

First quarter report 2006

As at 31 March

Main features

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

- Improved operating result
- Increased net interest income
- Increased other (non-interest) operating income
- A very low overall cost ratio
- Very low credit losses
- Good lending - and deposit growth

Framework conditions

On 16.03.2006, Norges Bank raised its benchmark rate by 0.25 percentage points to 2.50 per cent.

The annual rate of increase in Norges Bank's credit indicator, K2, was 13.8 per cent at the end of February 2006, the biggest rate of growth in the last 18 years. In particular, the rate of growth in credit extended to commerce and industry has been increasing, whereas growth in private households' borrowings appears to be levelling out at a high level.

The increase in share prices on the Oslo Stock Exchange has continued in 2006, its main index having risen by 19.2 per cent by the end of the first quarter.

In the last few months, unemployment has fallen a little, the registered level amounting to 2.9 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 participating in labour market measures totalled 79,475 persons.

Operating result

The Bank's pre-tax operating result for the first quarter of 2006 ended up at NOK 59.8 million, as opposed to NOK 46.6 million at the same time last year. The result is equivalent to 1.31 per cent of average assets, as against 1.23 per cent 12 months ago.

Net interest income increased by NOK 7.1 million, totalling NOK 77.9 million at the end of the first quarter of 2006. In relation to average assets, this amounted to 1.70 per cent.

Other (non-interest) operating income totalled to NOK 25.6 million, up by NOK 6.9 million on the first quarter of 2005. The Bank's exposure in the stock market is low. Costs amounted to NOK 43.5 million, up by NOK 1.7 million on the corresponding interim period last year. In relation to average assets, however, costs were reduced from 1.10 per cent at the end of the first quarter of 2005 to 0.95 per cent at the end of the quarter currently under review.

Costs as a percentage of income have remained at a very low level. The ratio at the end of the first quarter of 2006 was 42.0 per cent, as against 46.7 per cent 12 months ago.

Total assets

At the end of the first quarter of 2006, total assets amounted to NOK 19,213 million. This involved an increase of NOK 3,459 million or 22.0 per cent during the last 12 months.

Deposits

At the end of the first quarter of 2006, deposits from customers totalled NOK 10,255 million, up by NOK 1,563 million or 18.0 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 2006, 61.4 per cent of the Bank's loans were funded by deposits from customers. In addition to maintaining a stable deposit base, Sparebanken Pluss makes every effort to fund the growth in assets by long-term borrowings in the domestic and international money- and capital markets. The Bank's good results and excellent capital adequacy ratio have helped ensure that new capital is raised at very competitive terms and conditions.

Loans

Gross lending to customers was up by NOK 2,411 million or 16.8 per cent, standing at NOK 16,798 million at the end of the quarter. Retail banking- and corporate loans increased by 19.0 and 13.2 per cent respectively, the two sectors accounting for 63.5 and 36.5 per cent respectively of the Bank's total loan portfolio. The level of gross loans in default is still very low. The credit risk contained in the Bank's lending portfolio is regarded as low.

Losses on loans and guarantees

Assessment of loans, credit losses and write-downs on loans is made in accordance with the new lending rules and regulations from 01.01.2006. The information contained in the notes to the accounts has been adjusted in this connection.

In accordance with the new lending rules and regulations, non-specific loss provisions amounting to NOK 101.9 million have been dissolved, having been replaced by write-downs of groups of loans, the amount totalling NOK 85.5 million as at 01.01.2006. No changes to write-downs of groups of loans were made as at 31.03.2006.

Specific write-downs of loans have been reduced by NOK 3.7 million in relation to the level at the end of last year, amounting to NOK 16.6 million. Net losses shown in the accounts at the end of the first quarter amounted to NOK 0.1 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

At the end of the first quarter of 2006, Sparebanken Pluss's equity capital totalled NOK 1,499 million. This again produced a high capital adequacy ratio, amounting to 14.3 per cent. Despite the low level of domestic interest rates, the Bank has managed to achieve a relatively high return on its equity capital. At the end of the first quarter of 2006, the ratio was 11.6 per cent, up from 10.0 per cent at the end of the first quarter of 2005.

