

Half-year report 2008

As at 30 June

Main features

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

- Continued good and further increased 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
- Good lending growth

Framework conditions

During the first half of the year, Norges Bank raised its benchmark rate of interest twice, on both occasions in the second quarter, and each time by 0.25 percentage point. At the end of the second quarter, the benchmark rate was 5.75 per cent.

The annual growth in domestic gross debt, K2, was 13.3 per cent at the end of June. Credit growth for private households decreased for the fourth successive month. The rate of credit growth for industry and commerce also showed a reduction, but was still high.

During the first half of the year, 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. After an increase in prices in February and a fall in March, the overall fall in prices for the first quarter ended up at 16.1 per cent. During the first part of the second quarter, prices on Oslo Stock Exchange posted a positive development, but there was a new fall in June. For the first half of 2008 as a whole, prices fell by 5.6 per cent.

According to figures provided by NAV, unemployment has still been falling, the registered level amounting to 1.5 per cent of the total labour force at the end of June. On a seasonally adjusted basis, the number of people without a job or participation in labour market measures totalled 51,268 persons.

Operating result

The Bank's pre-tax operating result for the first 6 months of 2008 ended up at NOK 154.4 million, up from NOK 133.1 million at the same time last year. The result is equivalent to 1.18 per cent of average assets, as against 1.24 per cent 12 months ago.

Net interest income totalled to NOK 205.6 million, up by NOK 30.8 million on the corresponding interim period last year. In relation to average assets, this amounted to 1.57 per cent.

Other (non-interest) operating income totalled to NOK 40.9 million, down by NOK 9.6 million on the first 6 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 meant that the Bank wrote down the value of its bond portfolio by NOK 11.1 million in the first quarter of the year. 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 99.6 million, up by NOK 8.0 million compared with the same interim period last year. In relation to average assets, however, costs were reduced from the low level of 0.85 per cent at the end of the second quarter of last year to 0.76 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 6 months of 2008 was 40.4 per cent, compared to 40.7 per cent a year earlier.

Total assets

At the end of the second quarter of 2008, total assets amounted to NOK 27,619 million. This involved an increase of NOK 4,078 million or 17.3 per cent during the last 12 months.

Deposits

At the end of the second quarter, deposits from customers totalled NOK 13,405 million, up by NOK 971 million or 7.8 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 second quarter of 2008, 56.8 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 3,074 million or 14.9 per cent, standing at NOK 23,673 million at the end of the second quarter. Retail banking- and corporate loans increased by 12.9 and 18.4 per cent respectively, the two sectors accounting for 62.3 and 37.7 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 were reduced by NOK 8.5 million to NOK 71.9 million during the first quarter. There was no change in the second quarter.

Individual write-downs on loans increased by NOK 2.4 million in relation to the level at the beginning of the year, amounting to NOK 11.3 million, including amortised amounts relating to loans. At the end of the second quarter, net recoveries from earlier losses included in the accounts amounted to NOK 7.6 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 second quarter this year, Sparebanken Pluss had subordinated loans of NOK 697 million and equity capital of NOK 1,868 million. The capital adequacy ratio was 13.85 per cent. Despite the high level of equity capital and low level of domestic interest rates, the Bank has succeeded in maintaining a relatively high return on its equity capital. At the end of the second quarter of 2008, the ratio was 12.0 per cent, up from 11.4 per cent 12 months ago.

Primary Capital Certificates (PCCs)

So far this year, 134,201 PCCs have been traded; there were 621 transactions in all. As at 30.06.2008, the Bank had 1,787 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 8.4, up from NOK 7.9 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 continue to have an adverse impact on the banking industry.

Declaration in accordance with the Securities Trading Act, paragraph 5-6

The Board of Directors and Chief Executive Officer of Sparebanken Pluss confirm that the Bank's half-year accounts for the period from 01.01. to 30.06.2008 have been prepared in accordance with the Interim Reporting Standards NRS 11, and that the information provided in the accounts provides a correct picture of the Bank's assets, liabilities, financial position and overall results, with reference to the Securities Trading Act, paragraph 5-6, section 4.

Kristiansand, 20 August 2008

Arvid Grundekjøn Norunn Tveiten Benestad Thore Westermoen Kristin Wallevik Peder Syrdalen Bente Pedersen

Chairman

Deputy Chairman

Stein A. Hannevik
Managing Director

PROFIT AND LOSS ACCOUNT

(NOK 1.000)

