

## KEY FIGURES AS AT

|   | 31.12.09 | 30.09.09 | 30.06.09 | 31.03.09 | 31.12.08 |
|---|----------|----------|----------|----------|----------|
| Total income (NOK mill.)                            | 592,0    | 447,4    | 280,2    | 129,5    | 467,4    |
| Total operating cost (NOK mill.)                    | 201,4    | 150,2    | 102,2    | 50,6     | 199,0    |
| Result before losses (NOK mill.)                    | 390,6    | 297,2    | 178,0    | 78,9     | 268,4    |
| Losses etc. (NOK mill.)                             | 21,2     | 10,6     | 7,9      | 4,4      | 54,4     |
| Result before taxes (NOK mill.)                     | 369,4    | 286,6    | 170,1    | 74,5     | 214,0    |
| Total assets (NOK mill.)                            | 35.189   | 34.152   | 31.005   | 30.956   | 30.494   |
| Average total assets (NOK mill.)                    | 32.851   | 32.369   | 31.112   | 30.600   | 27.280   |
| Growth in total assets (% p.a.)                     | 15,4     | 21,0     | 12,6     | 19,5     | 17,5     |
| Growth in gross loans (% p.a.)                      | 7,4      | 10,1     | 13,1     | 14,3     | 16,0     |
| -Retail banking                                     | 6,6      | 6,2      | 8,5      | 10,5     | 12,1     |
| -Corporate banking                                  | 9,2      | 15,7     | 20,4     | 20,2     | 21,2     |
| Growth in deposits (% p.a.)                         | 9,5      | 0,6      | 0,2      | 0,5      | -3,6     |
| Overall deposit coverage (Parent bank) (%)          | 63,4     | 59,4     | 62,2     | 53,9     | 51,1     |
| Total operating costs in relation to net income (%) | 34,0     | 33,6     | 36,5     | 39,1     | 42,6     |
| After-tax return on equity capital (%)              | 12,8     | 13,5     | 12,2     | 11,3     | 7,9      |
| Earnings per EC (NOK)                               | 17,2     | 13,7     | 8,3      | 3,9      | 12,0     |
| Earnings per EC (NOK) per quarter                   | 3,5      | 5,4      | 4,4      | 3,9      | 0,3      |
| Equity Certificates (ECs) price (NOK)               | 172      | 168      | 160      | 134      | 134      |
| Capital adequacy ratio (%)*                         | 14,18    | 13,18    | 13,26    | 13,41    | 13,52    |
| Core capitl ratio (%)*                              | 12,18    | 11,25    | 11,31    | 11,37    | 11,44    |
| Core capitl ratio (Parent bank) (%)*                | 13,42    | 12,19    | 12,04    | 11,37    | 11,44    |
| Number of branches                                  | 14       | 14       | 14       | 14       | 15       |
| Number of man years                                 | 172      | 170      | 167      | 170      | 170      |

\*Incl. 50% of the operating result (before taxes)

# Fourth quarter report 2009

## As at 31.12.09

### Main features

The main features of the Bank's operations for the fourth quarter, and in 2009, are as follows:

- High income
- Low cost ratio
- Modest credit losses
- A good result
- Low level of commitments in default, despite the financial crisis
- Solid balance

### Change in accounting principles

In the first quarter of 2009, the bank went from Norwegian accounting rules and regulations (NGAAP) to IFRS. The accounting figures for the previous periods are, in comparison, revised after IFRS.

### Framework conditions

Norges Bank changed its key policy rate six times in 2009. In the first half of the year the interest rate was reduced three times by 0.5 percentage points and once by 0.25 percentage points. In the fourth quarter the interest rate was up twice, each time by 0.25 per cent. At the end of the fourth quarter, the key policy rate was 1.75 percent.

Annual growth in gross domestic debt to the public, C2, was 4.8 percent at the end of November, down from 5.1 percent the previous month. For the last few months, the growth in household debt has been around 7.0 percent. Growth in the corporate market was negative at 0.3 percent.

In 2009, Oslo Stock Exchange had a price increase of 64 percent. For the whole of 2008 there was a decline in share prices of 54.1 percent.

The figures from NAV show that unemployment at the end of December was 2.7 percent. Seasonally adjusted, 96,000 people are currently jobless or attending job-boosting schemes arranged by the authorities.

### Operating result

In 2009, the Bank (Group) had an operating result, before losses, of NOK 390.6 million, - against NOK 268.4 million in 2008. The result is equivalent to 1.19 percent of average total assets, and is an increase of 45.5 percent.

The Bank's net interest income totalled NOK 421.5 million. As a percentage of average total assets, the net interest amounts to 1.28 percent.

Other (non-interest) operating income totalled NOK 170.5 million, up by NOK 142.8 million in relation to 2008. This is mainly due to gains on the bond portfolio.

Costs amounted to NOK 201.4 million, and have increased by NOK 2.4 million in relation to 2008. As a percentage of average total assets, the costs constituted a low level of 0.61 percent at the turn of the year, compared with 0.73 percent for the same period a year before. Costs as a percentage of income also remain at a very low level. The figure at the end of 2009 was 34.0 percent, as opposed to 42.6 percent a year earlier.

### Total assets

At the end of 2009, total assets were NOK 35,189 million. Compared to the same period at the end of the 2008, this is an increase of NOK 4,694 million or 15.4 percent.

### Deposits

At the end of 2009, deposits from customers were NOK 14,164 million. The growth from 31.12.08 has been NOK 1,227 million, or 9.5 percent. At the end of the year, 63.4 percent of the Parent Bank's loans were financed by customer deposits. On a Group basis, this amounted to 52.0 per cent. The growth in total assets is funded mainly through deposits and long-term borrowing in the Norwegian and international money- and capital markets. The global financial crisis has brought about some challenges in this work.

