

UNAUDITED INTERIM REPORT

4 QUARTER

2016



SPAREBANKEN MØRE

Financial highlights - Group

Income statement

	Q4 2016		Q4 2015		2016		2015	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	279	1,83	285	1,91	1 082	1,79	1 098	1,89
Net commission and other operating income	45	0,30	43	0,29	182	0,30	193	0,33
Net return from financial investments	0	0,00	-3	-0,02	99	0,16	12	0,02
Total income	324	2,13	325	2,18	1 363	2,25	1 303	2,24
Total operating costs	143	0,94	124	0,83	586	0,97	561	0,96
Profit before impairment on loans	181	1,19	201	1,35	777	1,28	742	1,28
Impairment on loans, guarantees etc.	22	0,14	25	0,17	22	0,04	50	0,09
Pre tax profit	159	1,05	176	1,18	755	1,24	692	1,19
Tax	43	0,28	48	0,32	181	0,30	189	0,32
Profit after tax	116	0,77	128	0,86	574	0,94	503	0,87

Statement of financial position

NOK million	31.12.2016	% change during last 12 months	31.12.2015
Total assets	61 593	2,5	60 120
Average assets	60 525	4,2	58 113
Loans to and receivables from customers	52 691	2,7	51 286
Gross loans to retail customers	37 133	6,6	34 822
Gross loans to corporate and public entities	15 734	-4,8	16 526
Deposits from customers	32 562	10,8	29 389
Deposits from retail customers	18 675	4,7	17 829
Deposits from corporate and public entities	13 877	20,1	11 550

Key figures

	Q4 2016	Q4 2015	2016	2015
Return on equity (annualised)	9,2	10,7	11,6	10,7
Costs as a percentage of income	44,2	38,1	43,0	43,0
Losses as a percentage of loans 1.1/start of the period	0,17	0,19	0,04	0,10

Problem loans as a percentage of loans (prior to impairment)	1,16	0,47	1,16	0,47
Problem loans as a percentage of loans (after impairment)	1,01	0,32	1,01	0,32
Deposits to lending ratio as a percentage	61,8	57,3	61,8	57,3
Liquidity Coverage Ratio (LCR)	91	123	91	123
Lending growth as a percentage	1,9	-0,3	2,7	4,9
Deposit growth as a percentage	0,6	0,4	10,8	3,5
Capital adequacy ratio 1) 2)	18,6	18,1	18,6	18,1
Core capital as a percentage 1) 2)	17,0	16,6	17,0	16,6
Core tier 1 capital as a percentage 1) 2)	14,7	14,1	14,7	14,1
Leverage Ratio (LR)	8,5	8,0	8,5	8,0
Man-years	378	388	378	388

Equity Certificates (ECs)

	2016	2015	2014	2013	2012
Profit per EC (Group) (NOK)	28,80	25,25	31,20	21,65	31,05
Profit per EC (Parent Bank) (NOK)	29,85	25,70	29,10	18,45	27,75
EC fraction 1.1 as a percentage (Parent Bank)	49,6	49,6	49,6	47,7	46,0
Number of ECs issued (NOK million)	988,70	988,70	988,70	988,70	784,11
Price at Oslo Stock Exchange (NOK)	254	188	216	198	160
Stock market value (NOK million)	2 511	1 859	2 136	1 958	1 255
Book value per EC (Group) (NOK)	271	253	242	223	219
Dividend per EC (NOK)	14,00	11,50	13,50	8,00	12,00
Price/Earnings (Group, annualised)	8,8	7,3	7,4	10,7	5,8
Price/Book value (P/B) (Group) 3)	0,94	0,74	0,89	0,89	0,73

1) Calculated according to IRB in Basel II incl. transitional rule in Basel I. IRB for mass market from 31st March 2015 and IRB Foundation for corporate commitments from 30th June 2014.

2) Incl. proposed allocations

Interim report from the Board of Directors

All figures relate to the Group. Figures in brackets refer to the corresponding period last year. Financial statements are prepared in accordance with IFRS and the interim report has been prepared in conformity with IAS 34 Interim Financial Reporting.

RESULTS FOR Q4 2016

The profit before losses on loans and guarantees amounted to NOK 181 million, or 1.19 % of average total assets, compared to NOK 201 million, or 1.35 %, for the corresponding quarter last year.

The profit after losses on loans and guarantees amounted to NOK 159 million, or 1.05 % of average total assets, compared to NOK 176 million, or 1.18 %, for the corresponding quarter last year.

The profit after tax for the fourth quarter of 2016 amounted to NOK 116 million, or 0.77 % of average total assets, compared to NOK 128 million, or 0.86 %, for the corresponding quarter of last year. The return on equity in the fourth quarter of 2016 was 9.2 %, compared to 10.7 % for the fourth quarter of 2015.

Earnings per equity certificate amounted to NOK 5.80 (NOK 6.45) for the Group and NOK 4.35 (NOK 4.40) for the Parent Bank.

Net interest income

The net interest income of NOK 279 million was NOK 6 million lower than in the corresponding quarter of last year. This represents 1.83 % of total assets, which is 0.08 percentage points lower than in the fourth quarter of 2015.

The generally low level of interest rates in the market, combined with strong competition for both loans and deposits, is affecting the development of net interest income.

Other operating income

Other operating income amounted to NOK 45 million, which is NOK 5 million higher than in the fourth quarter of last year. Other operating income amounted to 0.30 % of average total assets, compared with 0.27 % in the corresponding quarter in 2015. Capital losses in the bond portfolio amounted to NOK 4 million in the fourth quarter, compared with capital losses of NOK 10 million in the fourth quarter of 2015.

Costs

Operating costs in the quarter amounted to NOK 143 million, which is NOK 19 million higher than in the same quarter last year. Personnel costs rose by NOK 25 million compared with the same quarter last year. The increase is primarily attributable to the fact that we in the fourth quarter of 2015 saw changes to the Bank's pension scheme that reduced personnel costs by NOK 24 million. Other operating costs were reduced by NOK 6 million compared with the corresponding period last year and amounted to NOK 57 million. Staffing has been reduced by 10 full-time equivalents in the last 12 months to 378 full-time equivalents.

The cost income ratio for the fourth quarter of 2016 was 44.2 %, which represents an increase of 6.1 percentage points compared with the fourth quarter of 2015.

