

Third quarter report 2008

As at 30 September

Main features

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

- Another good operating result
- Increased net interest income
- Losses on the bond portfolio due to global financial crisis (credit spread)
- Remaining other (non-interest) operating income in line with last year's interim figures
- A very low overall cost ratio
- Modest credit losses and a low level of commitments in default

Framework conditions

So far this year, Norges Bank has raised its benchmark rate of interest twice, on both occasions in the second quarter, and each time by 0.25 percentage points. At the end of the third quarter, the benchmark rate was 5.75 per cent. After the end of the quarter, on 15 October, Norges Bank reduced its rate by 0.5 percentage points.

The annual growth in domestic gross debt, K2, was 12.5 per cent at the end of August. Credit growth for private households decreased for the sixth successive month. There has not been a correspondingly low rate of growth in households' debt since February 2000. The rate of credit growth for industry and commerce also showed a reduction, but was still high.

So far this year, Oslo Stock Exchange has been going through a turbulent period as a result of unsettled global financial markets. Overall, during the first half of the year, Oslo Stock Exchange prices fell by 5.6 per cent. During the first part of the third quarter, prices continued to fall, and in September, prices plummeted by over 25 per cent. So far this year, Oslo Stock Exchange prices have fallen by 35 per cent.

According to figures provided by NAV, unemployment has now increased somewhat, the registered level amounting to 1.7 per cent of the total labour force at the end of September. On a seasonally adjusted basis, the number of people without a job or participation in labour market measures totalled 53,200 persons.

Operating result

The Bank's pre-tax operating result for the first 9 months of 2008 ended up at NOK 213.9 million, up from NOK 205.9 million at the same time last year. The result is equivalent to 1.07 per cent of average assets, as against 1.23 per cent 12 months ago.

Net interest income totalled to NOK 320.2 million, up by NOK 47.5 million on the corresponding interim period last year. In relation to average assets, this amounted to 1.60 per cent.

Other (non-interest) operating income totalled to NOK 39.2 million, down by NOK 33.3 million on the first 9 months of 2007. In view of the fact that the Bank does not have any 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. So far this year, as a result of the turbulence in the financial markets, the Bank has written down the value of its bond portfolio by NOK 36.8 million. On the other hand, there has been an increase in the value of the Bank's bond debt. As at 30.09.08, the latent gain on the bond-related funding and subordinated loan capital (credit spread) far exceeded the loss on the bond portfolio. 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 148.8 million, up by NOK 11.2 million compared to the same interim period last year. In relation to average assets, however, costs were reduced from the low level of 0.82 per cent at the end of the third quarter of last year to 0.74 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 9 months of 2008 was 41.4 per cent, compared to 39.9 per cent a year earlier.

Total assets

At the end of the third quarter of 2008, total assets amounted to NOK 28,246 million. This involved an increase of NOK 4,027 million or 16.6 per cent during the last 12 months.

Deposits

At the end of the third quarter, deposits from customers totalled NOK 12,943 million, up by NOK 176 million or 1.4 per cent during the last 12 months. At the end of the third quarter, 52.9 per cent of the Bank's loans were funded by customer deposits. The Bank always tries to fund the growth in its assets through deposits and long-term borrowing in the Norwegian and international money- and capital markets. The global financial crisis has been making this a challenging task. However, Sparebanken Pluss's good results and excellent capital adequacy ratio have helped ensure that capital has been available at competitive terms and conditions.

Loans

Gross lending to customers was up by NOK 3,315 million or 15.6 per cent, standing at NOK 24,540 million at the end of the third quarter. Retail banking- and corporate loans increased by 12.6 and 20.8 per cent respectively, the two sectors accounting for 61.4 and 38.6 per cent respectively of the Bank's total loan portfolio. The level of gross loans in default remains 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 third quarter.

Individual write-downs on loans increased by NOK 6.3 million in relation to the level at the beginning of the year, amounting to NOK 15.2 million, including amortised amounts relating to loans. At the end of the third quarter, net recoveries from earlier losses included in the accounts amounted to NOK 3.3 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 at the end of the third quarter.