### Loans

Gross loans to customers for the Group as a whole increased by NOK 1,898 million or 7.4 per cent in 2009, and totalled NOK 27,394 million at the end of 2009. Lending growth within the retail- and corporate banking sectors was 6.6 and 9.2 percent respectively. Of the total lending portfolio 60.3 percent are to retail market sector, and 30.8 percent are to corporate sector and 8.9 percent are for the organisational market. The definition of gross default in loans has changed with effect from 31.12.09; arrears and overdrafts of more than 30 days are now regarded as defaults, as opposed to 90 days earlier. Commitments in default (gross) on loans are 0.64 per cent for the Group as a whole at the end of the fourth quarter, and the credit risk for the lending portfolio is still regarded as low.

### Losses on loans and guarantees

Assessment of loans, losses and loss write-downs is handled in accordance with the rules and regulations for the accounting-related handling of loans and guarantees (the lending rules and regulations).

Write-downs on groups of loans amount to NOK 91.9 million, and no changes were made in the fourth quarter.

Individual write-downs on loans were reduced by NOK 4.5 million during the year and constitute NOK 36.6 million, including amortised amounts on loans. At the end of the fourth quarter there was a net recovery of incorporated losses of NOK 1.5 million, so that the net loss cost on loans and guarantees amounted to NOK 24.5 million. In the Board of Directors' opinion, the write-downs are sufficient in order to cover the credit risk at the end of the fourth quarter.

### Equity capital and capital adequacy

The Bank made use of the standard method for credit risk and the basis method for operational risk to calculate capital adequacy in accordance with valid capital adequacy rules and regulations – Basel II.

At the end of the fourth quarter of 2009, the Group had responsible capital of NOK 2,830 million. The capital adequacy ratio was 14.18 percent for the Group and 15.62 for the Parent Bank. The core capital coverage totalled 12.18 percent for the Group and 13.42 percent for the Parent Bank. Despite of high equity capital, the Bank has managed to maintain a relatively high return on equity capital. At the end of the fourth quarter of 2009 it was 12.8 percent, compared to 7.9 percent at the end of the same period of 2008.

### Pluss Boligkreditt AS

During the first quarter of 2009, Sparebanken Pluss established the wholly-owned subsidiary, Pluss Boligkreditt AS. The company has the required licence to conduct business as a mortgage company, with the right to issue covered bonds (OMF). The Bank is therefore in a position to participate in the authorities' swap scheme according to which covered bonds can be swapped into government securities. At the end of the fourth quarter of 2009, a house mortgage loan portfolio of NOK 4,931 million had been transferred from the Bank to Pluss Boligkreditt AS. The

mortgage company has issued preference bonds amounting to NOK 4,900 million. Large parts of this portfolio have been swapped into treasury bills, and the Bank has a portfolio of NOK 4,231 million of these securities.

### Equity Certificates

New laws relating to the capital and organizational structures of savings banks came into force as of 01.07.09. The designation in this new set of rules for primary capital certificates is equity certificates, and the PCC-capital has been given the term equity certificate capital. A summary of the 20 largest equity owners as of 31.12.09 is included in Notes to the Accounts. As of 31.12.09, preliminary figures show a result per equity certificates of NOK 17.20, as against NOK 12.00 at the same time last year. The Board of Directors will propose to the Bank's Board of Trustees payment of a dividend for 2009 of NOK 8.50 per equity certificates.

The new rules will have implications for the dividend shares on equity certificates, which will apply particularly to banks with low amounts of equity certificate capital such as

Sparebanken Pluss. It is also reasonable to assume that new capital adequacy requirements could have a negative effect on the dividend shares for a period. Although the bank has high core capital and equity coverage, there will be an aim to strengthen this further forward. The Bank considers that approximately 50 per cent of the equity certificate capital share of surplus will be paid out per equity certificates. This will curb the fall of the equity certificate capital share of the Bank's equity.

### Future prospects

The Board of Directors expects that the Bank's operating result for 2010 will also be solid, but the strong turbulence in economies and international financial markets may still have a negative impact on the financial industry.

The Bank's commitments in default and credit losses may also be affected by the further development in the general economic situation.

Kristiansand, 4. February 2010

Arvid Grundekjøn    Norunn Tveiten Benestad    Kristin Wallevik    Peder Syrdalen    Magne Haug    Bente Pedersen  
Chairman            Deputy Chairman

Stein A. Hannevik  
Chief Executive Officer

## PROFIT AND LOSS ACCOUNT

| Parent bank  |              |   | Group        |              |
|--------------|--------------|---|--------------|--------------|
| 31.12.08     | 31.12.09     | NOK million   | 31.12.09     | 31.12.08     |
| 1.883,0      | 1.307,8      | Interest receivable                                   | 1.429,0      | 1.883,0      |
| 1.443,3      | 921,0        | Interest payable                                      | 1.007,5      | 1.443,3      |
| <b>439,7</b> | <b>386,8</b> | <b>Net interest- and credit commission income</b>     | <b>421,5</b> | <b>439,7</b> |
| 5,6          | 6,7          | Dividends   | 6,7          | 5,6          |
| 95,9         | 87,0         | Commissions and income from banking services          | 87,0         | 95,9         |
| 13,5         | 13,2         | Commissions payable and cost from banking services    | 13,2         | 13,5         |
| -68,5        | 81,3         | Net gains/losses from securities and foreign exchange | 81,3         | -68,5        |
| 8,2          | 12,1         | Other operating income                                | 8,7          | 8,2          |
| <b>27,7</b>  | <b>173,8</b> | <b>Total other operating income</b>                   | <b>170,5</b> | <b>27,7</b>  |
| 169,2        | 164,6        | Wages, salaries and general administration cost       | 166,1        | 169,2        |
| 10,5         | 11,2         | Depreciation etc. of fixed- and intangible assets     | 11,5         | 10,5         |
| 19,3         | 22,4         | Other operating costs                                 | 23,8         | 19,3         |
| <b>199,0</b> | <b>198,2</b> | <b>Total operating costs</b>                          | <b>201,4</b> | <b>199,0</b> |
| <b>268,4</b> | <b>362,4</b> | <b>Result before losses on loans</b>                  | <b>390,6</b> | <b>268,4</b> |
| 45,6         | 24,5         | Losses on loans, guarantees etc.                      | 24,5         | 45,6         |
| 8,8          | -3,3         | Write-downs on securities (fixed assets)              | -3,3         | 8,8          |
| <b>214,0</b> | <b>341,2</b> | <b>Operating result</b>                               | <b>369,4</b> | <b>214,0</b> |
| 66,8         | 101,3        | Taxes   | 109,2        | 66,8         |
| <b>147,3</b> | <b>239,9</b> | <b>Result after taxes</b>                             | <b>260,2</b> | <b>147,3</b> |