Losses and defaults

Losses on loans and guarantees amounting to NOK 22 million were booked in the quarter. This amounts to 0.14 % of average total assets on an annualised basis. The corresponding figures for the fourth quarter of 2015 were NOK 25 million and 0.17 %. Collective impairments rose by NOK 14 million in the fourth quarter, no losses were booked in the retail segment and losses increased by NOK 8 million in the corporate segment.

Lending and deposit growth

Total assets were reduced by 0.3 % in relation to the third quarter of 2016 to NOK 61 593 million. Lending increased by 1.8 % to NOK 52 691 million and deposits from customers rose by 0.7 % to NOK 32 562 million. For further comments concerning volume trends in the last 12 months, please see the comments for the full year 2016.

PRELIMINARY ANNUAL FINANCIAL STATEMENTS FOR 2016

The profit before losses on loans and guarantees amounted to NOK 777 million, or 1.28 % of average total assets, compared to NOK 742 million, or 1.28 %, for 2015.

The profit after losses on loans and guarantees amounted to NOK 755 million, or 1.24 % of average total assets, compared to NOK 692 million, or 1.19 %, for 2015.

The profit after tax for 2016 amounted to NOK 574 million, or 0.94 % of average total assets, compared to NOK 503 million, or 0.87 %, for 2015. The return on equity in 2016 was 11.6 %, compared to 10.7 % in 2015.

Earnings per equity certificate in 2016 amounted to NOK 28.80 (NOK 25.25) for the Group and NOK 29.85 (NOK 25.70) for the Parent Bank.

Net interest income

Net interest income totalled NOK 1 082 million (NOK 1 098 million). In relation to average total assets, net interest income was 1.79 % (1.89 %). Net interest income accounted for 79.4 % (84.3 %) of total income in 2016.

The generally low level of interest rates in the market, combined with strong competition for both loans and deposits, is affecting the development of net interest income.

Other operating income

Other operating income amounted to NOK 281 million (0.46 % of average total assets) in 2016. This represents an increase of NOK 76 million compared with 2015. Capital gains on the bond portfolio amounted to NOK 24 million in 2016, compared with capital losses of NOK 51 million in 2015.

The effect of the Visa transaction on profit before tax amounted to NOK 45 million in 2016.

Costs

Total costs amounted to NOK 586 million (0.97 % of average total assets). This represents an increase of NOK 25 million compared with 2015. This is primarily attributable to the fact that we in the fourth quarter of 2015 saw changes to the Bank's pension scheme that reduced personnel costs by NOK 24 million for 2015. Other operating costs were reduced by NOK 1 million compared with 2015 and amounted to NOK 251 million. Staffing has been reduced by 10 full-time equivalents in the last 12 months to 378 full-time equivalents.

The cost income ratio was 43.0 % in 2016, which is the same as in 2015.

Problem loans

In 2016, the income statement was charged with NOK 22 million (NOK 50 million) in losses on loans and guarantees. This represents 0.04 % (0.09 %) of average total assets. The losses on loans and guarantees were due to a NOK 19 million increase in collective impairments, a NOK 9 million increase in the corporate segment, and a NOK 6 million reduction in the retail segment.

At year-end 2016, total impairments for losses amounted to NOK 360 million, equivalent to 0.68 % of gross lending (NOK 341 million and 0.66 % of gross lending). NOK 15 million of the individual impairments involved commitments in default for more than 90 days (NOK 14 million), which represents 0.02 % of gross lending (0.03 %). NOK 64 million relates to other commitments (NOK 65 million), which is equivalent to 0.12 % of gross lending (0.13 %). Collective impairments amounted to NOK 281 million (NOK 262 million) or 0.53 % of gross lending (0.51 %).

Net problem loans (loans that have been in default for more than 90 days and loans that are not in default but which have been subject to an individual impairment for losses) have increased by NOK 367 million in the last 12 months. At year-end 2016, the corporate market accounted for NOK 476 million of net problem loans, and the retail market NOK 56 million. In total this represents 1.01 % of gross lending (0.32 %).

Net commitments in default for more than 3 months at the end of 2016 amounted to NOK 50 million (NOK 60 million), which represents a reduction from 0.11 % of lending at year-end 2015 to 0.09 % at year-end 2016.

The Visa transaction

Please refer to the information already provided in the 2015 annual report and the Stock Notification of 29 June 2016 on the agreement between Visa Europe Ltd and Visa Inc. concerning the sale of all of the shares in Visa Europe. Sparebanken Møre has an interest in this transaction due to its stake in Visa Norge, which owns one share in Visa Europe Ltd., as well as a smaller interest through the sale of Nets/Teller in 2014. The transaction consists of a cash payment upon implementation, as well as a cash payment payable after 3 years, and convertible preferred shares.

The effect on the profit before tax from this first tranche of the cash payment amounted to NOK 45 million in 2016, with NOK 38 million originating from the stake in Visa Norge and NOK 7 million from the interest in Nets/Teller.

Lending to customers

At year-end 2016, lending to customers amounted to NOK 52 691 million (NOK 51 286 million). Net customer lending has increased by a total of NOK 1 405 million, or 2.7 %, in the last 12 months. Retail lending has increased by 6.6 %, while corporate lending has decreased by 4.8 % in the last 12 months. Retail lending accounted for 70.2 % of lending at year-end 2016 (67.5 %).

Customer deposits

Customer deposits have increased by 10.8 % in the last 12 months. At year-end 2016, deposits amounted to NOK 32 562 million (NOK 29 389 million). Retail deposits have increased by 4.7 % in the last 12 months, while corporate deposits have increased by 19.9 % and public sector deposits have increased by 20.7 %. The retail market's relative share of deposits amounted to 57.4 % (60.8 %), while deposits from corporate customers accounted for 39.2 % (36.3 %) and from public sector customers 3.4 % (2.9 %).

The deposit to loan ratio amounted to 61.8 % (57.3 %) at year-end 2016.

CAPITAL ADEQUACY

The Group's capital adequacy ratio at the end of the fourth quarter of 2016 exceeded the regulatory capital requirements and the internally set minimum target for the Core Tier 1 capital ratio.

In the fourth quarter, the Financial Supervisory Authority of Norway assessed the Group's risk and capital requirements in 2016 and set an individual Pillar 2 supplement of 1.8 %.

As of 31 December 2016, primary capital amounted to 18.6 % (18.1 %) and core capital amounted to 17.0 % (16.6 %), of which Core Tier 1 capital amounted to 14.7 % (14.1 %).

