

Third quarter report 2006

As at 30 September

Main features

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

- Improved operating result
- Increased net interest income
- Increased other (non-interest) operating income
- A very low overall cost ratio
- Net recoveries from loans previously written off as losses
- Good lending - and deposit growth

Framework conditions

During the first 9 months of the year, Norges Bank raised its benchmark rate three times, each time by 0.25 percentage point; to 3.00 per cent at the end of the third quarter. The benchmark rate was increased by another 0.25 percentage point on 1 November this year.

The annual rate of increase in Norges Bank's credit indicator, K2, was 14.7 per cent at the end of August this year. 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, although it remains at a high level.

The upward trend in share prices on the Oslo Stock Exchange was discontinued during the second quarter of 2006. Its main index has nevertheless risen by 11.8 per cent so far this year.

In the last few months, unemployment has fallen a little, the registered level amounting to 2.4 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 participating in labour market measures totalled 68,095 persons.

Operating result

The Bank's pre-tax operating result at the end of the third quarter of 2006 ended up at NOK 210.9 million, as opposed to NOK 164.1 million at the same time last year. The result is equivalent to 1.48 per cent of average assets, as against 1.37 per cent 12 months ago.

Net interest income increased by NOK 22.6 million compared to the same time last year, totalling NOK 244.5 million at the end of the third quarter of 2006. In relation to average assets, this amounted to 1.72 per cent.

Other (non-interest) operating income totalled to NOK 90.8 million, up by NOK 23.1 million on the first 9 months of 2005. Gains from the sale of shares and bonds amounted to NOK 13.6 million. The Bank's exposure in the stock market remains low.

Costs amounted to NOK 129.7 million, up by NOK 3.9 million on the corresponding interim period last year. In relation to average assets, however, costs were reduced from 1.05 per cent at the end of the third quarter of 2005 to 0.91 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 third quarter of 2006 was 38.7 per cent, as against 43.5 per cent 12 months ago.

Total assets

At the end of the third quarter of 2006, total assets amounted to NOK 19,589 million. This involved an increase of NOK 2,807 million or 16.7 per cent during the last 12 months.

Deposits

At the end of the third quarter of 2006, deposits from customers totalled NOK 10,908 million, up by NOK 1,563 million or 16.7 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 third quarter of 2006, 60.4 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 2,625 million or 16.9 per cent, standing at NOK 18,146 million at the end of the quarter. Retail banking- and corporate loans increased by 17.4 and 16.1 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 of loans is made in accordance with the new lending rules and regulations from 01.01.2006. In comparison with previous years, the information contained in the notes to the accounts has been somewhat adjusted in this connection.

Write-downs of groups of loans have been reduced by NOK 3.9 million, totalling NOK 81.6 million as at 30.09.2006. Individual write-downs of loans have been reduced by NOK 5.5 million in relation to the level at the end of last year, amounting to NOK 14.8 million. At the end of the third quarter, there were net recoveries – from previously written off losses – of NOK 5.4 million overall.

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 third quarter of 2006, Sparebanken Pluss's equity capital totalled NOK 1,609 million. This again produced a high capital adequacy ratio, this time amounting to 13.4 per cent. Despite the high level of equity capital and low domestic interest rates, the Bank has managed to maintain a relatively high rate of return on its equity capital. At the end of the third quarter of 2006, the ratio was 13.3 per cent, up from 11.3 per cent 12 months earlier.

Primary Capital Certificates (PCCs)

So far this year, 100,084 PCCs have been traded; there were 793 transactions in all. As at 30.09.2006, the Bank had 1,639 PCC-holders. A list of the 20 largest PCC-holders at the end of September this year is shown in one of the attached notes to the accounts. So far this year, earnings per PCC amount to NOK 14.24, as against NOK 11.88 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, 13 November 2006

Jens Freuchen	Arvid Grundekjøn	Thore Westermoen	Kristin Wallevik	Norunn Tveiten Benestad	Unni Kruse	Stein A. Hannevik
Chairman	Deputy Chairman					Managing Director

PROFIT AND LOSS ACCOUNT

(NOK 1.000)

PER CENT OF AVERAGE ASSETS

30.9.06	30.9.05	31.12.05		30.9.06	30.9.05	31.12.05
557.098	404.931	562.477	Interest receivable and similar income	3,91	3,38	3,44
312.645	183.056	262.980	Interest payable and similar costs	2,20	1,53	1,61
244.453	221.874	299.497	Net interest- and credit commission income	1,72	1,85	1,83
4.664	3.793	4.032	Dividends and other income from securities with var. yield	0,03	0,03	0,02
69.349	59.974	82.321	Commissions and income from banking services	0,49	0,50	0,50
10.084	10.051	13.559	Commissions payable and costs of banking services	0,07	0,08	0,08
18.748	6.028	6.773	Net gains from foreign exchange and securities	0,13	0,05	0,04
8.073	7.961	10.027	Other operating income	0,06	0,07	0,06
90.750	67.704	89.594	Sum other operating income	0,64	0,57	0,55
109.061	103.825	139.070	Wages, salaries and general administration costs	0,77	0,87	0,85
7.325	8.013	10.736	Depreciation etc. of fixed - and intangible assets	0,05	0,07	0,07
13.320	13.970	18.511	Other operating costs	0,09	0,12	0,11
129.706	125.808	168.317	Sum operating costs	0,91	1,05	1,03
205.497	163.772	220.774	Result from ordinary operations before losses on loans	1,44	1,37	1,35
-5.443	-317	-494	Losses on loans, guarantees etc.	-0,04	0,00	0,00
210.940	164.090	221.268	Operating result	1,48	1,37	1,35
58.580	48.406	64.169	Taxes	0,41	0,40	0,39
152.360	115.684	157.099	Result after taxes	1,07	0,97	0,96