## PROFIT AND LOSS ACCOUNT IN % OF AVERAGE ASSETS

| Parent bank |             | NOK million   | Group       |             |
|-------------|-------------|---|-------------|-------------|
| 31.12.08    | 31.12.09    |   | 31.12.09    | 31.12.08    |
| 6,90        | 3,98        | Interest receivable                                   | 4,35        | 6,90        |
| 5,29        | 2,80        | Interest payable                                      | 3,06        | 5,29        |
| <b>1,61</b> | <b>1,18</b> | <b>Net interest- and credit commission income</b>     | <b>1,28</b> | <b>1,62</b> |
| 0,02        | 0,02        | Dividends   | 0,02        | 0,02        |
| 0,35        | 0,26        | Commissions and income from banking services          | 0,26        | 0,35        |
| 0,05        | 0,04        | Commissions payable and cost from banking services    | 0,04        | 0,05        |
| -0,25       | 0,25        | Net gains/losses from securities and foreign exchange | 0,25        | -0,25       |
| 0,03        | 0,04        | Other operating income                                | 0,03        | 0,03        |
| <b>0,10</b> | <b>0,53</b> | <b>Total other operating income</b>                   | <b>0,52</b> | <b>0,10</b> |
| 0,62        | 0,50        | Wages, salaries and general administration cost       | 0,51        | 0,62        |
| 0,04        | 0,03        | Depreciation etc. of fixed- and intangible assets     | 0,04        | 0,04        |
| 0,07        | 0,07        | Other operating costs                                 | 0,07        | 0,07        |
| <b>0,73</b> | <b>0,60</b> | <b>Total operating costs</b>                          | <b>0,61</b> | <b>0,73</b> |
| <b>0,98</b> | <b>1,11</b> | <b>Result before losses on loans</b>                  | <b>1,19</b> | <b>0,98</b> |
| 0,17        | 0,07        | Losses on loans, guarantees etc.                      | 0,07        | 0,17        |
| 0,03        | -0,01       | Write-downs on securities (fixed assets)              | -0,01       | 0,03        |
| <b>0,78</b> | <b>1,05</b> | <b>Operating result</b>                               | <b>1,12</b> | <b>0,78</b> |
| 0,24        | 0,31        | Taxes   | 0,33        | 0,24        |
| <b>0,54</b> | <b>0,74</b> | <b>Result after taxes</b>                             | <b>0,79</b> | <b>0,54</b> |

## QUARTERLY PROFIT AND LOSS FIGURES

|   | 4. quarter<br>2009 | 3. quarter<br>2009 | 2. quarter<br>2009 | 1. quarter<br>2009 | 4. quarter<br>2008 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Interest receivable   | 326,3              | 330,6              | 359,9              | 412,2              | 532,2              |
| Interest payable  | 210,6              | 226,8              | 260,7              | 309,4              | 413,3              |
| <b>Net interest- and credit commission income</b>             | <b>115,7</b>       | <b>103,8</b>       | <b>99,2</b>        | <b>102,8</b>       | <b>118,9</b>       |
| Dividends   | 0,9                | 2,2                | 3,3                | 0,3                | 0,0                |
| Commissions and income from banking services                  | 22,2               | 21,8               | 21,6               | 21,4               | 23,7               |
| Commissions payable and cost of banking services              | 3,3                | 3,3                | 3,4                | 3,2                | 3,4                |
| Net gains from foreign exchange and securities                | 6,7                | 40,7               | 27,7               | 6,2                | -47,7              |
| Other operating income  | 2,4                | 2,0                | 2,4                | 1,9                | 2,3                |
| <b>Total other operating income</b>                           | <b>28,8</b>        | <b>63,3</b>        | <b>51,5</b>        | <b>26,7</b>        | <b>-25,1</b>       |
| Wages, salaries and general administration cost               | 42,6               | 38,7               | 43,0               | 41,8               | 45,8               |
| Depreciation etc. of fix - and intangible assets              | 2,8                | 3,0                | 2,9                | 2,8                | 2,6                |
| Other operating costs   | 5,8                | 6,3                | 5,8                | 5,9                | 4,9                |
| <b>Total operating costs</b>                                  | <b>51,1</b>        | <b>47,9</b>        | <b>51,6</b>        | <b>50,6</b>        | <b>53,3</b>        |
| <b>Result from ordinary operations before losses on loans</b> | <b>93,4</b>        | <b>119,2</b>       | <b>99,1</b>        | <b>78,9</b>        | <b>40,6</b>        |
| Losses on loans. Guarantees etc.                              | 11,0               | 3,4                | 5,1                | 5,0                | 48,9               |
| Write-downs on securities (fixed assets)                      | -0,4               | -0,7               | -1,6               | -0,6               | 8,8                |
| <b>Operating result</b>                                       | <b>82,8</b>        | <b>116,5</b>       | <b>95,6</b>        | <b>74,5</b>        | <b>-17,1</b>       |