Sparebanken Møre was subject to a capital requirement linked to the transitional scheme associated with the Basel I floor amounting to NOK 25 million at the end of the fourth quarter of 2016, which corresponds to a basis for calculation of NOK 295 million.

SUBSIDIARIES

The aggregate profit of the Bank's three subsidiaries amounted to NOK 153 million after tax in 2016 (NOK 179 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The mortgage company's main purpose is to issue covered bonds for sale to Norwegian and international investors. At the end of the year, the company had raised a net NOK 16.1 billion in funding for the Group. The company contributed NOK 156 million to the result in 2016 (NOK 176 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company's result in 2016 was NOK -1.9 million (NOK 0.2 million). At the end of the year, the company employed 14 full-time equivalents.

The object of Sparebankeiendom AS is to own and manage the Bank's own commercial properties. The company made no contribution to the result in 2016. The company has no employees.

EQUITY CERTIFICATES

At year-end 2016, there were 5 715 holders of Sparebanken Møre's equity certificates (ECs). 9 886 954 equity certificates have been issued. The EC holders' share of the Bank's total equity amounts to 49.6 %. Note 10 contains an overview of the 20 largest holders of the Bank's equity certificates.

As of 31 December 2016, the Bank owned 29 847 of its own equity certificates. These were purchased via the Oslo Stock Exchange at market price.

PROPOSED ALLOCATION OF THE PROFIT FOR THE YEAR

In line with the rules for equity certificates, etc., and in accordance with Sparebanken Møre's dividend policy, it is proposed that 49 % of the Group's profit be allocated to cash dividends and dividend funds for local communities. Based on the accounting breakdown of equity between the EC holders' share of the equity and the primary capital fund, 49.6 % of the profit will be allocated to equity certificate holders and 50.4 % to the primary capital fund. Earnings per equity certificate amounted to NOK 28.80 in 2016. It has been proposed to the General Meeting that the cash dividend per equity certificate for the 2016 financial year be set at NOK 14.00.

Proposed allocation of the profit:

Profit for the year NOK 574 million

Dividend funds (48.6 %):

- Cash dividends NOK 138 million
- Social dividends NOK 141 million

Strengthening of equity (51.4 %):

- The dividend equalisation fund NOK 156 million
- The primary capital fund NOK 159 million
- Other funds NOK -20 million

Total allocated NOK 574 million

FUTURE PROSPECTS

In line with the outlook for the Norwegian economy, Møre og Romsdal's economic outlook appears to have stabilised during the autumn and winter. Most businesses and industries are currently seeing increased activity. The most important reasons for this are the weak Norwegian krone, low level of interest rates and an expansive fiscal policy. The rise in oil prices has also helped to reduce uncertainty for oil-related industries. The situation in this industry will, however, remain challenging in 2017. As a consequence of this, unemployment in the county might continue to rise slightly.

In December, registered unemployment in Møre og Romsdal amounted to 3.1 % of the labour force, according to the Norwegian Labour and Welfare Administration (NAV). The unemployment rate for the country as a whole was 2.8 %.

Sparebanken Møre's losses are expected to remain low also in 2017.

The growth in credit in Norway slowed slightly throughout 2016, while the growth in total deposits was positive, but weak. We continue to experience strong competition in the market, both for lending and deposits, but the Bank is competitive and continues to record good lending and deposit growth. It is anticipated that the growth in lending within the retail market will decrease somewhat during the year, while the growth in the corporate market will increase. There is a constant focus on generating growth through good commitments with an acceptable level of risk.

The Bank will remain strong and committed in supporting businesses and industries in our region, Nordvestlandet.

Sparebanken Møre is focusing on cost-effective operations. This has resulted in a highly satisfactory level of costs. This focus will continue, and the Group's cost income ratio in 2017 is again expected to remain within the target of 45 %.

Overall, good results are expected in 2017, with a return on equity exceeding the target of 10 %.

Ålesund, 31 December 2016

25 January 2017

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman

ROY REITE, Deputy Chairman

RAGNA BRENNE BJERKESET

HENRIK GRUNG

ELISABETH MARÅK STØLE

ANN MAGRITT BJÅSTAD VIKERBAKK

HELGE KARSTEN KNUDSEN

OLAV ARNE FISKESTRAND, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP

Amounts in NOK million	Note	Q4 2016	Q4 2015	2016	2015
Interest income		448	473	1 783	1 994
Interest costs		169	188	701	896
Net interest income	<u>9</u>	279	285	1 082	1 098
Commission income and revenues from banking services		47	45	189	196
Commission costs and expenditure from banking services		6	7	27	28
Other operating income		4	5	20	25
Net commission and other operating income		45	43	182	193
Dividends		1	1	2	2
Net gains/losses from financial instruments	<u>5</u>	-1	-4	97	10
Net return from financial instruments		0	-3	99	12
Total income		324	325	1 363	1 303
Wages, salaries etc.		85	61	335	309
Administration costs		29	26	124	119
Depreciation and impairment		9	9	32	29
Other operating costs		20	28	95	104
Total operating costs		143	124	586	561
Profit before impairment on loans		181	201	777	742
Impairment on loans, guarantees etc.	<u>3</u>	22	25	22	50
Pre tax profit		159	176	755	692
Taxes		43	48	181	189
Profit after tax		116	128	574	503
Profit per EC (NOK)		5,80	6,45	28,80	25,25
Diluted earnings per EC (NOK)		5,80	6,45	28,80	25,25
Distributed dividend per EC (NOK)		0,00	0,00	11,50	13,50

STATEMENT OF COMPREHENSIVE INCOME - GROUP

Amounts in NOK million	Q4 2016	Q4 2015	2016	2015
Profit after tax	116	128	574	503
Other income/costs reversed in ordinary profit:				

Equities available for sale - changes in value	10	50	-31	48
Other income/costs not reversed in ordinary profit:				
Pension estimate deviations	-8	-9	-8	-9
Tax effect of pension estimate deviations	2	-2	2	-2
Total comprehensive income after tax	120	167	537	540