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 third quarter this year, Sparebanken Pluss had subordinated loans of NOK 697 million and equity capital of NOK 1,910 million. The capital adequacy ratio was 13.34 per cent. Despite the high level of equity capital, the Bank has succeeded in maintaining a relatively high return on its equity capital. At the end of the third quarter of 2008, the ratio was 11.0 per cent, up from 11.4 per cent 12 months ago.

Primary Capital Certificates (PCCs)

So far this year, 186,393 PCCs have been traded; there were 859 transactions in all. As at 30.09.2008, the Bank had 1,762 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 11.7, as against NOK 12.2 at the same time last year.

Future prospects

The Board of Directors expects Sparebanken Pluss's fourth quarter operating result to be satisfactory too. However the strong turbulence in the global financial markets will continue to affect the financial industry. An economic downturn will probably also have a negative impact on the Bank's levels of commitments in default and credit losses.

Kristiansand, 24 October 2008

Arvid Grundekjøn
Chairman

Norunn Tveiten Benestad
Deputy Chairman

Thore Westermoen

Kristin Wallevik

Peder Syrdalen

Bente Pedersen

PROFIT AND LOSS ACCOUNT

(NOK 1.000)

PER CENT OF AVERAGE ASSETS

30.9.08	30.9.07	31.12.07		30.9.08	30.9.07	31.12.07
1.350.225	862.834	1.243.020	Interest receivable and similar income	6,74	5,17	5,42
1.030.011	590.109	867.891	Interest payable and similar costs	5,14	3,53	3,79
320.213	272.725	375.129	Net interest- and credit commission income	1,60	1,63	1,64
5.535	1.497	2.003	Dividends and other income from securities with var. yield	0,03	0,01	0,01
69.463	73.728	98.062	Commissions and income from banking services	0,35	0,44	0,43
10.119	10.022	13.451	Commissions payable and costs of banking services	0,05	0,06	0,06
-32.339	1.434	3.445	Net gains from foreign exchange and securities	-0,16	0,01	0,02
6.703	5.919	7.852	Other operating income	0,03	0,04	0,03
39.243	72.556	97.912	Sum other operating income	0,20	0,43	0,43
125.909	116.804	160.025	Wages, salaries and general administration costs	0,63	0,70	0,70
8.440	7.408	10.149	Depreciation etc. of fixed - and intangible assets	0,04	0,04	0,04
14.472	13.454	17.769	Other operating costs	0,07	0,08	0,08
148.821	137.665	187.943	Sum operating costs	0,74	0,82	0,82
210.636	207.615	285.098	Result from ordinary operations before losses on loans	1,05	1,24	1,24
-3.296	1.682	-1.360	Losses on loans, guarantees etc.	-0,02	0,01	-0,01
213.932	205.933	286.458	Operating result	1,07	1,23	1,25
63.108	61.325	84.254	Taxes	0,32	0,37	0,37
150.824	144.608	202.204	Result after taxes	0,75	0,87	0,88

BALANCE SHEET

(NOK 1.000)

ASSETS	As at 30.09.08	As at 30.09.07	As at 31.12.07
Cash-in-hand and claims on central banks	1.074.162	1.453.422	1.407.528
Net loans to and claims on credit institutions	121.173	100.353	99.697
Gross loans	24.540.429	21.225.643	22.042.181
- Individual write-downs on loans	15.222	11.592	9.468
- Write-downs of groups of loans	71.941	80.441	80.441
Net loans to and claims on customers	24.453.266	21.133.610	21.952.272
Reposessed assets	327	6.908	308
Certificates, bonds and other interest-bearing securities	2.145.114	1.175.580	1.746.828
Shares	154.977	39.998	144.910
Fixed assets	127.760	126.736	127.415
Other assets	11.273	14.883	9.080
Prepaid costs and accrued income, not yet received	157.548	166.851	188.129
TOTAL ASSETS	28.245.600	24.218.341	25.676.168
LIABILITIES AND EQUITY CAPITAL	As at 30.09.08	As at 30.09.07	As at 31.12.07
Liabilities to credit institutions	1.183.949	1.134.671	1.183.942
Deposits from and liabilities to customers	12.942.702	12.766.222	13.425.128
Liabilities incurred through issuance of securities	10.823.825	7.284.237	8.128.648
Other liabilities	165.535	156.285	210.721
Incurred costs and prepaid income	496.484	385.283	245.795
Provisions against liabilities and costs	25.893	26.999	25.893
Subordinated loans	697.462	697.064	697.114
TOTAL LIABILITIES	26.335.850	22.450.761	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	150.824	144.608	0
TOTAL EQUITY CAPITAL	1.909.750	1.767.580	1.758.926
TOTAL LIABILITIES AND EQUITY CAPITAL	28.245.600	24.218.341	25.676.168
Total off-balance sheet items	1.949.429	1.425.781	1.741.171