## QUARTERLY PROFIT AND LOSS FIGURES IN PER CENT OF AVERAGE ASSETS

|  | 4. quarter<br>2009 | 3. quarter<br>2009 | 2. quarter<br>2009 | 1. quarter<br>2009 | 4. quarter<br>2008 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Net interest- and credit commission income</b>    | <b>1,29</b>        | <b>1,19</b>        | <b>1,26</b>        | <b>1,36</b>        | <b>1,61</b>        |
| Total other operating income                         | 0,36               | 0,73               | 0,65               | 0,36               | -0,34              |
| Total operating costs                                | 0,59               | 0,55               | 0,65               | 0,67               | 0,72               |
| <b>Result from operations before losses on loans</b> | <b>1,06</b>        | <b>1,37</b>        | <b>1,26</b>        | <b>1,05</b>        | <b>0,55</b>        |
| Losses on loans, guarantees etc.                     | 0,05               | 0,05               | 0,07               | 0,07               | 0,66               |
| Write-downs on securities(fixed assets)              | -0,01              | -0,01              | -0,01              | -0,01              | 0,12               |
| <b>Oprating result</b>                               | <b>1,03</b>        | <b>1,34</b>        | <b>1,21</b>        | <b>1,00</b>        | <b>-0,23</b>       |

## BALANCE SHEET

| Parent bank     | NOK million     |   | Group           |                 |
|-----------------|-----------------|---|-----------------|-----------------|
| 31.12.08        | 31.12.09        | ASSETS  | 31.12.09        | 31.12.08        |
| 1.754,6         | 1.762,5         | Cash and claims on central banks                          | 1.762,5         | 1.754,6         |
| 88,1            | 81,4            | Net loans to and claims on credit institutions            | 81,4            | 88,1            |
| 25.496,4        | 22.462,7        | Gross loans to customers                                  | 27.394,4        | 25.496,4        |
| 43,3            | 36,6            | - Individual write-downs on loans                         | 36,6            | 43,3            |
| 91,9            | 91,9            | - Write-downs of groups of loans                          | 91,9            | 91,9            |
| 25.361,2        | 22.334,2        | Net loans to and claims on customers                      | 27.265,9        | 25.361,2        |
| 0,3             | 9,8             | Repossessed assets  | 9,8             | 0,3             |
| 2.440,5         | 10.210,8        | Certificates, bonds and other interest-bearing securities | 5.310,8         | 2.440,5         |
| 168,0           | 100,0           | Financial derivatives                                     | 100,0           | 168,0           |
| 151,9           | 170,3           | Shares and other securities with variable yield           | 170,3           | 151,9           |
| 0,0             | 200,0           | Equities stakes in group companies                        | 0,0             | 0,0             |
| 2,0             | 2,0             | Equities stakes in associated company                     | 1,1             | 1,1             |
| 15,6            | 0,0             | Deferred tax benefit                                      | 0,0             | 15,6            |
| 257,7           | 266,3           | Fixed assets  | 267,8           | 257,7           |
| 12,8            | 23,2            | Other assets  | 23,2            | 12,8            |
| 242,7           | 193,1           | Prepaid costs and accrued income, not yet received        | 196,4           | 242,7           |
| <b>30.495,2</b> | <b>35.353,6</b> | <b>TOTAL ASSETS</b>                                       | <b>35.189,2</b> | <b>30.494,3</b> |
| 31.12.08        | 31.12.09        | <b>LIABILITIES AND EQUITY CAPITAL</b>                     | 31.12.09        | 31.12.08        |
| 1.659,4         | 6.812,7         | Liabilities to credit institutions                        | 6.616,7         | 1.659,4         |
| 12.936,4        | 14.163,8        | Deposits from and liabilities to customers                | 14.163,8        | 12.936,4        |
| 12.407,4        | 10.968,6        | Liabilities incurred through issuance of securities       | 10.968,6        | 12.407,4        |
| 118,4           | 44,3            | Finansielle derivter                                      | 44,3            | 118,4           |
| 173,7           | 154,1           | Other liabilities   | 162,0           | 173,7           |
| 495,4           | 268,1           | Incurred costs and prepaid income                         | 272,3           | 495,4           |
| 91,6            | 108,2           | Provisions against liabilities and costs                  | 108,2           | 91,6            |
| 697,6           | 698,0           | Subordinated loans  | 698,0           | 697,6           |
| <b>28.579,8</b> | <b>33.217,7</b> | <b>TOTAL LIABILITIES</b>                                  | <b>33.034,0</b> | <b>28.579,8</b> |
|                 |                 | <b>Paid-in equity capital</b>                             |                 |                 |
| 125,0           | 125,0           | EC capital  | 125,0           | 125,0           |
| 34,3            | 34,3            | Premium Fund  | 34,3            | 34,3            |
|                 |                 | <b>Accrued equity capital</b>                             |                 |                 |
| 1.698,3         | 1.698,3         | The Savings Bank's Fund                                   | 1.697,4         | 1.697,4         |
| 15,0            | 0,0             | Dividend payable on EC's                                  | 0,0             | 15,0            |
| 30,0            | 30,0            | Donations Fund  | 30,0            | 30,0            |
| 11,3            | 11,3            | Dividend Equalisation Fund                                | 11,3            | 11,3            |
| 1,5             | -3,0            | Fund for value adjustment and estimate discrepancies      | -3,0            | 1,5             |
| 0,0             | 239,9           | Retained earnings   | 260,2           | 0,0             |
| <b>1.915,4</b>  | <b>2.135,9</b>  | <b>TOTAL EQUITY CAPITAL</b>                               | <b>2.155,3</b>  | <b>1.914,5</b>  |
| <b>30.495,2</b> | <b>35.353,6</b> | <b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>               | <b>35.189,2</b> | <b>30.494,3</b> |
|                 |                 | <b>Accounting items off the balance sheet:</b>            |                 |                 |
|                 |                 | Contingent liabilities                                    |                 |                 |
| 424,9           | 468,3           | Guarantees  | 468,3           | 424,9           |
| 2.264,7         | 3.550,2         | Assets pledged as collateral security                     | 3.550,2         | 2.264,7         |