Statement of financial position - Group

STATEMENT OF FINANCIAL POSITION - GROUP

Assets

Amounts in NOK million	Note	31.12.2016	31.12.2015
Cash and claims on Norges Bank	<u>5 6 9</u>	300	1 054
Loans to and receivables from credit institutions	<u>5 6 9</u>	649	1 205
Loans to and receivables from customers	<u>2 3 4 5 7 9</u>	52 691	51 286
Certificates, bonds and other interest-bearing securities	<u>5 7 9</u>	6 199	4 735
Financial derivatives	<u>5 7</u>	1 146	1 234
Shares and other securities	<u>5 7</u>	133	168
Deferred tax benefit		42	50
Intangible assets		47	48
Fixed assets		230	259
Other assets		156	81
Total assets		61 593	60 120

Liabilities and equity

Amounts in NOK million	Note	31.12.2016	31.12.2015
Loans and deposits from credit institutions	<u>5 6 9</u>	658	1 058
Deposits from customers	<u>2 5 7 9</u>	32 562	29 389
Debt securities issued	<u>5 6</u>	20 363	21 918
Financial derivatives	<u>5 7</u>	580	592
Other liabilities		558	590
Incurred costs and prepaid income		73	75
Other provisions for incurred liabilities and costs		40	59
Perpetual Hybrid Tier 1 capital	<u>5 6</u>	816	826
Subordinated loan capital	<u>5 6</u>	502	501
Total liabilities		56 152	55 008
EC capital	<u>10</u>	989	989
ECs owned by the Bank		-3	-13
Share premium		354	354
Paid-in equity		1 340	1 330
Primary capital fund		2 346	2 183

Gift fund	125	125
Dividend equalisation fund	1 092	935
Value adjustment fund	51	82
Other equity	487	457
Retained earnings	4 101	3 782
Total equity	5 441	5 112
Total liabilities and equity	61 593	60 120

Statement of changes in equity - Group

GROUP 31.12.2016	Total equity	EC capital	Share premium	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Other equity
Equity as at 31 December 2015	5 112	976	354	2 183	125	935	82	457
Changes in own equity certificates	21	10		7		4		
Distributed dividend to the EC holders	-114							-114
Distributed dividend to the local community	-115							-115
Equity before allocation of profit for the year	4 904	986	354	2 190	125	939	82	229
Allocated to the primary capital fund	159			159				
Allocated to the dividend equalisation fund	156					156		
Allocated to other equity	-21							-21
Proposed dividend allocated for the EC holders	138							138
Proposed dividend allocated for the local community	141							141
Distributed profit for the year	574	0	0	159	0	156	0	259
Equities available for sale - changes in value	-31							-31
Pension estimate deviations	-8			-4		-4		
Tax effect of pension estimate deviations	2			1		1		
Total other income and costs from comprehensive income	-37	0	0	-3	0	-3	-31	0
Total profit for the period	537	0	0	156	0	153	-31	259
Equity as at 31 December 2016	5 441	986	354	2 346	125	1 092	51	487

GROUP 31.12.2015	Total equity	EC capital	Share premium	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Other equity
Equity as at 31 December 2014	4 845	978	353	2 048	125	799	34	507
Changes in own equity certificates	-2	-2	1	-2		1		
Distributed dividend to the EC holders	-133							-133
Distributed dividend to the local community	-136							-136
Equity before allocation of profit for the year	4 573	976	354	2 046	125	800	34	238
Allocated to the primary capital fund	142			142				
Allocated to the dividend equalisation fund	140					140		
Allocated to other equity	-9							-9

Proposed dividend allocated for the EC holders	114							114
Proposed dividend allocated for the local community	115							115
Distributed profit for the year	503	0	0	142	0	140	0	220
Equities available for sale - changes in value	48						48	
Pension estimate deviations	-9			-5		-4		
Tax effect of pension estimate deviations	-2			-1		-1		
Total other income and costs from comprehensive income	37	0	0	-6	0	-5	48	0
Total profit for the period	540	0	0	137	0	135	48	220
Equity as at 31 December 2015	5 112	976	354	2 183	125	935	82	457

Statement of cash flow - Group

Amounts in NOK million	31.12.2016	31.12.2015
Cash flow from operating activities		
Interest, commission and fees received	1 880	2 109
Interest, commission and fees paid	-344	-524
Dividend and group contribution received	2	2
Operating expenses paid	-465	-532
Income taxes paid	-214	-202
Changes relating to loans to and claims on other financial institutions	556	-44
Changes relating to repayment of loans/leasing to customers	-1 845	-2 922
Changes in utilised credit facilities	420	485
Net change in deposits from customers	3 173	1 000
Net cash flow from operating activities	3 163	-628
Cash flow from investing activities		
Interest received on certificates, bonds and other securities	110	104
Proceeds from the sale of certificates, bonds and other securities	3 860	1 483
Purchases of certificates, bonds and other securities	-5 380	-1 512
Proceeds from the sale of fixed assets etc.	17	4
Purchase of fixed assets etc.	-20	-43
Changes in other assets	92	-283
Net cash flow from investing activities	-1 321	-247
Cash flow from financing activities		
Interest paid on debt securities	-404	-455
Net change in deposits from Norges Bank and other financial institutions	-400	511
Proceeds from bond issues raised	1 527	7 056
Redemption of debt securities	-2 947	-5 107
Dividend paid	-114	-133
Changes in other debt	-258	-21
Net cash flow from financing activities	-2 596	1 851
Net change in cash and cash equivalents	-754	976
Cash balance at 01.01	1 054	78

Cash balance at 31.12	300	1 054
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Note 1

ACCOUNTING PRINCIPLES

General

The Group`s interim accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), implemented by the EU as at 31 December 2016. The interim report has been prepared in compliance with IAS 34 Interim Reporting.

The accounts are presented in Norwegian kroner (NOK), which is also the Parent Bank`s and subsidiaries` functional currency.

The interim report is prepared in accordance with accounting principles and methods applied in the 2015 financial statements. There have been no changes or new standards coming into force in so far in 2016.

Please see the Annual report 2015 for further description of accounting principles.

