

First quarter report 2008

As at 31 March

Main features

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

- Continued good operating result
- Increased net interest income
- Some losses on the bond portfolio
- Remaining other (non-interest) operating income in line with last year's interim figures
- A very low overall cost ratio
- Recoveries from losses previously included in the accounts
- Very low credit losses
- Good lending growth

Framework conditions

Norges Bank's benchmark rate remained unchanged during the first three months of the year and was 5.25 per cent at the end of the first quarter. The rate was raised by 0.25 percentage point in April this year.

The annual growth in domestic gross debt, K2, amounted to 14.2 per cent at the end of February. Credit growth for private households increased somewhat, whereas the rate of credit growth for industry and commerce showed a small reduction. The growth within the corporate sector nevertheless remains at a very high level.

During the first quarter, Oslo Stock Exchange went through a turbulent period. In January, the unsettled conditions in the financial markets triggered a fall in prices of nearly 20 per cents, whereas there was an increase in excess of 8 per cent in February. Overall, the fall in prices on Oslo Stock Exchange finished up at 16.1 per cent for the first quarter of the year.

According to figures provided by NAV, unemployment has still been falling, the registered level amounting to 1.7 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 50,669 persons.

Operating result

The Bank's pre-tax operating result for the first 3 months of 2008 ended up at NOK 75.8 million, as opposed to NOK 63.4 million at the same time last year. The result is equivalent to 1.18 per cent of average assets, as against 1.22 per cent 12 months ago.

Net interest income totalled to NOK 101.2 million, up by NOK 15.8 million on the corresponding interim period last year. In relation to average assets, this amounted to 1.58 per cent.

Other (non-interest) operating income totalled to NOK 14.3 million, down by NOK 10.4 million on the first 3 months of 2007. In view of the fact that the Bank does not have subsidiaries, IFRS has not been introduced as the accounting standard, the Bank having therefore continued to prepare its accounts in accordance with NRS. This means that the bond portfolio is included in the accounts at the lower of cost or market value. The turbulence in the financial markets has meant that the Bank has written down the value of its bond portfolio by NOK 11.1 million. On the other hand, there has been an increase in the value of the bond debt. However, this effect has not been taken to income in the profit and loss account, which could have been done if IFRS were to have been applied. The Bank's exposure in the bond - and stock markets remains low.

Costs totalled NOK 48.1 million, up by NOK 3.1 million compared with the same interim period last year. In relation to average assets, however, costs were reduced from the low level of 0.86 per cent at the end of the first quarter of last year to 0.75 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 3 months of 2008 was 41.6 per cent, compared to 40.8 per cent a year earlier.

Total assets

At the end of the first quarter of 2008, total assets amounted to NOK 25,854 million. This involved an increase of NOK 3,202 million or 14.1 per cent during the last 12 months.

Deposits

At the end of the first quarter, deposits from customers totalled NOK 13,002 million, up by NOK 734 million or 6.0 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 2008, 57.7 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 3,067 million or 15.7 per cent, standing at NOK 22,620 million at the end of the first quarter. Retail banking- and corporate loans increased by 13.1 and 20.3 per cent respectively, the two sectors accounting for 62.7 and 37.3 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. Collective write-downs on loans have been reduced by NOK 8.5 million, totalling NOK 71.9 million as at 31.03.2008.

Individual write-downs on loans have increased by NOK 0.9 million in relation to the level at the same time last year, amounting to NOK 9.9 million, including amortised amounts relating to loans. At the end of the first quarter, net recoveries from earlier losses amounted to NOK 8.4 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

With effect from 01.01.2008 Sparebanken Pluss implemented the new capital adequacy rules and regulations (Basel II). For the time being, the Bank will apply the standard approach for credit risk and the basis approach for operational risk. The implementation of Basel II means that the figures for capital adequacy for 2007 will not be directly comparable with those for 2008.

At the end of the first quarter this year, Sparebanken Pluss had subordinated loans of NOK 697 million and equity capital of NOK 1,812 million. According to preliminary figures, this produced a capital adequacy ratio of 14.0 per cent. Despite the high level of equity capital and low domestic level of interest rates, the Bank has succeeded in maintaining a relatively high return on its equity capital. At the end of the first quarter of 2008, the ratio was 12.1 per cent, compared with 11.1 per cent 12 months ago.