QUARTERLY PROFIT AND LOSS FIGURES

(NOK 1.000)

	3rd quarter 2008	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007
Interest receivable and similar income	496.216	444.348	409.661	380.186	331.241
Interest payable and similar costs	381.559	340.016	308.436	277.782	233.271
Net interest- and credit commission income	114.657	104.332	101.225	102.404	97.970
Dividends and other income from securities with var. yield	1.963	2.660	912	506	0
Commissions and income from banking services	22.197	23.891	23.375	24.334	24.758
Commissions payable and costs of banking services	3.354	3.399	3.366	3.429	3.498
Net gains from foreign exchange and securities	-24.472	1.574	-9.441	2.011	-1.179
Other operating income	1.963	1.923	2.817	1.933	1.917
Sum other operating income	-1.703	26.649	14.297	25.355	21.998
Wages, salaries and general administration costs	41.645	43.553	40.711	43.221	40.094
Depreciation etc. of fixed - and intangible assets	2.850	2.812	2.778	2.741	2.627
Other operating costs	4.702	5.170	4.600	4.315	3.288
Sum operating costs	49.197	51.535	48.088	50.277	46.009
Result from ordinary operations before losses on loans	63.756	79.445	67.433	77.483	73.959
Losses on loans, guarantees etc.	4.258	814	-8.368	-3.042	1.126
Operating result	59.498	78.631	75.801	80.525	72.833
Taxes	17.450	23.376	22.282	22.929	22.420
Result after taxes	42.048	55.255	53.519	57.596	50.413

QUARTERLY PROFIT AND LOSS FIGURES IN PER CENT OF AVERAGE ASSETS

	3rd quarter 2008	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007
Net interest- and credit commission income	1,67	1,56	1,58	1,64	1,63
Sum other operating income	-0,02	0,40	0,22	0,41	0,39
Sum operating costs	0,70	0,78	0,75	0,81	0,74
Result from ordinary operations before losses on loans	0,95	1,18	1,05	1,24	1,28
Losses on loans, guarantees etc.	0,05	0,01	-0,13	-0,04	0,02
Operating result	0,90	1,17	1,18	1,28	1,26