Note 2

LOANS AND DEPOSITS BROKEN DOWN ACCORDING TO SECTORS

GROUP	Loans	
Broken down according to sectors	31.12.2016	31.12.2015
Agriculture and forestry	390	373
Fisheries	2 281	3 186
Manufacturing	2 327	2 244
Building and construction	562	600
Wholesale and retail trade, hotels	525	517
Supply/Offshore	1 103	1 189
Property management	5 783	5 683
Professional/financial services	881	892
Transport and private/public services	1 765	1 708
Public entities	4	2
Activities abroad	113	132
Total corporate/public entities	15 734	16 526
Retail customers	37 133	34 822
Fair value adjustment of loans	86	180
Accrued interest income	98	99
Total loans	53 051	51 627
Individual impairment	-79	-79
Collective impairment	-281	-262
Loans to and receivables from customers	52 691	51 286
Loans with floating interest rate (amortised cost)	48 307	46 290
Loans with fixed interest rate (fair value)	4 744	5 337

GROUP	Deposits	
Broken down according to sectors	31.12.2016	31.12.2015
Agriculture and forestry	196	176
Fisheries	851	641
Manufacturing	2 080	1 122
Building and construction	583	470

Wholesale and retail trade, hotels	799	738
Property management	1 230	1 370
Professional/financial services	2 316	1 720
Transport and private/public services	2 745	2 675
Public entities	1 084	898
Activities abroad	10	5
Miscellaneous	1 983	1 735
Total corporate/public entities	13 877	11 550
Retail customers	18 675	17 829
Fair value adjustment of deposits	0	2
Accrued interest costs	10	8
Total deposits	32 562	29 389
Deposits with floating interest rate (amortised cost)	31 308	28 875
Deposits with fixed interest rate (fair value)	1 254	514

Note 3

LOSSES AND IMPAIRMENT ON LOANS AND GUARANTEES

Specification of losses on loans, guarantees etc.

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Changes in individual impairment of loans and guarantees during the period	10	-14	1	-60
Changes in collective impairment during the period	14	25	19	96
Confirmed losses during the period where individual impairment had previously been made	0	3	8	13
Confirmed losses during the period where individual impairment had previously not been made	1	15	5	13
Recoveries	3	4	11	12
Losses on loans, guarantees etc.	22	25	22	50

Individual impairment on loans

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Individual impairment on loans as at 01.01/01.10	70	84	79	141
Confirmed losses during the period, where individual impairment had previously been made	0	3	8	13
Increase in individual impairment during the period	2	4	7	9
Individual impairment of new commitments during the period	17	2	26	22
Recoveries on individual impairment during the period	10	8	25	80
Individual impairment on loans at the end of the period	79	79	79	79

Collective impairment on loans

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Collective impairment of loans as at 01.01/01.10	267	237	262	166
Changes during the period	14	25	19	96
Collective impairment on loans at the end of the period	281	262	281	262

Individual impairment on guarantees

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Individual impairment as at 01.01/01.10	0	2	0	2

Individual impairment during the period	0	0	0	0
Recoveries on individual impairment during the period	0	2	0	2
Individual impairment at the end of the period	0	0	0	0

Note 4

DEFAULTED AND DOUBTFUL COMMITMENTS

Problem loans

(total of commitments in default above 3 months and commitments subject for individual impairment without being in default)

	31.12.2016			31.12.2015		
GROUP	Total	Retail	Corporate	Total	Retail	Corporate
Problem loans prior to individual impairment:						
Commitments in default above 3 months	65	45	20	74	39	35
Other bad and doubtful commitments subject to impairment	546	24	522	170	28	142
Total problem loans prior to individual impairment	611	69	542	244	67	177
Individual impairment on:						
Commitments in default above 3 months	15	3	12	14	2	12
Other bad and doubtful commitments subject to impairment	64	10	54	65	10	55
Total individual impairment	79	13	66	79	12	67
Problem loans after individual impairment:						
Commitments in default above 3 months	50	42	8	60	37	23
Other bad and doubtful commitments subject to impairment	482	14	468	105	18	87
Total problem loans less individual impairment	532	56	476	165	55	110
Total problem loans prior to individual impairment as a percentage of total loans	1,16	0,19	3,45	0,47	0,19	1,07
Total problem loans less individual impairment as a percentage of total loans	1,01	0,15	3,03	0,32	0,15	0,67

Note 5

CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the balance sheet at the date when the Group becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or the company transfers the financial asset in such a way that risk and profit potential of the financial asset is substantially transferred. Financial liabilities are derecognised from the date when the rights to the contractual provisions have been extinguished, cancelled or expired.

CLASSIFICATION

The Group's portfolio of financial instruments is at initial recognition classified in accordance with IAS 39. The bank's classes of financial instruments and the measurement basis for these are the following:

- Financial assets and derivatives held for trading (trading portfolio)
- Financial assets and liabilities assessed at fair value, any changes in value recognised through profit or loss
- Instruments held as available for sale, assessed at fair value, any changes in value recognised in other comprehensive income
- Loans and receivables
- Financial liabilities assessed at amortised cost

Financial assets and derivatives held for trading

Financial derivatives are contracts signed to mitigate an existing interest rate or currency risk incurred by the bank. Financial derivatives are recognized at fair value through profit or loss and recognized gross pr. contract as an asset or liability.

The Group's criteria for classification of the trading portfolio are the following:

- Positions in financial instruments held for the Group's own account for the purpose of selling and/or financial instruments acquired by the Group in order to take advantage on a short-term basis of any actual and/or expected differences between purchase- and sale prices or any other price- and interest rate fluctuations.
- Positions held by the Group in order to hedge other parts of the trading portfolio
- Other commitments which are related to positions which form part of the trading portfolio

The Group's trading portfolio of shares is defined within this group and is assessed at fair value through profit or loss.

Financial assets and liabilities assessed at fair value, any changes in value recognised through profit or loss

The Group's portfolio of bonds in the liquidity portfolio is classified at fair value through profit or loss as this portfolio is managed based on fair value. The Group's portfolio of fixed interest rate loans and deposits are classified to avoid accounting mismatch in relation to the underlying interest rate swaps.

Losses and gains as a result of value changes of those assets and liabilities which are assessed at fair value, with any value changes being recognised in the profit and loss account, are included in the accounts during the period in which they occur.

Instruments held as available for sale, assessed at fair value, any changes in value recognised in other comprehensive income

The Group's portfolio of shares, which are not classified as held for trading, are classified as available for sale, with any value changes shown in other comprehensive income. Realised gains and losses, as well as impairment below cost, are recognised in the profit and loss account during the period in which they occur.

The Group's owner interest in Visa Norway FLI is classified as a financial asset in the category available for sale in level three in the valuation hierarchy. The change in value of this asset is recognized in other comprehensive income.

Loans and receivables

All loans and receivables, including leasing, but with the exception of fixed interest rate loans, are assessed at amortised cost,

based on expected cash flows. The difference between the issue cost of the securities and the settlement amount at maturity, is amortised over the lifetime of the loan.