Primary Capital Certificates (PCCs)

So far this year, 61,886 PCCs have been traded; there were 322 transactions in all. As at 31.03.2008, the Bank had 1,795 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 4.20, as against NOK 3.80 at the same time last year.

Future prospects

The Board of Directors expects Sparebanken Pluss's operating result to be satisfactory in 2008 too. The strong turbulence in the international financial markets may have an adverse impact on the banking industry.

Kristiansand, 24 April 2008

Arvid Grundekjøn
Chairman

Norunn Tveiten Benestad
Deputy Chairman

Thore Westermoen

Kristin Wallevik

Peder Syrdalen

Bente Pedersen

PROFIT PROFIT AND LOSS ACCOUNT

(NOK 1.000)

PER CENT OF AVERAGE ASSETS

31.3.08	31.3.07	31.12.07		31.3.08	31.3.07	31.12.07
409.661	246.555	#####	Interest receivable and similar income	6,39	4,73	5,42
308.436	161.104	867.891	Interest payable and similar costs	4,81	3,09	3,79
101.225	85.451	375.129	Net interest- and credit commission income	1,59	1,64	1,64
912	644	2.003	Dividends and other income from securities with var. yield	0,01	0,01	0,01
23.375	23.315	98.062	Commissions and income from banking services	0,36	0,45	0,43
3.366	3.174	13.451	Commissions payable and costs of banking services	0,05	0,06	0,06
-9.441	1.761	3.445	Net gains from foreign exchange and securities	-0,15	0,03	0,02
2.817	2.130	7.852	Other operating income	0,04	0,04	0,03
14.297	24.677	97.912	Sum other operating income	0,22	0,47	0,43
40.711	37.089	160.025	Wages, salaries and general administration costs	0,64	0,71	0,70
2.778	2.315	10.149	Depreciation etc. of fixed - and intangible assets	0,04	0,04	0,04
4.600	5.574	17.769	Other operating costs	0,07	0,11	0,08
48.088	44.978	187.943	Sum operating costs	0,75	0,86	0,82
67.433	65.150	285.098	Result from ordinary operations before losses on loans	1,05	1,25	1,24
-8.368	1.785	-1.360	Losses on loans, guarantees etc.	-0,13	0,03	-0,01
75.801	63.365	286.458	Operating result	1,18	1,22	1,25
22.282	18.455	84.254	Taxes	0,35	0,35	0,37
53.519	44.910	202.204	Result after taxes	0,83	0,86	0,88

BALANCE SHEET

(NOK 1.000)

ASSETS	As at 31.03.08	As at 31.03.07	As at 31.12.07
Cash-in-hand and claims on central banks	547.765	873.074	1.407.528
Net loans to and claims on credit institutions	251.209	864.515	99.697
Gross loans	22.619.744	19.552.577	22.042.181
- Individual write-downs on loans	9.887	15.973	9.468
- Write-downs of groups of loans	71.941	80.441	80.441
Net loans to and claims on customers	22.537.916	19.456.163	21.952.272
Repossessed assets	327	308	308
Certificates, bonds and other interest-bearing securities	1.934.254	1.116.312	1.746.828
Shares	150.514	37.605	144.910
Fixed assets	130.329	126.101	127.415
Other assets	89.728	14.239	9.080
Prepaid costs and accrued income, not yet received	211.972	164.053	188.129
TOTAL ASSETS	25.854.014	22.652.370	25.676.168
LIABILITIES AND EQUITY CAPITAL	As at 31.03.08	As at 31.03.07	As at 31.12.07
Liabilities to credit institutions	1.282.228	909.652	1.183.942
Deposits from and liabilities to customers	13.002.043	12.268.038	13.425.128
Liabilities incurred through issuance of securities	8.508.615	6.721.431	8.128.648
Other liabilities	195.918	153.762	210.721
Incurred costs and prepaid income	329.709	207.746	245.795
Provisions against liabilities and costs	25.893	26.999	25.893
Subordinated loans	697.163	696.860	697.114
TOTAL LIABILITIES	24.041.569	20.984.488	23.917.242
Primary Capital Certificates	125.000	125.000	125.000
Premium Fund	34.324	34.324	34.324
The Savings Bank's Fund	1.588.338	1.452.386	1.588.338
Dividend Equalisation Fund	11.264	11.262	11.264
Retained earnings	53.519	44.910	0
TOTAL EQUITY CAPITAL	1.812.445	1.667.882	1.758.926
TOTAL LIABILITIES AND EQUITY CAPITAL	25.854.014	22.652.370	25.676.168
Total off-balance sheet items	1.795.941	1.531.683	1.741.171

