

UNAUDITED INTERIM REPORT

2 QUARTER

2017



SPAREBANKEN MØRE

Financial highlights - Group

Income statement

	Q2 2017		Q2 2016		30.06.2017		30.06.2016		2016	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	268	1.71	268	1.79	529	1.69	538	1.80	1 082	1.79
Net commission and other operating income	50	0.32	46	0.30	92	0.30	88	0.29	182	0.30
Net return from financial investments	13	0.08	60	0.40	37	0.12	74	0.25	99	0.16
Total income	331	2.11	374	2.49	658	2.11	700	2.34	1 363	2.25
Total operating costs	151	0.96	147	0.98	301	0.96	295	0.98	586	0.97
Profit before impairment on loans	180	1.15	227	1.51	357	1.15	405	1.36	777	1.28
Impairment on loans, guarantees etc.	6	0.03	-3	-0.02	8	0.03	-5	-0.02	22	0.04
Pre tax profit	174	1.12	230	1.53	349	1.12	410	1.38	755	1.24
Tax	44	0.28	49	0.33	88	0.27	95	0.32	181	0.30
Profit after tax	130	0.84	181	1.20	261	0.85	315	1.06	574	0.94

Statement of financial position

NOK million	30.06.2017	% change YTD 2017	31.12.2016	% change during last 12 months	30.06.2016
Total assets	65 652	6.6	61 593	6.4	61 712
Average assets	62 446	3.2	60 525	4.3	59 900
Loans to and receivables from customers	56 040	6.4	52 691	9.5	51 192
Gross loans to retail customers	38 634	4.0	37 133	8.0	35 787
Gross loans to corporate and public entities	17 524	11.4	15 734	13.3	15 467
Deposits from customers	33 514	2.9	32 562	6.1	31 595
Deposits from retail customers	20 078	7.5	18 675	6.9	18 783
Deposits from corporate and public entities	13 332	-3.9	13 877	4.9	12 706

Key figures

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	2016
Return on equity (annualised)	10.0	14.7	10.0	12.9	11.6
Costs as a percentage of income	45.6	39.2	45.7	42.1	43.0
Losses as a percentage of loans 1.1/start of the period	0.04	-0.02	0.03	-0.02	0.04
Problem loans as a percentage of loans (prior to impairment)	0.64	0.39	0.64	0.39	1.16
Problem loans as a percentage of loans (after impairment)	0.46	0.25	0.46	0.25	1.01
Deposits to lending ratio as a percentage	59.8	61.7	59.8	61.7	61.8
Liquidity Coverage Ratio (LCR)	132	126	132	126	91
Lending growth as a percentage	3.8	-0.5	9.5	1.5	2.7
Deposit growth as a percentage	2.6	6.2	6.1	5.5	10.8
Capital adequacy ratio 1) 2)	18.9	18.5	18.9	18.5	18.6
Core capital as a percentage 1) 2)	16.9	17.0	16.9	17.0	17.0
Core Tier 1 capital as a percentage 1) 2)	14.3	14.5	14.3	14.5	14.6
Leverage Ratio (LR)	8.3	7.8	8.3	7.8	8.5
Man-years	364	381	364	381	378

Equity Certificates (ECs)

	30.06.2017	30.06.2016	2016	2015	2014	2013
Profit per EC (Group) (NOK)	13.10	15.80	28.80	25.25	31.20	21.65
Profit per EC (Parent Bank) (NOK)	17.60	20.60	29.85	25.70	29.10	18.45
EC fraction 1.1 as a percentage (Parent Bank)	49.6	49.6	49.6	49.6	49.6	47.7
Number of ECs issued (NOK million)	988.70	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	244	179	254	188	216	198
Stock market value (NOK million)	2 412	1 770	2 511	1 859	2 136	1 958
Book value per EC (Group) (NOK)	270	257	271	253	242	223
Dividend per EC (NOK)	14.00	11.50	14.00	11.50	13.50	8.00
Price/Earnings (Group, annualised)	9.3	5.8	8.8	7.3	7.4	10.7
Price/Book value (P/B) (Group) 3)	0.90	0.70	0.94	0.74	0.89	0.89

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. 50 per cent of profit after tax

3) Incl. 100 per cent of profit after tax

Interim report from the Board of Directors

INTERIM REPORT OF 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. The levy for the Norwegian Banks Guarantee Fund was recognised on an accruals basis in the first half of 2017. The figures for the first half of 2016 have been made comparable.