Primary Capital Certificates (PCCs)

So far this year, 41,086 PCCs have been traded; there were 340 transactions in all. As at 31.03.2006, the Bank had 1,604 PCC-holders. A list of the 20 largest PCC-holders at the end of March this year is shown in one of the attached notes to the accounts. So far this year, earnings per PCC amount to NOK 3.94, as against NOK 3.37 at the same time last year.

Future prospects

The Board of Directors expects that Sparebanken Pluss's operating result will be satisfactory also for the remainder of 2006

Kristiansand, 27 April 2006

Jens Freuchen
Chairman

Oddvar Hodne
Deputy Chairman

Thore Westermoen

Anne Ryen

Kristin Wallevik

Unni Kruse

Stein A. Hannevik
Managing Director

PROFIT AND LOSS ACCOUNT

(NOK 1.000)			PER CENT OF AVERAGE ASSETS			
31.3.06	31.3.05	31.12.05		31.3.06	31.3.05	31.12.05
170.276	125.964	562.477	Interest receivable and similar income	3,72	3,33	3,44
92.360	55.149	262.980	Interest payable and similar costs	2,02	1,46	1,61
77.916	70.815	299.497	Net interest- and credit commission income	1,70	1,87	1,83
3.786	0	4.032	Dividends and other income from securities with var. yield	0,08	0,00	0,02
21.430	17.659	82.321	Commissions and income from banking services	0,47	0,47	0,50
3.603	3.238	13.559	Commissions payable and costs of banking services	0,08	0,09	0,08
1.833	1.720	6.773	Net gains from foreign exchange and securities	0,04	0,05	0,04
2.117	2.544	10.027	Other operating income	0,05	0,07	0,06
25.563	18.685	89.594	Sum other operating income	0,56	0,49	0,55
35.766	34.319	139.070	Wages, salaries and general administration costs	0,78	0,91	0,85
2.631	2.670	10.736	Depreciation etc. of fixed - and intangible assets	0,06	0,07	0,07
5.104	4.805	18.511	Other operating costs	0,11	0,13	0,11
43.501	41.794	168.317	Sum operating costs	0,95	1,10	1,03
59.978	47.708	220.774	Result from ordinary operations before losses on loans	1,31	1,26	1,35
131	1.153	-494	Losses on loans, guarantees etc.	0,00	0,03	0,00
59.848	46.555	221.268	Operating result	1,31	1,23	1,35
17.655	13.734	64.169	Taxes	0,39	0,37	0,39
42.193	32.821	157.099	Result after taxes	0,92	0,86	0,96

BALANCE SHEET

(NOK 1.000)			
ASSETS	As at 31.3.06	As at 31.3.05	As at 31.12.05
Cash-in-hand and claims on central banks	1.107.245	410.118	653.355
Net loans to and claims on credit institutions	281.620	95.263	277.042
Gross loans	16.797.971	14.386.550	16.109.961
- Specific write-downs	16.630	19.566	20.337
- Write-downs of groups of loans	85.461	101.900	101.900
Net loans to and claims on customers	16.695.879	14.265.084	15.987.724
Repossessed assets	348	337	337
Certificates, bonds and other interest-bearing securities	821.699	705.997	851.776
Shares	39.126	41.767	39.126
Fixed assets	116.594	117.616	117.615
Other assets	16.273	15.186	12.711
Prepaid costs and accrued income, not yet received	134.673	103.024	112.491
TOTAL ASSETS	19.213.458	15.754.392	18.052.177
LIABILITIES AND EQUITY CAPITAL	As at 31.3.06	As at 31.3.05	As at 31.12.05
Liabilities to credit institutions	302.394	409.318	420.198
Deposits from and liabilities to customers	10.255.270	8.692.603	9.648.238
Liabilities incurred through issuance of securities	6.532.550	5.044.700	5.943.063
Other liabilities	126.842	111.427	143.558
Incurring costs and prepaid income	173.817	126.904	133.241
Provisions against liabilities and costs	26.511	22.772	21.908
Capital bond	297.100	0	297.025
TOTAL LIABILITIES	17.714.483	14.407.724	16.607.231
Primary Capital Certificates	125.000	125.000	125.000
Premium Fund	34.324	34.324	34.324
The Savings Bank's Fund	1.286.584	1.145.203	1.276.130
Dividend Equalisation Fund	10.874	9.320	9.492
Retained earnings	42.193	32.821	0
TOTAL EQUITY CAPITAL	1.498.975	1.346.668	1.444.946
TOTAL LIABILITIES AND EQUITY CAPITAL	19.213.458	15.754.392	18.052.177
Total off-balance sheet items	1.208.268	928.363	1.180.178