BALANCE SHEET

(NOK 1.000)

ASSETS	As at 30.09.06	As at 30.09.05	As at 31.12.05
Cash-in-hand and claims on central banks	346.140	170.221	653.355
Net loans to and claims on credit institutions	64.556	76.581	277.042
Gross loans	18.146.056	15.520.647	16.109.961
- Specific write-downs	14.843	19.919	20.337
- Write-downs of groups of loans	81.611	101.900	101.900
Net loans to and claims on customers	18.049.602	15.398.827	15.987.724
Repossessed assets	308	337	337
Certificates, bonds and other interest-bearing securities	819.418	850.371	851.776
Shares	35.572	41.379	39.126
Fixed assets	118.228	116.317	117.615
Other assets	25.093	14.895	12.711
Prepaid costs and accrued income, not yet received	129.875	112.605	112.491
TOTAL ASSETS	19.588.792	16.781.534	18.052.177
LIABILITIES AND EQUITY CAPITAL	As at 30.09.06	As at 30.09.05	As at 31.12.05
Liabilities to credit institutions	329.388	289.567	420.198
Deposits from and liabilities to customers	10.908.358	9.345.695	9.648.238
Liabilities incurred through issuance of securities	6.050.786	5.391.557	5.943.063
Other liabilities	142.782	129.214	143.558
Incurred costs and prepaid income	224.575	173.198	133.241
Provisions against liabilities and costs	26.511	22.772	21.908
Capital bond	297.250	0	297.025
TOTAL LIABILITIES	17.979.650	15.352.003	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	152.360	115.684	0
TOTAL EQUITY CAPITAL	1.609.142	1.429.531	1.444.946
TOTAL LIABILITIES AND EQUITY CAPITAL	19.588.792	16.781.534	18.052.177
Total off-balance sheet items	1.263.651	1.193.827	1.180.178

QUARTERLY PROFIT AND LOSS FIGURES

(NOK 1.000)

	3rd quarter 2006	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005
Interest receivable and similar income	200.779	186.043	170.276	157.546	143.651
Interest payable and similar costs	115.218	105.067	92.360	79.924	67.209
Net interest- and credit commission income	85.561	80.976	77.916	77.622	76.442
Dividends and other income from securities with var. yield	0	878	3.786	239	0
Commissions and income from banking services	23.120	24.799	21.430	22.347	20.396
Commissions payable and costs of banking services	3.266	3.215	3.603	3.508	3.473
Net gains from foreign exchange and securities	2.062	14.853	1.833	745	1.888
Other operating income	3.909	2.047	2.117	2.066	3.467
Sum other operating income	25.825	39.362	25.563	21.889	22.278
Wages, salaries and general administration costs	36.143	37.152	35.766	35.245	34.364
Depreciation etc. of fixed - and intangible assets	2.332	2.362	2.631	2.723	2.636
Other operating costs	3.512	4.704	5.104	4.541	4.653
Sum operating costs	41.987	44.218	43.501	42.509	41.653
Result from ordinary operations before losses on loans	69.399	76.120	59.978	57.001	57.067
Losses on loans, guarantees etc.	-1.582	-3.992	131	-177	-668
Operating result	70.981	80.112	59.848	57.178	57.735
Taxes	20.850	20.075	17.655	15.762	17.032
Result after taxes	50.131	60.037	42.193	41.416	40.703

QUARTERLY PROFIT AND LOSS FIGURES IN PER CENT OF AVERAGE ASSETS

	3rd quarter 2006	2nd quarter 2006	1st quarter 2006	4th quarter 2005	3rd quarter 2005
Net interest- and credit commission income	1,75	1,70	1,70	1,79	1,82
Sum other operating income	0,53	0,82	0,56	0,50	0,55
Sum operating costs	0,86	0,92	0,95	0,98	0,99
Result from ordinary operations before losses on loans	1,42	1,60	1,31	1,31	1,37
Losses on loans, guarantees etc.	-0,03	-0,08	0,00	0,00	-0,02
Operating result	1,45	1,68	1,31	1,31	1,39