RESULTS FOR H1 2017

Sparebanken Møre's pre-tax profit for the first half of 2017 was NOK 349 million, compared to NOK 410 million for the first half of 2016.

Total income was NOK 42 million lower than for the same period in 2016. Net interest income fell by NOK 9 million and other operating income fell by NOK 33 million. The reduction in other operating income was mainly due to the proceeds from the VISA transaction, which amounted to NOK 38 million in the first half of 2016. Capital gains from bonds amounted to NOK 22 million, compared with NOK 10 million in 2016, and income from hedging transactions with customers in the interest rate market was NOK 5 million lower than in the first half of 2016.

Costs were NOK 6 million higher in the first half of 2017 than in 2016. Personnel costs were NOK 5 million higher than at the same time last year. The financial industry tax in the form of higher employers' National Insurance contributions accounted for NOK 6 million of this increase.

Losses on loans and guarantees amounted to NOK 8 million and were NOK 13 million higher than in the same period last year.

The cost income ratio after the first half of the year was 45.7 %. This represents an increase, compared with the first half of 2016, of 3.6 percentage points. The cost income ratio for the year-to-date is slightly higher than Sparebanken Møre's maximum target of 45 %.

The profit after tax of NOK 261 million was NOK 54 million lower than for the first half of 2016. The half-year results show an annualised return on equity of 10.0 %, compared to 12.9 % after the first half of 2016. Sparebanken Møre's target is a return on equity of minimum of 10 % after tax.

The earnings per equity certificate after the first half of the year amounted to NOK 13.10, compared to NOK 15.80 for the same period last year.

The Board of Directors is satisfied with the result for the first half of 2017.

RESULTS FOR Q2 2017

The profit after tax for the second quarter of 2017 amounted to NOK 130 million, or 0.84 % of average total assets, compared to NOK 181 million, or 1.20 %, for the corresponding quarter of last year.

The return on equity in the second quarter of 2017 was 10.0 %, compared to 14.7 % for the second quarter of 2016.

The earnings per equity certificate amounted to NOK 6.50 (NOK 9.10) for the Group and NOK 4.95 (NOK 7.00) for the Parent Bank.

Net interest income

The net interest income of NOK 268 million was the same as in the corresponding quarter of last year. This represents 1.71 % of total assets, which is 0.08 percentage points lower than in the second quarter of 2016.

The generally low level of interest rates in the market, combined with strong competition for both loans and deposits, influences the development of net interest income. Lower volumes together with reduced margins due to the reduced

risk in the maritime sector have also resulted in lower net interest income compared with last year.

Other operating income

Other operating income amounted to NOK 63 million, which is NOK 43 million lower than in the second quarter of last year. The reduction was mainly due to the proceeds from the VISA transaction, which amounted to NOK 38 million in the second quarter of 2016.

The change in value of the bond portfolio showed capital gains of NOK 6 million, compared with NOK 9 million in the second quarter of 2016. In addition to this, the value of the equities portfolio fell by NOK 5 million compared with the same period last year.

Costs

Operating costs in the quarter amounted to NOK 151 million, which is NOK 4 million higher than in the same quarter last year. Personnel costs rose by NOK 2 million compared with the corresponding period last year and amounted to NOK 85 million. The increase was linked to the financial industry tax, resulting in NOK 3 million higher employers' National Insurance contributions. Staffing has been reduced by 17 full-time equivalents in the last 12 months to 364 full-time equivalents. Other operating costs were NOK 2 million higher than in the corresponding period last year.

The cost income ratio was 45.6 % in the second quarter of 2017. This represents an increase of 6.4 percentage points compared with the second quarter of last year. It is 1.8 percentage points higher when adjusted for the proceeds from the VISA transaction in the second quarter of 2016.

Problem loans

NOK 6 million was recognised as losses on loans and guarantees in the quarter. This amounts to 0.03 % of average total assets on an annualised basis. In the second quarter of 2016, receipts on losses of NOK 3 million (-0.02 %) were recognised. Collective impairments decreased by NOK 40 million, reversal on losses amounted to NOK 2 million in the retail segment, and individual losses amounting to NOK 48 million were recognised in the corporate segment.