QUARTERLY PROFIT AND LOSS FIGURES

(NOK 1.000)

	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005
Interest receivable and similar income	170.276	157.546	143.651	135.317	125.964
Interest payable and similar costs	92.360	79.924	67.209	60.698	55.149
Net interest- and credit commission income	77.916	77.622	76.442	74.618	70.815
Dividends and other income from securities with var. yield	3.786	239	0	3.793	0
Commissions and income from banking services	21.430	22.347	20.396	21.919	17.659
Commissions payable and costs of banking services	3.603	3.508	3.473	3.340	3.238
Net gains from foreign exchange and securities	1.833	745	1.888	2.421	1.720
Other operating income	2.117	2.066	3.467	1.950	2.544
Sum other operating income	25.563	21.889	22.278	26.741	18.686
Wages, salaries and general administration costs	35.766	35.245	34.364	35.142	34.319
Depreciation etc. of fixed - and intangible assets	2.631	2.723	2.636	2.707	2.670
Other operating costs	5.104	4.541	4.653	4.512	4.805
Sum operating costs	43.501	42.509	41.653	42.361	41.794
Result from ordinary operations before losses on loans	59.978	57.001	57.067	58.998	47.708
Losses on loans, guarantees etc.	131	-177	-668	-802	1.153
Operating result	59.848	57.178	57.735	59.800	46.555
Taxes	17.655	15.762	17.032	17.641	13.734
Result after taxes	42.193	41.416	40.703	42.159	32.821

QUARTERLY PROFIT AND LOSS FIGURES IN PER CENT OF AVERAGE ASSETS

	1st quarter 2006	4th quarter 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005
Net interest- and credit commission income	1,70	1,79	1,82	1,87	1,87
Sum other operating income	0,56	0,50	0,55	0,67	0,49
Sum operating costs	0,95	0,98	0,99	1,06	1,10
Result from ordinary operations before losses on loans	1,31	1,31	1,37	1,47	1,26
Losses on loans, guarantees etc.	0,00	0,00	-0,02	-0,02	0,03
Operating result	1,31	1,31	1,39	1,49	1,23

KEY FIGURES AS AT

	31.3.06	31.12.05	30.9.05	30.6.05	31.3.05
Growth in gross loans (% p.a.)	16,8	17,3	18,3	19,4	18,9
- Retail banking	19,0	20,3	20,0	19,9	20,8
- Corporate banking	13,2	12,3	15,4	19,2	15,8
Growth in deposits (% p.a.)	18,0	15,8	17,7	21,6	21,3
Growth in total assets (%p.a.)	22,0	19,9	16,8	20,4	19,3
Average assets (NOK mill.)	18.544	16.330	16.018	15.712	15.340
Loan loss ratio (%)	0,00	0,00	0,00	0,00	0,01
Overall deposit coverage (%) ¹	61,4	60,4	60,7	62,5	60,9
After-tax return on equity capital (%) ²	11,6	11,4	11,3	11,2	10,0
Total other operating costs in relation to net income(%) ³	42,0	43,3	43,5	44,1	46,7
Earnings per PCC (NOK) ⁴	3,9	16,1	11,9	7,7	3,4
Earnings per PCC (NOK) per quarter	3,9	4,2	4,2	4,3	3,4
Primary Capital Certificates (PCCs) price (NOK)	234	255	236	225	221
Number of branches	15	15	15	15	15
Number of man years	162	162	162	160	161