## Equity movements

| Parent bank    | NOK million    |  | Group          |                |
|----------------|----------------|--|----------------|----------------|
| 31.12.08       | 31.12.09       |  | 31.12.09       | 31.12.08       |
| <b>1.801,5</b> | <b>1.915,4</b> | <b>Total equity capital 01.01.</b>                   | <b>1.914,5</b> | <b>1.801,5</b> |
| 110,0          | 239,9          | Result   | 260,2          | 109,1          |
| -6,3           | -15,0          | Dividend   | -15,0          | -6,3           |
| 30,0           | 0,0            | Donations  | 0,0            | 30,0           |
| -19,9          | -4,5           | Fund for value adjustment and estimate discrepancies | -4,5           | -19,9          |
| <b>1.915,4</b> | <b>2.135,8</b> | <b>Equity at the end of the period</b>               | <b>2.155,2</b> | <b>1.914,5</b> |

# CASH FLOW STATEMENT

| Parent bank     |                 |   | Group           |                 |
|-----------------|-----------------|---|-----------------|-----------------|
| 31.12.08        | 31.12.09        | NOK million   | 31.12.09        | 31.12.08        |
|                 |                 | <b>Cash flows from operations</b>                           |                 |                 |
| 1.823,6         | 1.324,3         | Interest receivable   | 1.444,8         | 1.823,6         |
| -1.354,1        | -958,1          | Interest payable  | -1.042,8        | -1.354,1        |
| 4,1             | 6,7             | Dividends received  | 6,7             | 4,1             |
| 99,4            | 83,3            | Other payments received                                     | 83,4            | 99,4            |
| -201,1          | -187,5          | Other payments made   | -193,8          | -201,1          |
| 2,6             | 1,5             | Recoveries relating to confirmed losses                     | 1,5             | 2,6             |
| -89,1           | -87,6           | Payment of tax  | -87,6           | -89,1           |
| -9,9            | -6,1            | Payments - donations  | -6,1            | -9,9            |
| <b>275,5</b>    | <b>176,5</b>    | <b>Net cash flow from operations</b>                        | <b>206,0</b>    | <b>275,5</b>    |
|                 |                 | <b>Cash flows from investment activities</b>                |                 |                 |
| 11,6            | 6,7             | Change in loans to and claims on other financial inst.      | 6,7             | 11,6            |
| -3.405,8        | 3.001,0         | Change in net loans to and claims on customers.             | -1.930,7        | -3.405,8        |
| -766,0          | -7.898,2        | Net change in securities                                    | -2.798,2        | -766,0          |
| -12,6           | -29,2           | Net change in fixed assets etc.                             | -31,1           | -12,6           |
| -14,9           | 82,1            | Change in other claims                                      | 82,1            | -14,9           |
| <b>-4.187,6</b> | <b>-4.837,6</b> | <b>Net cash flow from investment activities</b>             | <b>-4.671,2</b> | <b>-4.187,7</b> |
|                 |                 | <b>Cash flows from financing activities</b>                 |                 |                 |
| -488,8          | 1.227,5         | Net change in deposits from customers                       | 1.227,5         | -488,8          |
| 475,5           | 5.153,3         | Net change in deposits from Norges Bank/financial instituti | 4.957,4         | 475,5           |
| 4.133,3         | -1.438,8        | Net change in bond debt                                     | -1.438,8        | 4.133,3         |
| 160,5           | -257,8          | Change in short-term liabilities                            | -258,0          | 160,5           |
| -21,3           | -15,0           | Payment of dividend   | -15,0           | -21,3           |
| <b>4.259,2</b>  | <b>4.669,2</b>  | <b>Net cash flows from financing activities</b>             | <b>4.473,1</b>  | <b>4.259,2</b>  |
| <b>347,1</b>    | <b>7,9</b>      | <b>Net change in liquid assets during the period</b>        | <b>7,9</b>      | <b>347,0</b>    |
| <b>1.407,5</b>  | <b>1.754,6</b>  | <b>Liquid assets as at 01.01</b>                            | <b>1.754,6</b>  | <b>1.407,5</b>  |
| <b>1.754,6</b>  | <b>1.762,5</b>  | <b>Liquid assets as at end of period</b>                    | <b>1.762,5</b>  | <b>1.754,5</b>  |

## Segment reporting as at

### PROFIT AND LOSS ACCOUNT

|                                      | 31.12.09      |                  |               |               |              | 31.12.08      |                  |               |              |
|--------------------------------------|---------------|------------------|---------------|---------------|--------------|---------------|------------------|---------------|--------------|
|                                      | Retail Sector | Corporate Sector | Undistributed | Plus Boligkr. | Total        | Retail Sector | Corporate Sector | Undistributed | Total        |
| Net interest- and commission income  | 239,4         | 136,7            | 10,7          | 34,7          | 421,5        | 273,2         | 105,9            | 60,7          | 439,7        |
| Other operating income               | 89,9          | 13,9             | 66,7          | 0,1           | 170,5        | 68,7          | 13,8             | -54,8         | 27,7         |
| Operating cost                       | 89,7          | 20,0             | 85,0          | 6,7           | 201,4        | 88,3          | 20,5             | 90,2          | 199,0        |
| <b>Result before losses on loans</b> | <b>239,6</b>  | <b>130,6</b>     | <b>-7,7</b>   | <b>28,1</b>   | <b>390,6</b> | <b>253,6</b>  | <b>99,2</b>      | <b>-84,3</b>  | <b>268,4</b> |
| Losses on loans, guarantees etc.     | 0,5           | 23,1             | -2,3          | 0,0           | 21,2         | 13,7          | 20,4             | 20,3          | 54,4         |
| <b>Operating result before taxes</b> | <b>239,1</b>  | <b>107,5</b>     | <b>-5,3</b>   | <b>28,1</b>   | <b>369,4</b> | <b>239,9</b>  | <b>78,8</b>      | <b>-104,5</b> | <b>213,9</b> |