At the end of the second quarter of 2017, total impairments for losses amounted to NOK 338 million, equivalent to 0.60 % of gross lending (NOK 332 million and 0.64 % of gross lending). NOK 5 million of the individual impairments involved commitments in default for more than 90 days (NOK 13 million), which represents 0.01 % of gross lending (0.03 %). NOK 92 million relates to other commitments (NOK 58 million), which is equivalent to 0.16 % of gross lending (0.11 %). Collective impairments amounted to NOK 241 million (NOK 262 million) or 0.43 % 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 131 million in the last 12 months. At the end of the second quarter of 2017, the corporate market accounted for NOK 192 million of net problem loans and the retail market NOK 68 million. In total this represents 0.45 % of gross lending (0.25 %).

Lending to customers

At the end of the second quarter of 2017, lending to customers amounted to NOK 56 040 million (NOK 51 192 million). Customer lending has increased by a total of NOK 4 848 million, or 9.5 %, in the last 12 months. Retail lending has increased by 8.0 %, while corporate lending has increased by 13.3 % in the last 12 months. Retail lending accounted for 68.8 % of lending at the end of the second quarter of 2017 (69.8 %).

Deposits from customers

Customer deposits have increased by 6.1 % in the last 12 months. At the end of the second quarter of 2017, deposits amounted to NOK 33 514 million (NOK 31 595 million). Retail deposits have increased by 6.9 % over the last 12 months, while corporate deposits have increased by 7.3 % and public sector deposits have decreased by 22.7 %. The retail market's relative share of deposits amounted to 59.9 % (59.4 %), while deposits from corporate customers accounted for 37.7 % (37.0 %) and from public sector customers 2.4 % (3.6 %).

Deposits as a percentage of loans amounted to 59.8 % at the end of the second quarter of 2017 (61.7 %).

CAPITAL ADEQUACY

The Group's capital adequacy at the end of the second quarter of 2017 was above the regulatory capital requirements and the internally set minimum target for Core Tier 1 capital. The Capital Ratio, including 50 % of retained earnings in the year-to-date, was 18.9 % (18.5 %), the Core Capital Ratio was 16.9 % (17.0 %) and the Core Tier 1 capital ratio was 14.3 % (14.5 %).

At the end of the second quarter of 2017, Sparebanken Møre had a capital requirement linked to the transitional scheme for the Basel I floor of NOK 206 million.

SUBSIDIARIES

The aggregate profit of the Bank's three subsidiaries amounted to NOK 66 million after tax in the first half of 2017 (NOK 81 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 second quarter, the company had net outstanding bonds of NOK 18.5 billion in the market. About 20 % of the borrowing was in a currency other than NOK. The company contributed NOK 66 million to the result in the first half of 2017 (NOK 82 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has made a negative contribution to the result so far in 2017 of NOK -1 million (NOK -1 million). At the end of the quarter, the company employed 13 full-time equivalents.

Sparebankeiendom AS' purpose is to own and manage the Bank's own commercial properties. Year to date the company has contributed NOK 1 million to the result. The company has no employees.

EQUITY CERTIFICATES

At the end of the first half of 2017, there were 5 696 holders of Sparebanken Møre's equity certificates. 9 886 954 equity certificates have been issued. Equity certificate capital accounts for 49.6 % of the Bank's total equity. Note 10 contains an overview of the 20 largest holders of the Bank's equity certificates.

As at 30 June 2017, the Bank owned 50 851 of its own equity certificates. These were purchased on the Oslo Stock Exchange at market price.

FUTURE PROSPECTS

Møre og Romsdal's economic outlook has improved during the spring and summer. Production is rising in industries such as fishing, traditional exports, building and construction, and tourism. The downturn in oil-related industries has become more subdued and there is also a high level of activity in the public sector. The main reasons for the improvement are the adaptability in the corporate sector, low level of interest rates, a weak NOK exchange rate, and an expansionary fiscal policy.

The trend in the county's labour market has been satisfactory this year. Registered unemployment fell by around 500 people in the first half of the year, but levelled off from May to June. At the end of June, unemployment in Møre og Romsdal was 2.7 % (figures from the Norwegian Labour and Welfare Administration). This was 0.1 percentage points higher than the national unemployment rate. Norges Bank's latest regional network report, which covers enterprises, organisations and local authorities, indicates the North West region will see a high level of activity going forward.