QUARTERLY PROFIT AND LOSS FIGURES

(NOK 1.000)

	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007	1st quarter 2007
Interest receivable and similar income	409.661	380.186	331.241	285.038	246.555
Interest payable and similar costs	308.436	277.782	233.271	195.734	161.104
Net interest- and credit commission income	101.225	102.404	97.970	89.304	85.451
Dividends and other income from securities with var. yield	912	506	0	853	644
Commissions and income from banking services	23.375	24.334	24.758	25.655	23.315
Commissions payable and costs of banking services	3.366	3.429	3.498	3.350	3.174
Net gains from foreign exchange and securities	-9.441	2.011	-1.179	852	1.761
Other operating income	2.817	1.933	1.917	1.872	2.130
Sum other operating income	14.297	25.355	21.998	25.882	24.676
Wages, salaries and general administration costs	40.711	43.221	40.094	39.621	37.089
Depreciation etc. of fixed - and intangible assets	2.778	2.741	2.627	2.466	2.315
Other operating costs	4.600	4.315	3.288	4.592	5.574
Sum operating costs	48.088	50.277	46.009	46.679	44.978
Result from ordinary operations before losses on loans	67.433	77.483	73.959	68.507	65.149
Losses on loans, guarantees etc.	-8.368	-3.042	1.126	-1.229	1.785
Operating result	75.801	80.525	72.833	69.736	63.364
Taxes	22.282	22.929	22.420	20.450	18.455
Result after taxes	53.519	57.596	50.413	49.286	44.910

QUARTERLY PROFIT AND LOSS FIGURES IN PER CENT OF AVERAGE ASSETS

	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007	1st quarter 2007
Net interest- and credit commission income	1,58	1,64	1,63	1,63	1,64
Sum other operating income	0,22	0,41	0,39	0,47	0,47
Sum operating costs	0,75	0,81	0,74	0,86	0,86
Result from ordinary operations before losses on loans	1,05	1,24	1,28	1,24	1,25
Losses on loans, guarantees etc.	-0,13	-0,04	0,02	-0,02	0,03
Operating result	1,18	1,28	1,26	1,26	1,22

KEY FIGURES AS AT

	31.3.08	31.12.07	30.9.07	30.6.07	31.3.07
Growth in gross loans (% p.a.)	15,7	16,6	17,0	18,0	16,4
- Retail banking	13,1	13,8	16,1	17,4	17,4
- Corporate banking	20,3	21,8	18,4	19,2	14,6
Growth in deposits (% p.a.)	6,0	17,7	17,0	16,2	19,6
Growth in total assets (% p.a.)	14,1	19,2	23,6	21,2	17,9
Average assets (NOK mill.)	25.801	22.923	22.321	21.653	21.138
Loan loss ratio (%)	-0,04	-0,01	0,01	0,00	0,01
Overall deposit coverage (%) ¹	57,7	61,2	60,4	60,6	63,1
After-tax return on equity capital (%) ²	12,1	12,0	11,4	11,4	11,1
Total other operating costs in relation to net income (%) ³	41,6	39,7	39,9	40,7	40,8
Earnings per PCC (NOK) ⁴	4,2	17,0	12,2	7,9	3,8
Earnings per PCC (NOK) per quarter	4,2	4,8	4,2	4,1	3,8
Primary Capital Certificates (PCCs) price (NOK)	175	224	240	240	231
Number of branches	15	15	15	16	16
Number of man years	170	172	171	171	171

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.

