09	2,02	2,31
85.451	77.916	329.543	Net interest- and credit commission income	1,64	1,70	1,71
644	3.786	4.664	Dividends and other income from securities with var. yield	0,01	0,08	0,02
23.315	21.430	95.769	Commissions and income from banking services	0,45	0,47	0,50
3.174	3.603	13.433	Commissions payable and costs of banking services	0,06	0,08	0,07
1.761	1.833	20.220	Net gains from foreign exchange and securities	0,03	0,04	0,10
2.130	2.117	10.010	Other operating income	0,04	0,05	0,05
24.677	25.563	117.230	Sum other operating income	0,47	0,56	0,61
37.089	35.766	147.999	Wages, salaries and general administration costs	0,71	0,78	0,77
2.315	2.631	9.649	Depreciation etc. of fixed - and intangible assets	0,04	0,06	0,05
5.574	5.104	17.829	Other operating costs	0,11	0,11	0,09
44.978	43.501	175.478	Sum operating costs	0,86	0,95	0,91
65.150	59.978	271.296	Result from ordinary operations before losses on loans	1,25	1,31	1,40
1.785	131	-7.360	Losses on loans, guarantees etc.	0,03	0,00	-0,04
63.365	59.848	278.656	Operating result	1,22	1,31	1,44
18.455	17.655	77.341	Taxes	0,35	0,39	0,40
44.910	42.193	201.315	Result after taxes	0,86	0,92	1,04

BALANCE SHEET

(NOK 1.000)

ASSETS	As at 31.03.07	As at 31.03.06	As at 31.12.06
Cash-in-hand and claims on central banks	873.074	1.107.245	785.574
Net loans to and claims on credit institutions	864.515	281.620	463.573
Gross loans	19.552.577	16.797.971	18.901.009
- Individual write-downs on loans	15.973	16.630	13.813
- Write-downs of groups of loans	80.441	85.461	79.761
Net loans to and claims on customers	19.456.163	16.695.879	18.807.435
Repossessed assets	308	348	308
Certificates, bonds and other interest-bearing securities	1.116.312	821.699	1.166.395
Shares	37.605	39.126	35.119
Fixed assets	126.101	116.594	126.356
Other assets	14.239	16.273	13.541
Prepaid costs and accrued income, not yet received	164.053	134.673	143.333
TOTAL ASSETS	22.652.370	19.213.458	21.541.635
LIABILITIES AND EQUITY CAPITAL	As at 31.03.07	As at 31.12.05	As at 31.12.06
Liabilities to credit institutions	909.652	302.394	734.400
Deposits from and liabilities to customers	12.268.038	10.255.270	11.409.077
Liabilities incurred through issuance of securities	6.721.431	6.532.550	7.110.557
Other liabilities	153.762	126.842	182.061
Incurring costs and prepaid income	207.746	173.817	158.244
Provisions against liabilities and costs	26.999	26.511	26.999
Subordinated loans	696.860	297.100	297.325
TOTAL LIABILITIES	20.984.488	17.714.483	19.918.663
Primary Capital Certificates	125.000	125.000	125.000
Premium Fund	34.324	34.324	34.324
The Savings Bank's Fund	1.452.386	1.286.584	1.452.386
Dividend Equalisation Fund	11.262	10.874	11.262
Retained earnings	44.910	42.193	0
TOTAL EQUITY CAPITAL	1.667.882	1.498.975	1.622.972
TOTAL LIABILITIES AND EQUITY CAPITAL	22.652.370	19.213.458	21.541.635
Total off-balance sheet items	1.531.683	1.208.268	1.595.567

QUARTERLY PROFIT AND LOSS FIGURES

(NOK 1.000)