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

Credit growth in Norway has been rising this year, both to households and the corporate sector. The growth in total deposits also increased during the first half of the year in the country seen as a whole.

We continue to experience strong competition in the market, both for lending and deposits, but the Bank is competitive and has registered rising lending growth in both the retail market and the corporate market. Deposits are growing well. Lending growth within both the retail market and the corporate market is expected to slow during the remainder of the year. There is a constant focus on generating growth through profitable 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 targeting cost-effective operations with a cost income ratio target of less than 45 % in 2017.

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

Ålesund, 30 June 2017

9 August 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

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP

Amounts in NOK million	Note	Q2 2017	Q2 2016	30.06.2017	30.06.2016	2016
Interest income		441	440	879	891	1 783
Interest costs		173	172	350	353	701
Net interest income	<u>2</u>	268	268	529	538	1 082
Commission income and revenues from banking services		50	48	94	92	189
Commission costs and expenditure from banking services		5	7	12	14	27
Other operating income		5	5	10	10	20
Net commission and other operating income		50	46	92	88	182
Dividends		0	1	1	1	2
Net gains/losses from financial instruments	<u>5</u>	13	59	36	73	97
Net return from financial instruments		13	60	37	74	99
Total income		331	374	658	700	1 363
Wages, salaries etc.		85	83	170	165	335
Administration costs		33	31	68	65	124
Depreciation and impairment		8	7	16	15	32
Other operating costs		25	26	47	50	95
Total operating costs		151	147	301	295	586
Profit before impairment on loans		180	227	357	405	777
Impairment on loans, guarantees etc.	<u>3</u>	6	-3	8	-5	22
Pre tax profit		174	230	349	410	755
Taxes		44	49	88	95	181
Profit after tax		130	181	261	315	574
Profit per EC (NOK)		6.50	9.10	13.10	15.80	28.80
Diluted earnings per EC (NOK)		6.50	9.10	13.10	15.80	28.80
Distributed dividend per EC (NOK)		14.00	0.00	14.00	11.50	11.50

STATEMENT OF COMPREHENSIVE INCOME - GROUP

Amounts in NOK million	Q2 2017	Q2 2016	30.06.2017	30.06.2016	2016
Profit after tax	130	181	261	315	574
Other income/costs reversed in ordinary profit:					
Equities available for sale - changes in value	6	-37	6	-38	-31
Other income/costs not reversed in ordinary profit:					
Pension estimate deviations	0	0	0	0	-8
Tax effect of pension estimate deviations	0	0	0	0	2
Total comprehensive income after tax	136	144	267	277	537

Statement of financial position - Group

Assets

Amounts in NOK million	Note	30.06.2017	30.06.2016	31.12.2016
Cash and claims on Norges Bank	5 6 9	1 174	1 110	300
Loans to and receivables from credit institutions	5 6 9	643	1 799	649
Loans to and receivables from customers	2 3 4 5 7 9	56 040	51 192	52 691
Certificates, bonds and other interest-bearing securities	5 7 9	6 152	5 678	6 199
Financial derivatives	5 7	1 082	1 299	1 224
Shares and other securities	5 7	153	130	133
Deferred tax benefit		42	50	42
Intangible assets		44	51	47
Fixed assets		231	238	230
Other assets		91	165	78
Total assets		65 652	61 712	61 593

Liabilities and equity

Amounts in NOK million	Note	30.06.2017	30.06.2016	31.12.2016
Loans and deposits from credit institutions	5 6 9	784	727	658
Deposits from customers	2 5 7 9	33 514	31 595	32 562
Debt securities issued	5 6	23 192	21 681	20 363
Financial derivatives	5 7	441	603	580
Other liabilities		438	489	558
Incurred costs and prepaid income		66	75	73
Other provisions for incurred liabilities and costs		84	39	40
Perpetual Hybrid Tier 1 capital	5 6	658	840	816
Subordinated loan capital	5 6	702	501	502
Total liabilities		59 879	56 550	56 152
EC capital	10	989	989	989
ECs owned by the Bank		-5	-13	-3
Share premium		354	354	354
Additional Tier 1 capital		349	0	0
Paid-in equity		1 687	1 330	1 340
Primary capital fund		2 343	2 183	2 346
Gift fund		125	125	125
Dividend equalisation fund		1 092	936	1 092
Value adjustment fund		51	82	51
Other equity		208	229	487
Total comprehensive income after tax		267	277	0
Retained earnings		4 086	3 832	4 101
Total equity		5 773	5 162	5 441
Total liabilities and equity		65 652	61 712	61 593