Financial liabilities assessed at amortised cost

Debt securities, including debt securities included in fair value hedging, loans and deposits from credit institutions and deposits from customers without agreed maturity, are valued at amortised cost based on expected cash flows. The portfolio of own bonds is shown in the accounts as a reduction of the debt.

LEVELS IN THE VALUATION HIERARCHY

Financial instruments are classified into different levels based on the quality of market data for each type of instrument.

Level 1 – Valuation based on prices in an active market

Level 1 comprises financial instruments valued by using quoted prices in active markets for identical assets or liabilities. This category includes listed shares and mutual funds, as well as bonds and certificates traded in active markets.

Level 2 – Valuation based on observable market data

Level 2 comprises financial instruments valued by using information which is not quoted prices, but where prices are directly or indirectly observable for assets or liabilities, including quoted prices in inactive markets for identical assets or liabilities. This category mainly includes debt securities issued, derivatives and bonds which are not included in level 1.

Level 3 – Valuation based on other than observable market data

Level 3 comprises financial instruments which can not be valued based on directly or indirectly observable prices. This category mainly includes loans to and deposits from customers, as well as shares.

GROUP - 31.12.2016	Financial instruments at fair value through profit and loss account		Financial instruments assessed at amortised cost	Financial instruments held available for sale
	Trading	At fair value		
Cash and claims on Norges Bank			300	
Loans to and receivables from credit institutions			649	
Loans to and receivables from customers		4 744	47 947	
Certificates and bonds		6 199		
Shares and other securities	2			131
Financial derivatives	1 146			
Total financial assets	1 148	10 943	48 896	131
Loans and deposits from credit institutions			658	
Deposits from and liabilities to customers		1 254	31 308	
Financial derivatives	580			
Debt securities			20 363	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 318	
Total financial liabilities	580	1 254	53 647	-

GROUP - 31.12.2015	Financial instruments at fair value through profit and loss account		Financial instruments assessed at amortised cost	Financial instruments held available for sale
	Trading	At fair value		

Cash and claims on Norges Bank			1 054	
Loans to and receivables from credit institutions			1 205	
Loans to and receivables from customers		5 337	45 949	
Certificates and bonds		4 735		
Shares and other securities	2			166
Financial derivatives	1 234			
Total financial assets	1 236	10 072	48 208	166
Loans and deposits from credit institutions			1 058	
Deposits from and liabilities to customers		514	28 875	
Financial derivatives	592			
Debt securities		1 107	20 810	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 327	
Total financial liabilities	592	1 621	52 070	-

Net gains/losses on financial instruments

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Certificates and bonds	-3	-10	24	-51
Securities	-3	-2	41	-2
Foreign exchange trading (for customers)	10	9	33	33
Fixed income trading (for customers)	2	3	11	26
Financial derivatives	-7	-3	-12	4
Net change in value and gains/losses from financial instruments	-1	-3	97	10

Note 6

FINANCIAL INSTRUMENTS AT AMORTISED COST

GROUP	31.12.2016		31.12.2015	
	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	300	300	1 054	1 054
Loans to and receivables from credit institutions	649	649	1 205	1 205
Loans to and receivables from customers	47 947	47 947	45 949	45 949
Total financial assets	48 896	48 896	48 208	48 208
Loans and deposits from credit institutions	658	658	1 058	1 058
Deposits from and liabilities to customers	31 308	31 308	28 875	28 875
Debt securities	20 366	20 363	20 676	20 810
Subordinated loan capital and Perpetual Hybrid Tier 1 capital	1 352	1 318	1 369	1 327
Total financial liabilities	53 684	53 647	51 978	52 070

GROUP - 31.12.2016	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and claims on Norges Bank	300			300
Loans to and receivables from credit institutions		649		649
Loans to and receivables from customers			47 947	47 947
Total financial assets	300	649	47 947	48 896
Loans and deposits from credit institutions		658		658
Deposits from and liabilities to customers			31 308	31 308
Debt securities		20 366		20 366
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 352		1 352
Total financial liabilities	-	22 376	31 308	53 684

GROUP - 31.12.2015	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and claims on Norges Bank	1 054			1 054
Loans to and receivables from credit institutions		1 205		1 205

Loans to and receivables from customers			45 949	45 949
Total financial assets	1 054	1 205	45 949	48 208
Loans and deposits from credit institutions		1 058		1 058
Deposits from and liabilities to customers			28 875	28 875
Debt securities		20 676		20 676
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 369		1 369
Total financial liabilities	-	23 103	28 875	51 978

Note 7

FINANCIAL INSTRUMENTS AT FAIR VALUE

GROUP - 31.12.2016	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 744	4 744
Certificates and bonds	1 991	4 208		6 199
Shares and other securities	5		128	133
Financial derivatives		1 146		1 146
Total financial assets	1 996	5 354	4 872	12 222
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			1 254	1 254
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		580		580
Total financial liabilities	-	580	1 254	1 834

GROUP - 31.12.2015	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			5 337	5 337
Certificates and bonds	1 739	2 996		4 735
Shares and other securities	7		161	168
Financial derivatives		1 234		1 234
Total financial assets	1 746	4 230	5 498	11 474
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			514	514
Debt securities		1 107		1 107

Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		592		592
Total financial liabilities	-	1 699	514	2 213

GROUP	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Recorded value as at 31.12.15	5 337	161	514
Purchases/additions	522	-	895
Sales/reduction	1 021	33	155
Transferred to Level 3	-	-	-
Transferred from Level 3	-	-	-
Net gains/losses in the period	-94	-	-
Recorded value as at 31.12.16	4 744	128	1 254

GROUP	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Recorded value as at 31.12.14	4 123	114	442
Purchases/additions	2 505	-	335
Sales/reduction	1 291	4	263
Transferred to Level 3	-	-	-
Transferred from Level 3	-	-	-
Net gains/losses in the period	-	51	-
Recorded value as at 31.12.15	5 337	161	514

Note 8

OPERATING SEGMENTS

Result - Q4 2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	279	-1	108	172	0
Other operating income	45	-3	23	21	4
Total income	324	-4	131	193	4
Operating costs	143	19	30	88	6
Profit before impairment	181	-23	101	105	-2
Impairment on loans, guarantees etc.	22	30	-8	0	0
Pre tax profit	159	-53	109	105	-2
Taxes	43				
Profit after tax	116				