PER CENT OF AVERAGE ASSETS

30.6.08	30.6.07	31.12.07		30.6.08	30.6.07	31.12.07
854.009	531.593	1.243.020	Interest receivable and similar income	6,54	4,95	5,42
648.452	356.838	867.891	Interest payable and similar costs	4,97	3,32	3,79
205.556	174.755	375.129	Net interest- and credit commission income	1,57	1,63	1,64
3.572	1.497	2.003	Dividends and other income from securities with var. yield	0,03	0,01	0,01
47.266	48.970	98.062	Commissions and income from banking services	0,36	0,45	0,43
6.765	6.524	13.451	Commissions payable and costs of banking services	0,05	0,06	0,06
-7.867	2.613	3.445	Net gains from foreign exchange and securities	-0,06	0,02	0,02
4.740	4.002	7.852	Other operating income	0,04	0,04	0,03
40.946	50.558	97.912	Sum other operating income	0,31	0,47	0,43
84.264	76.710	160.025	Wages, salaries and general administration costs	0,65	0,71	0,70
5.590	4.781	10.149	Depreciation etc. of fixed - and intangible assets	0,04	0,04	0,04
9.770	10.166	17.769	Other operating costs	0,07	0,09	0,08
99.625	91.657	187.943	Sum operating costs	0,76	0,85	0,82
146.878	133.655	285.098	Result from ordinary operations before losses on loans	1,13	1,25	1,24
-7.554	556	-1.360	Losses on loans, guarantees etc.	-0,06	0,01	-0,01
154.432	133.099	286.458	Operating result	1,18	1,24	1,25
45.658	38.905	84.254	Taxes	0,35	0,36	0,37
108.774	94.194	202.204	Result after taxes	0,83	0,88	0,88

BALANCE SHEET

(NOK 1.000)

ASSETS	As at 30.06.08	As at 30.06.07	As at 31.12.07
Cash-in-hand and claims on central banks	1.234.231	901.446	1.407.528
Net loans to and claims on credit institutions	163.532	370.323	99.697
Gross loans	23.673.100	20.598.822	22.042.181
- Individual write-downs on loans	11.322	15.015	9.468
- Write-downs of groups of loans	71.941	80.441	80.441
Net loans to and claims on customers	23.589.838	20.503.366	21.952.272
Repossessed assets	327	308	308
Certificates, bonds and other interest-bearing securities	2.150.806	1.415.254	1.746.828
Shares	152.474	39.998	144.910
Fixed assets	130.103	127.817	127.415
Other assets	11.637	21.978	9.080
Prepaid costs and accrued income, not yet received	186.264	160.698	188.129
TOTAL ASSETS	27.619.212	23.541.188	25.676.168
LIABILITIES AND EQUITY CAPITAL	As at 30.06.08	As at 30.06.07	As at 31.12.07
Liabilities to credit institutions	1.187.683	1.467.685	1.183.942
Deposits from and liabilities to customers	13.404.586	12.433.801	13.425.128
Liabilities incurred through issuance of securities	9.838.313	6.794.312	8.128.648
Other liabilities	184.500	135.535	210.721
Incurred costs and prepaid income	413.272	268.728	245.795
Provisions against liabilities and costs	25.893	26.999	25.893
Subordinated loans	697.265	696.962	697.114
TOTAL LIABILITIES	25.751.512	21.824.022	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	108.774	94.194	0
TOTAL EQUITY CAPITAL	1.867.700	1.717.166	1.758.926
TOTAL LIABILITIES AND EQUITY CAPITAL	27.619.212	23.541.188	25.676.168
Total off-balance sheet items	1.950.944	1.640.209	1.741.171

QUARTERLY PROFIT AND LOSS FIGURES

(NOK 1.000)

	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007
Interest receivable and similar income	444.348	409.661	380.186	331.241	285.038
Interest payable and similar costs	340.016	308.436	277.782	233.271	195.734
Net interest- and credit commission income	104.332	101.225	102.404	97.970	89.304
Dividends and other income from securities with var. yield	2.660	912	506	0	853
Commissions and income from banking services	23.891	23.375	24.334	24.758	25.655
Commissions payable and costs of banking services	3.399	3.366	3.429	3.498	3.350
Net gains from foreign exchange and securities	1.574	-9.441	2.011	-1.179	852
Other operating income	1.923	2.817	1.933	1.917	1.872
Sum other operating income	26.649	14.297	25.355	21.998	25.882
Wages, salaries and general administration costs	43.553	40.711	43.221	40.094	39.621
Depreciation etc. of fixed - and intangible assets	2.812	2.778	2.741	2.627	2.466
Other operating costs	5.170	4.600	4.315	3.288	4.592
Sum operating costs	51.535	48.088	50.277	46.009	46.679
Result from ordinary operations before losses on loans	79.445	67.433	77.483	73.959	68.507
Losses on loans, guarantees etc.	814	-8.368	-3.042	1.126	-1.229
Operating result	78.631	75.801	80.525	72.833	69.736
Taxes	23.376	22.282	22.929	22.420	20.450
Result after taxes	55.255	53.519	57.596	50.413	49.286