	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006	1st quarter 2006
Interest receivable and similar income	246.555	219.391	200.779	186.043	170.276
Interest payable and similar costs	161.104	134.301	115.218	105.067	92.360
Net interest- and credit commission income	85.451	85.090	85.561	80.976	77.916
Dividends and other income from securities with var. yield	644	0	0	878	3.786
Commissions and income from banking services	23.315	26.420	23.120	24.799	21.430
Commissions payable and costs of banking services	3.174	3.349	3.266	3.215	3.603
Net gains from foreign exchange and securities	1.761	1.472	2.062	14.853	1.833
Other operating income	2.130	1.937	3.909	2.047	2.117
Sum other operating income	24.676	26.480	25.825	39.362	25.563
Wages, salaries and general administration costs	37.089	38.938	36.143	37.152	35.766
Depreciation etc. of fixed - and intangible assets	2.315	2.324	2.332	2.362	2.631
Other operating costs	5.574	4.509	3.512	4.704	5.104
Sum operating costs	44.978	45.771	41.987	44.218	43.501
Result from ordinary operations before losses on loans	65.149	65.799	69.399	76.120	59.978
Losses on loans, guarantees etc.	1.785	-1.917	-1.582	-3.992	131
Operating result	63.364	67.716	70.981	80.112	59.848
Taxes	18.455	18.761	20.850	20.075	17.655
Result after taxes	44.910	48.955	50.131	60.037	42.193

QUARTERLY PROFIT AND LOSS FIGURES IN PER CENT OF AVERAGE ASSETS

	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006	1st quarter 2006
Net interest- and credit commission income	1,64	1,68	1,75	1,70	1,70
Sum other operating income	0,47	0,54	0,53	0,82	0,56
Sum operating costs	0,86	0,90	0,86	0,92	0,95
Result from ordinary operations before losses on loans	1,25	1,32	1,42	1,60	1,31
Losses on loans, guarantees etc.	0,03	-0,03	-0,03	-0,08	0,00
Operating result	1,22	1,35	1,45	1,68	1,31

KEY FIGURES AS AT

	31.3.07	31.12.06	30.9.06	30.6.06	31.3.06
Growth in gross loans (% p.a.)	16,4	17,3	16,9	15,7	16,8
- Retail banking	17,4	18,4	17,4	18,1	19,0
- Corporate banking	14,6	15,1	16,1	11,3	13,2
Growth in deposits (% p.a.)	19,6	18,3	16,7	14,3	18,0
Growth in total assets (% p.a.)	17,9	19,3	16,7	15,9	22,0
Average assets (NOK mill.)	21.138	19.326	19.037	18.850	18.544
Loan loss ratio (%)	0,01	-0,04	-0,03	-0,02	0,00
Overall deposit coverage (%) ¹	63,1	60,7	60,4	61,6	61,4
After-tax return on equity capital (%) ²	11,1	13,1	13,3	13,9	11,6
Total other operating costs in relation to net income (%) ³	40,8	39,3	38,7	39,2	42,0
Earnings per PCC (NOK) ⁴	3,8	18,8	14,2	9,6	3,9
Earnings per PCC (NOK) per quarter	3,8	4,6	4,6	5,7	3,9
Primary Capital Certificates (PCCs) price (NOK)	231	250	235	225	234
Number of branches	16	16	15	15	15
Number of man years	171	167	167	163	162

Definitions: ¹ Deposits from and liabilities to customers, divided by loans to and claims on customers. ² After-tax result, divided by average equity capital.

³ Total other operating costs, divided by net interest- and credit commission income plus total other (non-interest) operating income. ⁴ PCC-holders' share of operating result after tax, divided by average number of outstanding certificates.

NOTES TO THE ACCOUNTS

The accounts have been completed in accordance with the Banking, Insurance and Securities Commission's rules and regulations. In view of the fact that the Bank does not have any subsidiaries it does not have to report according to the new IFRS rules and regulations from 2005. All figures included in the attached Notes to the Accounts are in NOK thousand.