KEY FIGURES AS AT

	30.9.06	30.6.06	31.3.06	31.12.05	30.9.05
Growth in gross loans (% p.a.)	16,9	15,7	16,8	17,3	18,3
- Retail banking	17,4	18,1	19,0	20,3	20,0
- Corporate banking	16,1	11,3	13,2	12,3	15,4
Growth in deposits (% p.a.)	16,7	14,3	18,0	15,8	17,7
Growth in total assets (% p.a.)	16,7	15,9	22,0	19,9	16,8
Average assets (NOK mill.)	19.037	18.850	18.544	16.330	16.018
Loan loss ratio (%)	-0,03	-0,02	0,00	0,00	0,00
Overall deposit coverage (%) ¹	60,4	61,6	61,4	60,4	60,7
After-tax return on equity capital (%) ²	13,3	13,9	11,6	11,4	11,3
Total other operating costs in relation to net income (%) ³	38,7	39,2	42,0	43,3	43,5
Earnings per PCC (NOK) ⁴	14,2	9,6	3,9	16,1	11,9
Earnings per PCC (NOK) per quarter	4,6	5,7	3,9	4,2	4,2
Primary Capital Certificates (PCCs) price (NOK)	235	225	234	255	236
Number of branches	15	15	15	15	15
Number of man years	167	163	162	162	162

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 30.09.06	As at 30.09.05	As at 31.12.05
Write-downs of loans	-5.443	-317	-519
Losses on guarantees	0	0	25
Write-down on loans and losses on guarantees	-5.443	-317	-494
Losses on loans			
Changes in specific write-downs of loans in the period	-3.216	931	1.349
+ Changes in write-down on groups of loans in the period	-3.850	0	0
+ Confirmed losses in the period for which specific write-downs have previously been made	1.973	648	648
+ Confirmed losses in the period for which no specific write-downs have previously been made	839	1.112	1.565
- Recoveries from previous confirmed losses	1.189	3.008	4.081
= Write-down on loans in the period	-5.443	-317	-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	1.973	648	648
+ Increased specific write-downs in the period	1.103	1.511	1.574
+ New specific write-downs in the period	1.680	1.590	2.347
- Recoveries from specific write-downs in the period.	6.303	1.522	1.924
= Specific write-downs.	14.844	19.919	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 the period	-3.850	0	0
= Write-downs of groups of loans	81.611	101.900	101.900
Defaulted loans/credits			
Gross defaulted loans/credits > 90 days	35.617	17.290	15.632
- Specific write-downs	1.175	2.181	1.923
= Net defaulted loans/credits	34.442	15.109	13.709
Gross defaulted loans as a percentage of gross loans	0,20 %	0,11 %	0,10 %
Other bad and doubtful loans/credits			
Other bad and doubtful loans/credits, against which write-downs have been made	41.626	55.092	54.636
- Specific write-downs	13.669	17.738	18.415
= Net other bad and doubtful loans/credits	27.957	37.354	36.221
Gross defaulted loans and bad and doubtful commitments			
Gross defaulted loans and bad and doubtful commitments	77.243	72.382	70.268
- Specific write-downs	14.844	19.919	20.338
Net defaulted loans and bad and doubtful commitments	62.399	52.463	49.930

Equity capital movements	AS at 30.9.06	AS at 30.9.05	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	152.360	115.684	0
Total Equity Capital	1.609.142	1.429.531	1.444.946

Capital adequacy

Net equity and related capital*	1.740.599	1.285.595	1.718.573
Risk-weighted asset total	12.958.771	11.298.034	11.605.884
Capital adequacy as a percentage*	13,43	11,38	14,81
Capital adequacy ratio, including 50 per cent of the result in the period	14,25	12,11	

* Result so far this year not included in computation

The 20 largest PCC holders as at 30.09.2006

NAME	Number of PCCs held	% part of total PCC capital	NAME	Number of PCCs held	% part of total PCC capital
1. Sparebankstiftelsen DnB NOR	61.400	4,91	11. Flekkefjord Sparebank	15.800	1,26
2. Terra Utbytte VPF	60.950	4,88	12. Hol Sparebank	15.000	1,20
3. Sparebanken Rogaland Finan	33.245	2,66	13. Bratland Bjørn	12.800	1,02
4. Sparebanken Sør	31.600	2,53	14. Allungården	12.350	0,99
5. Deutsche Bank AG	28.476	2,28	15. MP Pensjon	12.000	0,96
6. Varodd AS	27.800	2,22	16. Strømme Leif	12.000	0,96
7. T.K.Brøvig AS	26.700	2,14	17. Pareto AS	10.150	0,81
8. Spareskillingsbanken	26.600	2,13	18. Akselsen Carsten	10.100	0,81
9. Gumpens Auto AS	20.750	1,66	19. Lillesand Sparebank	10.000	0,80
10. Birkenes Sparebank	20.000	1,60	20. Tor Hjelmas Larsen	10.000	0,80
Total - 10 largest PCC holders	337.521	27,00	Total - 20 largest PCC holders	457.721	36,62

As at 30.9.2006, 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.