Result - 31.12.2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 082	-36	433	685	0
Other operating income	281	85	87	92	17
Total income	1 363	49	520	777	17
Operating costs	586	102	115	349	20
Profit before impairment	777	-53	405	428	-3
Impairment on loans, guarantees etc.	22	35	-9	-4	0
Pre tax profit	755	-88	414	432	-3
Taxes	181				
Profit after tax	574				

Key figures - 31.12.2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	52 691	824	15 508	36 359	0
Deposits from customers 1)	32 562	480	12 083	19 999	0
Guarantee liabilities	1 741	0	1 733	8	0
The deposit-to-loan ratio	61,8	58,3	77,9	55,0	0

Man-years	378	150	55	159	14
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Result - Q4 2015	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	279	-12	117	174	0
Other operating income	40	-8	21	23	4
Total income	319	-20	138	197	4
Operating costs	124	3	32	83	6
Profit before impairment	195	-23	106	114	-2
Impairment on loans, guarantees etc.	25	24	2	-1	0
Pre tax profit	170	-47	104	115	-2
Taxes	48				
Profit after tax	122				

Result - 31.12.2015	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 098	-22	468	652	0
Other operating income	205	-10	90	105	20
Total income	1 303	-32	558	757	20
Operating costs	561	78	117	346	20
Profit before impairment	742	-110	441	411	0
Impairment on loans, guarantees etc.	50	96	-42	-4	0
Pre tax profit	692	-206	483	415	0
Taxes	189				
Profit after tax	503				

Key figures - 31.12.2015	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	51 286	1 007	16 245	34 034	0
Deposits from customers 1)	29 389	731	9 673	18 985	0
Guarantee liabilities	1 605	0	1 595	10	0
The deposit-to-loan ratio	57,3	72,6	59,5	55,8	0
Man-years	388	155	58	160	15

1) The subsidiary, Møre Boligkreditt AS, is part of the Bank's Retail segment. The mortgage company's main objective is to issue covered bonds

for both national and international investors, and the company is part of Sparebanken Møre's long-term financing strategy. Key figures for Møre Boligkreditt AS are displayed in a separate table.

MØRE BOLIGKREDITT AS		
Statement of income	Q4 2016	Q4 2015
Net interest income	59	65
Other operating income	-6	-3
Total income	53	62
Operating costs	8	8
Profit before impairment on loans	45	54
Impairment on loans, guarantees etc.	1	0
Pre tax profit	44	54
Taxes	11	15
Profit after tax	33	39

Statement of income	31.12.2016	31.12.2015
Net interest income	242	273
Other operating income	0	1
Total income	242	274
Operating costs	33	31
Profit before impairment on loans	209	243
Impairment on loans, guarantees etc.	1	2
Pre tax profit	208	241
Taxes	52	65
Profit after tax	156	176

Statement of financial position	31.12.2016	31.12.2015
Loans to and receivables from customers	19 810	16 907
Total equity	1 509	1 329

Note 9

TRANSACTIONS WITH RELATED PARTIES

These are transactions between the Parent Bank and wholly-owned subsidiaries which have been done at arm`s length and at arm`s length`s prices.

The most important transactions which have been done and netted out in the Group accounts are as follows:

PARENT BANK	30.09.2016	31.12.2015
Statement of income		
Interest and credit commission income from subsidiaries	27	19
Received dividend and group contribution from subsidiaries	176	191
Rent paid to Sparebankeiendom AS	16	18
Administration fee received from Møre Boligkreditt AS	26	24
Statement of financial position		
Claims on subsidiaries	1 270	1 121
Covered bonds	2 186	0
Liabilities to subsidiaries	284	307
Accumulated loan portfolio transferred to Møre Boligkreditt AS	19 815	16 911

Note 10

EC CAPITAL

The 20 largest EC holders in Sparebanken Møre as at 31.12.2016	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	988 000	9,99
Cape Invest AS	517 646	5,24
Pareto Aksje Norge Verdipapirfond	502 580	5,08
MP Pensjon	386 698	3,91
Wenaasgruppen AS	380 000	3,84
Verdipapirfondet Nordea Norge Verdi	343 079	3,47
Pareto AS	305 189	3,09
FLPS - Princ All Sec	224 334	2,27
Beka Holding AS	150 100	1,52
Verdipapirfondet Eika egenkapitalbevis	106 308	1,08
Lapas AS (Leif-Arne Langøy)	105 500	1,07
Bergen Kommunale Pensjonskasse	100 000	1,01
Verdipapirfondet Fondsfinans Norge	96 000	0,97
Verdipapirfondet Landkreditt utbytte	90 000	0,91
Odd Slyngstad	81 479	0,82
PIBCO AS	75 000	0,76
Forsvarets Personellservice	63 660	0,64
Stiftelsen Kjell Holm	60 686	0,61
Forte Trønder VPF	58 000	0,59
Malme AS	55 000	0,56
Total 20 largest	4 689 259	47,43
Total	9 886 954	100,00

Note 11

CAPITAL ADEQUACY

	31.12.2016	31.12.2015
Core Capital		
EC capital	989	989
- ECs owned by the Bank	-3	-13
Share premium	354	354
Dividend equalisation fund	1 092	935
Gift fund	125	125
Primary capital fund	2 346	2 183
Value adjustment fund	51	82
Proposed dividend for the EC holders	138	114
Proposed dividend for the local community	141	115
Other equity	208	228
Total equity	5 441	5 112
Deferred tax, goodwill and intangible assets	-47	-47
Value adjustments of financial instruments at fair value	-14	-14
Value adjustment fund	-51	-82
Perpetual Hybrid Tier 1 capital	800	808
Expected losses exceeding actual losses, IRB portfolios	-224	-175
Proposed dividend for the EC holders	-138	-114
Proposed dividend for the local community	-141	-115
Total core capital	5 626	5 373
Common equity Tier 1 Capital	4 826	4 565
Supplementary capital		
Subordinated loan capital of limited duration	502	501
36 % addition for net unrealised gains on shares available for sale	0	0
50 % deduction for equity in other financial institutions	0	0
Total supplementary capital	502	501
Net equity and subordinated loan capital	6 128	5 874