	As at 31.03.07	As at 31.03.06	As at 31.12.06
Losses on loans in the period			
Write-downs of loans	1.785	131	-7.361
Losses on guarantees	0	0	0
Write-down on loans and losses on guarantees	1.785	131	-7.361
Losses on loans			
Changes in specific write-downs of loans in the period	1.180	-1.527	-4.562
+ Changes in write-down on groups of loans in the period	680	0	-5.700
+ Amortised loans	117		
+ Confirmed losses in the period for which specific write-downs have previously been made	0	1.551	3.050
+ Confirmed losses in the period for which no specific write-downs have previously been made	148	476	1.596
- Recoveries from previous confirmed losses	340	369	1.745
= Write-down on loans in the period	1.785	131	-7.361
Changes in specific write-downs			
Specific write-downs of loans as at 1.1	13.813	20.337	20.337
- Confirmed losses on loans in the period for which specific write-downs have previously been made	0	1.551	3.050
+ Increased specific write-downs in the period	1.509	941	1.132
+ New specific write-downs in the period	271	208	2.875
- Recoveries from specific write-downs in the period.	600	3.305	7.481
+ Amortised loans	980		
= Specific write-downs.	15.973	16.630	13.813
Changes in write-downs on groups of loans			
Write-downs of groups of loans as at 1.1	79.761	85.461	85.461
+ Changes in write-downs of groups of loans in in the period	680	0	-5.700
= Write-downs of groups of loans	80.441	85.461	79.761
Defaulted loans/credits			
Gross defaulted loans/credits>90 days	23.828	14.304	14.569
- Specific write-downs	3.220	1.112	2.849
= Net defaulted loans/credits	20.608	13.192	11.720
Gross defaulted loans as a percentage of gross loans	0,12 %	0,09 %	0,08 %
Other bad and doubtful loans/credits			
Other bad and doubtful loans/credits, against which write-downs have been made	33.649	47.412	39.484
- Specific write-downs	11.773	15.518	10.964
= Net other bad and doubtful loans/credits	21.876	31.894	28.520
Gross defaulted loans and bad and doubtful commitments			
Gross defaulted loans and bad and doubtful commitments	57.477	61.716	54.053
- Specific write-downs	14.993	16.630	13.813
Net defaulted loans and bad and doubtful commitments	42.484	45.086	40.240

Equity capital movements	AS at 31.03.07	AS at 31.03.06	AS at 31.12.06
Primary Capital Certificates	125.000	125.000	125.000
Premium Fund	34.324	34.324	34.324
The Savings Bank's Fund	1.452.386	1.286.584	1.452.386
Dividend Equalisation Fund	11.262	10.874	11.262
Equity Capital	1.622.972	1.456.782	1.622.972
Retained earnings	44.910	42.193	0
Total Equity Capital	1.667.882	1.498.975	1.622.972

Capital adequacy

Net equity and related capital*	2.310.945	1.730.484	1.911.410
Risk-weighted asset total	14.304.169	12.070.852	13.769.711
Capital adequacy as a percentage*	16,16	14,34	13,88
Capital adequacy ratio, including 50 per cent of the result in the period	16,38	14,58	

* Result so far this year not included in computation

The 20 largest PCC holders as at 31.03.2007

NAME	Number of PCCs held	% part of total PCC capital	NAME	Number of PCCs held	% part of total PCC capital
1. Terra Utbytte VPF	74.800	5,98	11. Flekkefjord Sparebank	15.800	1,26
2. Sparebankstiftelsen DnB NOR	61.400	4,91	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 Finan	32.962	2,64	14. Allumgården	12.350	0,99
5. Sparebanken Sør	31.600	2,53	15. MP Pensjon	12.000	0,96
6. Varodd AS	27.800	2,22	16. Strømme Leif	12.000	0,96
7. Brøvig Holding AS	27.000	2,16	17. Pareto AS C/O Pareto Forv.	10.150	0,81
8. Spareskillingsbanken	26.600	2,13	18. Hjelms AS	10.000	0,80
9. Gumpens Auto AS	20.750	1,66	19. Lillesand Sparebank	10.000	0,80
10. Birkenes Sparebank	20.000	1,60	20. Akselsen Carsten	9.400	0,75
Total - 10 largest PCC holders	356.612	28,53	Total - 20 largest PCC holders	476.112	38,09

As at 31.03.2007, Sparebanken Pluss owned none of the Bank's Primary Capital Certificates (PCCs). The Bank's PCC capital totalled NOK 125 million, made up 1,250,000 PCCs, each of a nominal value of NOK 100.