### BALANCE SHEET

|   |                 |                |                |                |                 |                 |                |                |                 |
|---|-----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|
| Net loans to customer                       | 12.473,1        | 8.740,4        | 1.120,8        | 4.931,7        | 27.265,9        | 16.249,1        | 7.793,0        | 1.319,1        | 25.361,2        |
| Other assets                                | 594,1           | 490,3          | 6.638,2        | 200,7          | 7.923,3         | 663,1           | 566,8          | 3.903,2        | 5.133,1         |
| <b>Total assets</b>                         | <b>13.067,2</b> | <b>9.230,7</b> | <b>7.759,0</b> | <b>5.132,4</b> | <b>35.189,2</b> | <b>16.912,2</b> | <b>8.359,8</b> | <b>5.222,3</b> | <b>30.494,3</b> |
| Deposits from and liabilities to customer   | 7.090,8         | 4.970,8        | 2.102,2        | 0,0            | 14.163,8        | 7.539,2         | 4.218,4        | 1.178,8        | 12.936,4        |
| Other liabilities and equity                | 5.976,4         | 4.259,9        | 5.656,8        | 5.132,4        | 21.025,4        | 9.373,0         | 4.141,4        | 4.043,5        | 17.557,9        |
| <b>Total liabilities and equity capital</b> | <b>13.067,2</b> | <b>9.230,7</b> | <b>7.759,0</b> | <b>5.132,4</b> | <b>35.189,2</b> | <b>16.912,2</b> | <b>8.359,8</b> | <b>5.222,3</b> | <b>30.494,3</b> |

## **NOTES TO THE ACCOUNTS**

The accounts are prepared in accordance with IFRS, including IAS 34 relating to interim reporting. The notes are given in NOK million. The accounts is not audited.

### **1-SUMMARY OF THE MOST IMPORTANT CHANGES IN THE ACCOUNTING PRINCIPLES**

Accounting principles according to NGAAP are described in detail in the 2008 annual accounts. The most important changes in the accounting principles at the transition to IFRS are summarised below. See separate description for complete accounting principles according to IFRS.

#### **1.1. FINANCIAL INSTRUMENTS – FINANCIAL DERIVATIVES**

According to NGAAP, interest rate swaps were included in the Profit and Loss Account at their realisation. According to IAS 39, financial derivatives shall be included in the Balance Sheet at fair market value with value changes through the Profit and Loss Account. For Sparebanken Pluss, the conversion of the accounts means that interest rate swaps will be included in the Balance Sheet at fair market value with value changes through the Profit and Loss Account.

#### **1.2. FINANCIAL INSTRUMENTS – HEDGING-RELATED ACCOUNTING**

The documentation requirements in connection with hedging-related accounting are stricter according to IFRS than according to NGAAP. In accordance with NGAAP, Sparebanken Pluss has practiced hedging-related accounting relating to foreign exchange- and interest rate risk for loans and deposits. In accordance with IFRS, hedging-related accounting in connection with the Bank's funding at fixed interest rates is being continued.

#### **1.3. FINANCIAL INSTRUMENTS – FIXED INTEREST RATE LOANS**

According to NGAAP, fixed rate loans have been assessed at amortised cost, after deduction for loss provisions. Loans (claims) can be assessed at amortised cost also under IFRS, but Sparebanken Pluss has chosen to assess fixed interest rate loans with original interest rate fixing in excess of 12 months at fair market value with value changes through the Profit and Loss Account.

#### **1.4. FINANCIAL INSTRUMENTS – PREMIUM/DISCOUNT IN CONNECTION WITH EARLY REDEMPTION OF LOANS**

According to NGAAP, the settled premium/discount in connection with early redemption of fixed interest rate loans has been subject to accrual accounting over the repaid loan's remaining life. Under IFRS, premium or discount will be put through the Profit and Loss Account as it materialises.

#### **1.5. FINANCIAL INSTRUMENTS - PREMIUM/DISCOUNT IN CONNECTION WITH REPURCHASE OF BOND LOANS**

According to NGAAP, any premium or discount in the case of repurchase of fixed interest rate loans is subject to accrual accounting over the remaining life of the redeemed loan. Under IFRS, such premium or discount is included in the Profit and Loss Account as it materialises.

#### **1.6. FINANCIAL INSTRUMENTS – LOSS ON LOANS**

Under NGAAP, losses on loans have been calculated in accordance with the loan rules and regulations, according to which losses are assessed on loans through individual calculations and collective assessments. Methodology for loss assessment in the loan rules and regulations is based on loans being assessed at amortised cost.

That part of Sparebanken Pluss's lending portfolio which has fixed interest rate terms and conditions will, according to IFRS, be assessed at fair market value, and will accordingly be subject to a different methodology as far as loss assessment is concerned. In the case of assessment at fair market value, losses are expressed through changes in credit risk additions to the discounting rate of interest, coupled with adjustments of the expected cash flows on which the discounting is based. Changed methodology for the assessment of losses on fixed interest rate loans has not in itself brought about any significant changes in the amounts of such loans included in the Balance Sheet.