Capital requirement by exposure classes

Exposure classes SA - credit risk	31.12.2016	31.12.2015
Central governments or central banks	0	0
Regional governments or local authorities	14	6
Public sector companies	17	20
Institutions (banks etc)	46	52
Companies (corporate customers)	0	5
Mass marked (retail banking customers)	0	0
Secured by mortgage on immovable property	0	0
Exposures in default	0	0
Covered bonds	20	16
Equity	8	8
Other items	121	114
Total capital requirements - credit risk, The Standardised Approach	226	221

Exposure classes IRB - credit risk	31.12.2016	31.12.2015
Retail - Secured by real estate	601	562
Retail - Other	46	46
SME	632	773
Specialised lending	417	512
Other corporate lending	467	252
IRB-F capital requirements	2 163	2 145
Total capital requirements - credit risk	2 389	2 366

Exposure classes SA - market risk	31.12.2016	31.12.2015
Debt	0	0
Equity	0	0
Foreign exchange	0	0
Credit value adjustment risk (CVA)	28	40
Total capital requirements - market risk	28	40

Operational Risk (Basic Indicator Approach)	194	190
Deductions from the capital requirement		0
Total capital requirement less transitional rules	2 611	2 596
Additional capital requirements from transitional rules 1)	25	0
Total capital requirements	2 636	2 596

Total risk-weighted assets less transitional rules	32 655	32 455
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Total risk-weighted assets from transitional rules	295	0
Total risk-weighted assets	32 950	32 455
Minimum requirement common equity Tier 1 capital (4.5 %)	1 483	1 460

Buffer Requirement	31.12.2016	31.12.2015
Capital conservation buffer (2.5 %)	824	811
Systemic risk buffer (3.0 %)	989	974
Countercyclical buffer (1.5%)	494	325
Total buffer requirements	2 307	2 110
Available common equity Tier 1 capital after buffer requirements	1 037	995

Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules	31.12.2016	31.12.2015
Capital adequacy ratio	18,6	18,1
Core capital ratio	17,0	16,6
Core Tier 1 capital ratio	14,7	14,1

Leverage Ratio (LR)	31.12.2016	31.12.2015
Leverage Ratio (LR) incl. 50 per cent of the profit for the period	8,5	8,0

Statement of income - Parent Bank

STATEMENT OF INCOME - PARENT BANK

Amounts in NOK million	Q4 2016	Q4 2015	2016	2015
Interest income	330	348	1 313	1 473
Interest costs	110	128	470	645
Net interest income	220	220	843	828
Commission income and revenues from banking services	47	46	189	197
Commission costs and expenditure from banking services	6	7	27	28
Other operating income	7	8	28	27
Net commission and other operating income	48	47	190	196
Dividends	1	1	178	193
Net gains/losses from financial instruments	6	-2	98	9
Net return from financial instruments	7	-1	276	202
Total income	275	266	1 309	1 226
Wages, salaries etc.	82	57	322	295
Administration costs	28	26	123	119
Depreciation and impairment	7	6	26	23
Other operating costs	19	30	93	105
Total operating costs	136	119	564	542
Profit before impairment on loans	139	147	745	684
Impairment on loans, guarantees etc.	21	25	21	47
Pre tax profit	118	122	724	637
Taxes	32	34	129	125
Profit after tax	86	88	595	512
Profit per EC (NOK)	4,35	4,40	29,85	25,70
Diluted earnings per EC (NOK)	4,35	4,40	29,85	25,70
Distributed dividend per EC (NOK)	0,00	0,00	11,50	13,50

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK

Amounts in NOK million	Q4 2016	Q4 2015	2016	2015
Profit after tax	86	88	595	512
Other income/costs reversed in ordinary profit:				

Equities available for sale - changes in value	10	50	-31	48
Other income/costs not reversed in ordinary profit:				
Pension estimate deviations	-8	-9	-8	-9
Tax effect of pension estimate deviations	2	-2	2	-2
Total comprehensive income after tax	90	127	558	549

Statement of financial position - Parent Bank

STATEMENT OF FINANCIAL POSITION - PARENT BANK

Assets

Amounts in NOK million	31.12.2016	31.12.2015
Cash and claims on Norges Bank	300	1 054
Loans to and receivables from credit institutions	1 789	2 174
Loans to and receivables from customers	33 011	34 530
Certificates, bonds and other interest-bearing securities	7 863	4 333
Financial derivatives	778	749
Shares and other securities	133	168
Equity stakes in Group companies	1 371	1 171
Deferred tax benefit	49	60
Intangible assets	47	47
Fixed assets	36	50
Other assets	155	75
Total assets	45 532	44 411

Liabilities and equity

Amounts in NOK million	31.12.2016	31.12.2015
Loans and deposits from credit institutions	929	1 343
Deposits from customers	32 575	29 410
Debt securities issued	4 284	6 206
Financial derivatives	576	586
Other liabilities	499	521
Incurred costs and prepaid income	77	75
Other provisions for incurred liabilities and costs	40	59
Perpetual Hybrid Tier 1 capital	816	826
Subordinated loan capital	502	501
Total liabilities	40 298	39 527
EC capital	989	989
ECs owned by the Bank	-3	-13
Share premium	354	354

Paid-in equity	1 340	1 330
Primary capital fund	2 346	2 183
Gift fund	125	125
Dividend equalisation fund	1 092	935
Value adjustment fund	51	82
Other equity	279	229
Retained earnings	3 894	3 554
Total equity	5 234	4 884
Total liabilities and equity	45 532	44 411

Profit performance - Group

QUARTERLY PROFIT

Amounts in NOK million	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net interest income	279	278	275	250	285
Other operating income	45	74	106	56	40
Total operating costs	143	148	147	148	124
Profit before impairment on loans	181	204	234	158	201
Impairment on loans, guarantees etc.	22	5	-3	-2	25
Pre tax profit	159	199	237	160	176
Tax	43	47	51	40	48
Profit after tax	116	152	186	120	128

As a percentage of average assets

Net interest income	1,83	1,82	1,86	1,67	1,91
Other operating income	0,30	0,48	0,70	0,37	0,27
Total operating costs	0,94	0,97	0,98	0,99	0,83
Profit before impairment on loans	1,19	1,33	1,58	1,05	1,35
Impairment on loans, guarantees etc.	0,14	0,03	-0,02	-0,01	0,17
Pre tax profit	1,05	1,30	1,60	1,06	1,18
Tax	0,28	0,31	0,34	0,26	0,32
Profit after tax	0,77	0,99	1,26	0,80	0,86