Losses on loans in the period	As at 31.03.08	As at 31.03.07	As at 31.12.07
Write-downs of loans	-8.367	1.787	-1.361
Losses on guarantees	0	0	0
Write-down on loans and losses on guarantees	-8.367	1.787	-1.361
Losses on loans			
Changes in specific write-downs of loans in the period	557	1.180	-4.854
+ Changes in write-down on groups of loans in the period	-8.500	680	680
+ Amortised loans	123	117	566
+ Confirmed losses in the period for which specific write-downs have previously been made	0	0	3.636
+ Confirmed losses in the period for which no specific write-downs have previously been made	160	148	2.185
- Recoveries from previous confirmed losses	707	340	3.574
= Write-down on loans in the period	-8.367	1.785	-1.361
Changes in specific write-downs			
Specific write-downs of loans as at 1.1	8.959	13.813	13.813
- Confirmed losses on loans in the period for which specific write-downs have previously been made	0	0	3.636
+ Increased specific write-downs in the period	102	1.509	1.975
+ New specific write-downs in the period	505	271	2.950
- Recoveries from specific write-downs in the period.	50	600	6.143
+ Amortised loans	371	980	509
= Specific write-downs.	9.887	15.973	9.468
Changes in write-downs on groups of loans			
Write-downs of groups of loans as at 1.1	80.441	79.761	79.761
+ Changes in write-downs of groups of loans in in the period	-8.500	680	680
= Write-downs of groups of loans	71.941	80.441	80.441
Defaulted loans/credits			
Gross defaulted loans/credits>90 days	10.698	23.828	13.034
- Specific write-downs	161	3.220	177
= Net defaulted loans/credits	10.537	20.608	12.857
Gross defaulted loans as a percentage of gross loans	0,05 %	0,12 %	0,06 %

Other bad and doubtful loans/credits			
Other bad and doubtful loans/credits, against which write-downs have been made	29.616	33.649	33.804
- Specific write-downs	9.355	11.773	9.291
= Net other bad and doubtful loans/credits	20.261	21.876	24.513

Gross defaulted loans and bad and doubtful commitments			
Gross defaulted loans and bad and doubtful commitments	40.314	57.477	46.838
- Specific write-downs	9.516	14.993	9.468
Net defaulted loans and bad and doubtful commitments	30.798	42.484	37.370

Equity capital movements	AS at 31.03.08	AS at 31.03.07	AS at 31.12.07
Primary Capital Certificates	125.000	125.000	125.000
Premium Fund	34.324	34.324	34.324
The Savings Bank's Fund	1.588.338	1.452.386	1.588.338
Dividend Equalisation Fund	11.264	11.262	11.264
Equity Capital	1.758.926	1.622.972	1.758.926
Retained earnings	53.519	44.910	0
Total Equity Capital	1.812.445	1.667.882	1.758.926

Capital adequacy

Net equity and related capital*	2.452.866	2.310.945	2.449.594
Risk-weighted asset total	17.495.500	14.304.169	16.451.824
Capital adequacy as a percentage*	14,02	16,16	14,89
Capital adequacy ratio, including 50 per cent of the result in the period	14,24	16,38	

* Result so far this year not included in computation

The figures for the first quarter of 2008 are preliminary and have been calculated according to Basel II.

Figures for previous periods have not been restated.

The 20 largest PCC holders as at 31.03.2008

NAME	Number of PCCs held	% part of total PCC capital	NAME	Number of PCCs held	% part of total PCC capital
1. Terra Utbytte VPF	70.600	5,65	11. Flekkefjord Sparebank	15.800	1,26
2. Sparebankstiftelsen DnB NOR	62.300	4,98	12. Hol Sparebank	15.000	1,20
3. Glastad Farsund AS	40.100	3,21	13. Strømme Leif	13.400	1,07
4. Sparebank 1 SR-Bank Finan	35.248	2,82	14. Bratland Bjørn	12.800	1,02
5. Varodd AS	32.800	2,62	15. Allumgården	12.350	0,99
6. Sparebanken Sør	31.600	2,53	16. MP Pensjon	12.000	0,96
7. Brøvig Holding AS	27.000	2,16	17. Warren Wicklund utbytte	11.000	0,88
8. Spareskillingsbanken	26.600	2,13	18. Pareto AS	10.500	0,84
9. Gumpens Auto AS	26.350	2,11	19. Engelschiøn Marwell Hauge	10.150	0,81
10. Birkenes Sparebank	20.000	1,60	20. Akselsen Carsten	10.050	0,80
Total - 10 largest PCC holders	372.598	29,81	Total - 20 largest PCC holders	495.648	39,65

As at 31.03.2008, 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.