## **1.7. FINANCIAL INSTRUMENTS – INTEREST-BEARING SECURITIES PORTFOLIO**

According to NGAAP, the Bank's interest-bearing securities portfolio has mainly been subject to value assessment according to the lower of cost or market valuation rule, on a portfolio basis. Under IFRS, this portfolio is assessed at fair market value with value changes through the Profit and Loss Account. The portfolio consists of bonds and certificates issued by other borrowers.

In addition to the abovementioned securities portfolio, the Bank has a limited trading portfolio of interest-bearing securities, which according to NGAAP was assessed on an ongoing basis at fair market value. In accordance with EU's exemption arrangement included in Directive dated 3 November 2008; however, these bonds were reclassified in the category 'to be held to maturity' and reassessed at amortised cost (effective interest rate method). The opportunity of classification as 'to be held to maturity' may also be applied under IFRS and this accounting principle has been chosen.

## **1.8. FINANCIAL INSTRUMENTS - FINANCIAL GUARANTEES**

In accordance with NGAAP, financial guarantees have been kept off the Balance Sheet. Under IFRS, financial guarantees are shown in the Balance Sheet at fair market value and will appear on both sides of the Balance Sheet.

## **1.9. FIXED ASSETS**

As far as real estate is concerned, the depreciation basis has been adjusted upwards as real estate was value assessed in 2008 with a view to establishing fair market value as at 01.01.2008. The upwards adjusted value becomes the basis for ordinary depreciation. The buildings involved have been split from an assessment point of view, as value has been calculated for sites, technical installations and buildings with different depreciation periods.

## **1.10. EQUITY STAKES IN GROUP COMPANIES AND ASSOCIATED COMPANY**

Investment in associated companies is incorporated in the company accounts according to the cost method and in accordance with the equity method of accounting in the Group accounts. Subsidiaries are consolidated in the Group accounts.

## **1.11. PRESENTATION – CLASSIFICATION OF DIVIDENDS**

According to NGAAP, proposed dividend, not yet agreed, was shown under liabilities. Under IFRS, proposed dividend is shown as equity capital until a resolution about payment of dividend has been made.

## **1.12. PRESENTATION – THE PREPARATION OF THE PROFIT AND LOSS ACCOUNT**

According to IFRS, one is able to choose to present the Profit and Loss Account either according to type or function. Sparebanken Pluss has chosen to further development a plan which is divided according to type.

## **1.13. PRESENTATION – SEGMENT REPORTING**

Segment reporting to the Board of Directors and management follows the reporting basis of Retail Banking and the Corporate Banking Centre in Kristiansand. Retail banking includes all local banks and branches. The corporate market in Kristiansand comprises the Bank's big corporate commitments in and outside the Agder counties.

In addition, there are unallotted joint costs, and costs relating to staff units at the head office, as a separate segment. With effect from the second quarter of 2009, Pluss Boligkreditt AS is reported as a separate segment.

## **1.14. PENSION LIABILITIES**

Previously, estimate discrepancies were amortised over the remaining accrual period. Changes in estimate discrepancies are included in the accounts against equity capital on an ongoing basis.

## 2-LOSSES ON LOANS

| Parent bank   |              |  | Group        |              |
|---|--------------|--|--------------|--------------|
| 31.12.08  | 31.12.09     | Losses on loans in the periode   | 31.12.09     | 31.12.08     |
| 45,5  | 24,6         | Write-downs of loans   | 24,6         | 45,5         |
| 0,1   | 0,0          | Losses on guarantees   | 0,0          | 0,1          |
| <b>45,6</b>   | <b>24,6</b>  | <b>Write-down on loans and losses on guarantees</b>  | <b>24,6</b>  | <b>45,6</b>  |
| <b>Losses on loans:</b>                                       |              |  |              |              |
| 32,1  | -5,4         | Changes in specific write-downs of loans in the period                                       | -5,4         | 32,1         |
| 11,5  | 0,0          | + Changes in write-down on groups of loans in the period                                     | 0,0          | 11,5         |
| 3,6   | 2,9          | + Amortised loans  | 2,9          | 3,6          |
| 0,3   | 24,7         | + Confirmed losses in the period for which specific write-downs have previously been made    | 24,7         | 0,3          |
| 0,7   | 3,8          | + Confirmed losses in the period for which no specific write-downs have previously been made | 3,8          | 0,7          |
| 2,7   | 1,5          | - Recoveries from previous confirmed losses  | 1,5          | 2,7          |
| <b>45,5</b>   | <b>24,6</b>  | <b>= Write-down on loans in the period</b>   | <b>24,6</b>  | <b>45,5</b>  |
| <b>Changes in specific write-downs:</b>                       |              |  |              |              |
| 9,0   | 41,0         | Specific write-downs of loans as at 01.01.   | 41,0         | 9,0          |
| 0,3   | 24,7         | - Confirmed losses on loans in the period for which write-downs have previously been made    | 24,7         | 0,3          |
| 2,4   | 11,2         | + Increased specific write-downs in the periode  | 11,2         | 2,4          |
| 33,2  | 21,1         | + New specific write-downs in the period   | 21,1         | 33,2         |
| 3,3   | 13,0         | - Recoveries from write-downs in the period  | 13,0         | 3,3          |
| 2,2   | 0,9          | + Amortised loans  | 0,9          | 2,2          |
| <b>43,3</b>   | <b>36,6</b>  | <b>= Specific write-downs and amortised loan</b>   | <b>36,6</b>  | <b>43,3</b>  |
| <b>Changes in write-downs on groups of loans:</b>             |              |  |              |              |
| 80,4  | 91,9         | Write-downs of groups of loans as at 01.01.  | 91,9         | 80,4         |
| 11,5  | 0,0          | + Changes in write-downs of groups of loans in the period in the period                      | 0,0          | 11,5         |
| <b>91,9</b>   | <b>91,9</b>  | <b>Write-downs of groups of loans</b>  | <b>91,9</b>  | <b>91,9</b>  |
| <b>Defaulted loans/credits</b>                                |              |  |              |              |
| 118,7   | 103,3        | Gross defaulted loans/credits 30 -60 days  | 103,3        | 118,7        |
| 31,0  | 4,5          | Gross defaulted loans/credits 60 - 90 days   | 4,5          | 31,0         |
| 126,0   | 68,2         | Gross defaulted loans/credits >90 days   | 68,2         | 126,0        |
| 275,8   | 175,9        | Gross defaulted loans/credits  | 175,9        | 275,8        |
| 11,0  | 25,5         | - Specific write-downs   | 25,5         | 11,0         |
| <b>264,7</b>  | <b>150,4</b> | <b>Net defaulted loans/credits</b>   | <b>150,4</b> | <b>264,8</b> |
| 1,08 %  | 0,78 %       | Gross defaulted loans as a % of gross loans  | 0,64 %       | 1,08 %       |
| <b>Other bad and doubtful loans/credits</b>                   |              |  |              |              |
| 114,5   | 60,4         | Other bad and doubtful loans/credits, against which write-downs have been made               | 60,4         | 114,5        |
| 32,2  | 11,1         | - Specific write-downs   | 11,1         | 32,2         |
| <b>82,2</b>   | <b>49,3</b>  | <b>Net other bad and doubtful loans/credits</b>  | <b>49,3</b>  | <b>82,2</b>  |
| <b>Gross defaulted loans and bad and doubtful commitments</b> |              |  |              |              |
| 390,2   | 236,3        | Gross defaulted loans and bad/doubtful commitments   | 236,3        | 390,2        |
| 43,3  | 36,6         | - Specific writedowns  | 36,6         | 43,3         |
| <b>347,0</b>  | <b>199,8</b> | <b>Net defaulted loans and bad/doubtful commitments</b>                                      | <b>199,8</b> | <b>347,0</b> |