QUARTERLY PROFIT AND LOSS FIGURES IN PER CENT OF AVERAGE ASSETS

	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007
Net interest- and credit commission income	1,56	1,58	1,64	1,63	1,63
Sum other operating income	0,40	0,22	0,41	0,39	0,47
Sum operating costs	0,78	0,75	0,81	0,74	0,86
Result from ordinary operations before losses on loans	1,18	1,05	1,24	1,28	1,24
Losses on loans, guarantees etc.	0,01	-0,13	-0,04	0,02	-0,02
Operating result	1,17	1,18	1,28	1,26	1,26

KEY FIGURES AS AT

	30.6.08	31.3.08	31.12.07	30.9.07	30.6.07
Growth in gross loans (% p.a.)	14,9	15,7	16,6	17,0	18,0
- Retail banking	12,9	13,1	13,8	16,1	17,4
- Corporate banking	18,4	20,3	21,8	18,4	19,2
Growth in deposits (% p.a.)	7,8	6,0	17,7	17,0	16,2
Growth in total assets (% p.a.)	17,3	14,1	19,2	23,6	21,2
Average assets (NOK mill.)	26.253	25.801	22.923	22.321	21.653
Loan loss ratio (%)	-0,03	-0,04	-0,01	0,01	0,00
Overall deposit coverage (%) ¹	56,8	57,7	61,2	60,4	60,6
After-tax return on equity capital (%) ²	12,0	12,1	12,0	11,4	11,4
Total other operating costs in relation to net income (%) ³	40,4	41,6	39,7	39,9	40,7
Earnings per PCC (NOK) ⁴	8,4	4,2	17,0	12,2	7,9
Earnings per PCC (NOK) per quarter	4,2	4,2	4,8	4,2	4,1
Primary Capital Certificates (PCCs) price (NOK)	177	175	224	240	240
Number of branches	16	15	15	15	16
Number of man years	169	170	172	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 30.06.08	As at 30.06.07	As at 31.12.07
Write-downs of loans	-7.638	555	-1.361
Losses on guarantees	85	0	0
Write-down on loans and losses on guarantees	-7.553	555	-1.361
Losses on loans			
Changes in specific write-downs of loans in the period	1.826	445	-4.854
+ Changes in write-down on groups of loans in the period	-8.500	680	680
+ Amortised loans	551	265	566
+ Confirmed losses in the period for which specific write-downs have previously been made	261	0	3.636
+ Confirmed losses in the period for which no specific write-downs have previously been made	286	227	2.185
- Recoveries from previous confirmed losses	1.977	1.062	3.574
= Write-down on loans in the period	-7.553	555	-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	261	0	3.636
+ Increased specific write-downs in the period	141	1.759	1.975
+ New specific write-downs in the period	2.151	569	2.950
- Recoveries from specific write-downs in the period.	205	1.883	6.143
+ Amortised loans	537	757	509
= Specific write-downs.	11.322	15.015	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	41.163	20.846	13.034
- Specific write-downs	1.858	3.149	177
= Net defaulted loans/credits	39.305	17.697	12.857
Gross defaulted loans as a percentage of gross loans	0,17 %	0,10 %	0,06 %
Other bad and doubtful loans/credits			
Other bad and doubtful loans/credits, against which write-downs have been made	31.121	36.512	33.804
- Specific write-downs	9.702	11.109	9.291
= Net other bad and doubtful loans/credits	21.419	25.403	24.513
Gross defaulted loans and bad and doubtful commitments			
Gross defaulted loans and bad and doubtful commitments	72.284	57.358	46.838
- Specific write-downs	11.560	14.258	9.468
Net defaulted loans and bad and doubtful commitments	60.724	43.100	37.370

Equity capital movements	AS at 30.06.08	AS at 30.06.07	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	108.774	94.194	0
Total Equity Capital	1.867.700	1.717.166	1.758.926

Capital adequacy

Net equity and related capital*	2.452.959	2.310.945	2.449.594
Risk-weighted asset total	17.705.838	14.304.169	16.451.824
Capital adequacy as a percentage*	13,85	16,16	14,89
Capital adequacy ratio, including 50 per cent of the result in the period	14,29	16,38	

* Result so far this year not included in computation

The figures for the second quarter of 2008 have been calculated according to Basel II.

Figures for previous periods have not been restated. The half-year accounts for 2008 have not been audited.

The 20 largest PCC holders as at 30.06.2008

NAME	Number of PCCs held	% part of total PCC capital	NAME	Number of PCCs held	% part of total PCC capital
1. Terra Utbytte VPF	63.250	5,06	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	45.600	3,65	13. Strømme Leif	13.400	1,07
4. Sparebank 1 SR-Bank Finan	36.278	2,90	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. Engelschiøn Marwell Hauge	10.500	0,84
9. Gumpens Auto AS	26.350	2,11	19. Pareto AS	10.150	0,81
10. Birkenes Sparebank	20.000	1,60	20. Akselsen Carsten	10.050	0,80
Total - 10 largest PCC holders	371.778	29,74	Total - 20 largest PCC holders	494.828	39,59

As at 30.06.2008, 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.