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 31.03.06	As at 31.03.05	As at 31.12.03
Write-downs of loans	131	1.153	-519
Losses on guarantees	0	0	25
Write-down on loans and losses on guarantees	131	1.153	-494
Losses on loans			
Changes in specific write-downs of loans in the period	-1.527	578	1.349
+ Changes in write-down on groups of loans in the period	0	0	0
+ Confirmed losses in the period for which specific write-downs have previously been made	1.551	404	648
+ Confirmed losses in the period for which no specific write-downs have previously been made	476	573	1.565
- Recoveries from previous confirmed losses	369	402	4.081
= Write-down on loans in the period	131	1.153	-519
Changes in specific write-downs			
Specific write-downs of loans as at 1.1	20.337	18.988	18.988
- Confirmed losses on loans in the period for which specific write-downs have previously been made	1.551	404	648
+ Increased specific write-downs in the period	941	1.200	1.574
+ New specific write-downs in the period	208	99	2.347
- Recoveries from specific write-downs in the period.	3.305	318	1.924
= Specific write-downs.	16.630	19.565	20.337
Changes in write-downs on groups of loans			
Write-downs of groups of loans as at 1.1	85.461	101.900	101.900
+ Changes in write-downs of groups of loans in in the period	0	0	0
= Write-downs of groups of loans as at 1.1	85.461	101.900	101.900
Defaulted loans/credits			
Gross defaulted loans/credits>90 days	14.304	20.038	15.632
- Specific write-downs	1.112	1.246	2.686
= Net defaulted loans/credits	13.192	18.792	12.946
Gross defaulted loans as a percentage of gross loans	0,09 %	0,14 %	0,10 %
Other bad and doubtful loans/credits			
Other bad and doubtful loans/credits, against which write-downs have been made	47.412	53.601	54.636
- Specific write-downs	15.518	17.227	18.415
= Net other bad and doubtful loans/credits	31.894	36.374	36.221
Gross defaulted loans and bad and doubtful commitments			
Gross defaulted loans and bad and doubtful commitments	61.716	73.639	70.268
- Specific write-downs	16.630	19.566	20.338
Net defaulted loans and bad and doubtful commitments	45.086	54.073	49.930

Equity capital movements	AS at 31.3.06	AS at 31.3.05	AS at 31.12.05
Primary Capital Certificates	125.000	125.000	125.000
Premium Fund	34.324	34.324	34.324
The Savings Bank's Fund	1.286.584	1.145.203	1.276.130
Dividend Equalisation Fund	10.874	9.320	9.492
Equity Capital	1.456.782	1.313.847	1.444.946
Retained earnings	42.193	32.821	0
Total Equity Capital	1.498.975	1.346.668	1.444.946

Capital adequacy

Net equity and related capital*	1.730.484	1.287.715	1.718.573
Risk-weighted asset total	12.070.852	10.450.068	11.605.884
Capital adequacy as a percentage*	14,34	12,32	14,81
Capital adequacy ratio, including 50 per cent of the result in the period	14,58	12,55	

* Result so far this year not included in computation

The 20 largest PCC holders as at 31.03.2006

NAME	Number of PCCs held	% part of total PCC capital	NAME	Number of PCCs held	% part of total PCC capital
1. Sparebankstiftelsen DnB Nor	60.000	4,80	11. Flekkefjord Sparebank	15.800	1,26
2. Terra Utbytte	50.550	4,04	12. Hol Sparebank	15.000	1,20
3. Sparebanken Rogaland Finan	35.306	2,82	13. Bratland Bjørn	12.800	1,02
4. Sparebanken Sør	31.600	2,53	14. Allumgården	12.350	0,99
5. Deutsche Bank AG	28.476	2,28	15. MP Pensjon	12.000	0,96
6. T K Brøvig AS	26.700	2,14	16. Strømme Leif	12.000	0,96
7. Spareskillingsbanken	26.600	2,13	17. Terra Kapitalforv. Brage Inv.	11.450	0,92
8. Varodd AS	24.700	1,98	18. Pareto AS	10.150	0,81
9. Gumpens Auto AS	20.750	1,66	19. Akselsen Carsten	10.000	0,80
10. Birkenes Sparebank	20.000	1,60	20. Larsen AS	10.000	0,80
Totalt - 10 largest PCC holders	324.682	25,97	Totalt - 20 largest PCC holders	446.232	35,70

As at 31.3.2006, 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.