### 3-CAPITAL ADEQUACY

| Parent bank                                       |          | Group    |          |
|---|----------|----------|----------|
| 31.12.08  | 31.12.09 | 31.12.09 | 31.12.08 |
| 13,52 %   | 15,62 %  | 14,18 %  | 13,52 %  |
| <b>Capital adequacy ratio</b>                     |          |          |          |
| 11,44 %   | 13,42 %  | 12,18 %  | 11,44 %  |
| <b>Core Capital adequacy ratio</b>                |          |          |          |
| 1.534,7   | 1.449,9  | 1.597,2  | 1.534,7  |
| <b>Minimum requirements for equity capital</b>    |          |          |          |
| 19.183,5  | 18.124,0 | 19.964,9 | 19.183,5 |
| <b>Calculation basis</b>                          |          |          |          |
| 2.593,3   | 2.830,6  | 2.830,6  | 2.593,3  |
| <b>Net equity and related capital</b>             |          |          |          |
| 2.195,2   | 2.432,4  | 2.432,4  | 2.195,2  |
| <b>Core capital</b>                               |          |          |          |
| 398,0   | 398,1    | 398,1    | 398,0    |
| <b>Supplementary capital</b>                      |          |          |          |
| 1.534,7   | 1.449,9  | 1.597,2  | 1.534,7  |
| <b>Minimum requirements for equity capital</b>    |          |          |          |
| Capital requirements for credit risk according to |          |          |          |
| 1.477,7   | 1.381,9  | 1.527,5  | 1.477,7  |
| the standard method                               |          |          |          |
| 64,6  | 75,6     | 77,3     | 64,6     |
| Capital requirements for operational risk         |          |          |          |
| -7,6  | -7,6     | -7,6     | -7,6     |
| Deduction in the capital requirements             |          |          |          |

### 4-EQUITY CERTIFICATES (EC)

#### The 20 largest EC holders as at 31.12.2009

| NAME                            | Number of ECs held | % part of total EC capital | NAME                               | Number of ECs held | % part of total EC capital |
|---------------------------------|--------------------|----------------------------|------------------------------------|--------------------|----------------------------|
| 1. Glastad Farsund AS           | 91.250             | 7,30                       | 11. Flekkefjord Sparebank          | 15.800             | 1,26                       |
| 2. Sparebankstiftelsen DnB NOR  | 62.300             | 4,98                       | 12. Hol Sparebank                  | 15.000             | 1,20                       |
| 3. Terra Utbytte VPF            | 34.400             | 2,75                       | 13. Strømme Leif                   | 13.400             | 1,07                       |
| 4. Varodd AS                    | 32.800             | 2,62                       | 14. Bratland Bjørn                 | 12.800             | 1,02                       |
| 5. Sparebanken Sør              | 31.600             | 2,53                       | 15. Allumgården                    | 12.350             | 0,99                       |
| 6. Brøvig Holding AS            | 27.000             | 2,16                       | 16. Apriori Holding AS             | 10.700             | 0,86                       |
| 7. Spareskillingsbanken         | 26.600             | 2,13                       | 17. Engelschiøn Marwell Hauge pens | 10.500             | 0,84                       |
| 8. Gumpens Auto AS              | 26.350             | 2,11                       | 18. Rynning Jens Emil              | 10.250             | 0,82                       |
| 9. MP Pensjon                   | 26.000             | 2,08                       | 19. Mørch Gerd Turid               | 10.200             | 0,82                       |
| 10. Birkenes Sparebank          | 20.000             | 1,60                       | 20. Pareto AS                      | 10.150             | 0,81                       |
| <b>Total- 10 largest owners</b> | <b>378.300</b>     | <b>30,26</b>               | <b>Total- 20 largest owners</b>    | <b>499.450</b>     | <b>39,96</b>               |

As at 31.12.09, Sparebanken Pluss owned none of the Bank's Equity Certificates. The Bank's EC capital totalled NOK 125 million, made up 1.250.000 EC, each of a nominal value of NOK 100.