KEY FIGURES AS AT

	30.9.08	30.6.08	31.3.08	31.12.07	30.9.07
Growth in gross loans (% p.a.)	15,6	14,9	15,7	16,6	17,0
- Retail banking	12,6	12,9	13,1	13,8	16,1
- Corporate banking	20,8	18,4	20,3	21,8	18,4
Growth in deposits (% p.a.)	1,4	7,8	6,0	17,7	17,0
Growth in total assets (% p.a.)	16,6	17,3	14,1	19,2	23,6
Average assets (NOK mill.)	26.780	26.253	25.801	22.923	22.321
Loan loss ratio (%)	-0,01	-0,03	-0,04	-0,01	0,01
Overall deposit coverage (%) ¹	52,9	56,8	57,7	61,2	60,4
After-tax return on equity capital (%) ²	11,0	12,0	12,1	12,0	11,4
Total other operating costs in relation to net income (%) ³	41,4	40,4	41,6	39,7	39,9
Earnings per PCC (NOK) ⁴	11,7	8,4	4,2	17,0	12,2
Earnings per PCC (NOK) per quarter	3,3	4,2	4,2	4,8	4,2
Primary Capital Certificates (PCCs) price (NOK)	160	177	175	224	240
Number of branches	15	15	14	15	15
Number of man years	170	169	170	172	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 30.09.08	As at 30.09.07	As at 31.12.07
Write-downs of loans	-3.382	1.682	-1.361
Losses on guarantees	85	0	0
Write-down on loans and losses on guarantees	-3.297	1.682	-1.361
Losses on loans			
Changes in specific write-downs of loans in the period	5.367	-2.902	-4.854
+ Changes in write-down on groups of loans in the period	-8.500	680	680
+ Amortised loans	1.453	482	566
+ Confirmed losses in the period for which specific write-downs have previously been made	261	3.557	3.636
+ Confirmed losses in the period for which no specific write-downs have previously been made	472	1.797	2.185
- Recoveries from previous confirmed losses	2.350	1.932	3.574
= Write-down on loans in the period	-3.297	1.682	-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	3.557	3.636
+ Increased specific write-downs in the period	216	1.975	1.975
+ New specific write-downs in the period	7.511	1.771	2.950
- Recoveries from specific write-downs in the period.	2.099	3.091	6.143
+ Amortised loans	896	681	509
= Specific write-downs.	15.222	11.592	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	35.753	9.331	13.034
- Specific write-downs	501	94	177
= Net defaulted loans/credits	35.252	9.237	12.857
Gross defaulted loans as a percentage of gross loans	0,15 %	0,04 %	0,06 %
Other bad and doubtful loans/credits			
Other bad and doubtful loans/credits, against which write-downs have been made	79.935	33.551	33.804
- Specific write-downs	14.721	11.498	9.291
= Net other bad and doubtful loans/credits	65.214	22.053	24.513
Gross defaulted loans and bad and doubtful commitments			
Gross defaulted loans and bad and doubtful commitments	115.688	42.882	46.838
- Specific write-downs	15.222	11.592	9.468
Net defaulted loans and bad and doubtful commitments	100.466	31.290	37.370

Equity capital movements	AS at 30.09.08	AS at 30.09.07	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	150.824	144.608	0
Total Equity Capital	1.909.750	1.767.580	1.758.926

Capital adequacy

Net equity and related capital*	2.453.157	2.311.752	2.449.594
Risk-weighted asset total	18.393.638	15.523.634	16.451.824
Capital adequacy as a percentage*	13,34	14,89	14,89
Capital adequacy ratio, including 50 per cent of the result in the period	13,92	15,56	

* Result so far this year not included in computation

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

Figures for previous periods have not been restated. The third quarter accounts for 2008 have not been audited.

The 20 largest PCC holders as at 30.09.2008

NAME	Number of PCCs held	% part of total PCC capital	NAME	Number of PCCs held	% part of total PCC capital
1. Sparebankstiftelsen DnB NOR	62.300	4,98	11. Birkenes Sparebank	20.000	1,60
2. Terra Utbytte VPF	47.350	3,79	12. Flekkefjord Sparebank	15.800	1,26
3. Glastad Farsund AS	45.600	3,65	13. Hol Sparebank	15.000	1,20
4. Sparebank 1 SR-Bank Finan	36.247	2,90	14. Strømme Leif	13.400	1,07
5. Varodd AS	32.800	2,62	15. Bratland Bjørn	12.800	1,02
6. Sparebanken Sør	31.600	2,53	16. Allungården	12.350	0,99
7. Brøvig Holding AS	27.000	2,16	17. Engelschiøn Marwell Hauge	10.500	0,84
8. Spareskillingsbanken	26.600	2,13	18. Pareto AS	10.150	0,81
9. Gumpens Auto AS	26.350	2,11	19. Akselsen Carsten	10.050	0,80
10. MP Pensjon	26.000	2,08	20. Lillesands Sparebank	10.000	0,80
Total - 10 largest PCC holders	361.847	28,95	Total - 20 largest PCC holders	491.897	39,35

As at 30.09.2008, 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.