Statement of changes in equity - Group

GROUP 30.06.2017	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Other equity
Equity as at 31 December 2016	5 441	986	354	0	2 346	125	1 092	51	487
Changes in own equity certificates	-5	-2			-3				
Distributed dividend to the EC holders	-138								-138
Distributed dividend to the local community	-141								-141
Issued Additional Tier 1 capital	349			349					
Total profit for the period	267								267
Equity as at 30 June 2017	5 773	984	354	349	2 343	125	1 092	51	475

GROUP 30.06.2016	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Other equity
Equity as at 31 December 2015	5 112	976	354	0	2 183	125	935	82	457
Changes in own equity certificates	1						1		
Distributed dividend to the EC holders	-114								-114
Distributed dividend to the local community	-115								-115
Total profit for the period	277								277
Equity as at 30 June 2016	5 161	976	354	0	2 183	125	936	82	506

GROUP 31.12.2016	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Other equity
Equity as at 31 December 2015	5 112	976	354	0	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	0	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	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	0	-3	0	-3	-31	0
Total profit for the period	537	0	0	0	156	0	153	-31	259
Equity as at 31 December 2016	5 441	986	354	0	2 346	125	1 092	51	487

Statement of changes in cash flow - Group

Amounts in NOK million	30.06.2017	30.06.2016	31.12.2016
Cash flow from operating activities			
Interest, commission and fees received	921	942	1 880
Interest, commission and fees paid	-186	-171	-344
Dividend and group contribution received	1	1	2
Operating expenses paid	-249	-206	-465
Income taxes paid	-202	-227	-214
Changes relating to loans to and claims on other financial institutions	6	-595	556
Changes relating to repayment of loans/leasing to customers	-2 953	-551	-1 845
Changes in utilised credit facilities	-331	654	420
Net change in deposits from customers	953	2 206	3 173
Net cash flow from operating activities	-2 040	2 053	3 163
Cash flow from investing activities			
Interest received on certificates, bonds and other securities	54	50	110
Proceeds from the sale of certificates, bonds and other securities	2 356	1 068	3 860
Purchases of certificates, bonds and other securities	-2 284	-2 044	-5 380
Proceeds from the sale of fixed assets etc.	0	17	17
Purchase of fixed assets etc.	-14	-14	-20
Changes in other assets	101	-115	92
Net cash flow from investing activities	213	-1 038	-1 321
Cash flow from financing activities			
Interest paid on debt securities	-192	-204	-404
Net change in deposits from Norges Bank and other financial institutions	126	-330	-400
Proceeds from bond issues raised	4 761	1 510	1 527
Redemption of debt securities	-1 973	-1 745	-2 947
Dividend paid	-138	-114	-114
Changes in other debt	-232	-76	-258
Proceeds from issued Additional Tier 1 capital	349	0	0
Net cash flow from financing activities	2 701	-959	-2 596
Net change in cash and cash equivalents	874	56	-754
Cash balance at 01.01	300	1 054	1 054
Cash balance at 30.06/31.12	1 174	1 110	300

Note 1

ACCOUNTING POLICIES

General

The Group's interim accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), implemented by the EU as at 30 June 2017. 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 2016 financial statements. There have been no changes or new standards coming into force in so far in 2017.

Please see the Annual report 2016 for further description of accounting principles.

Note 2

LOANS AND DEPOSITS BROKEN DOWN ACCORDING TO SECTORS

GROUP	Loans		
	30.06.2017	30.06.2016	31.12.2016
Broken down according to sectors			
Agriculture and forestry	694	351	390
Fisheries	2 457	2 687	2 281
Manufacturing	2 562	1 955	2 327
Building and construction	629	631	562
Wholesale and retail trade, hotels	640	529	525
Supply/Offshore	879	988	956
Property management	6 469	5 602	5 804
Professional/financial services	1 345	801	881
Transport and private/public services	1 727	1 801	1 891
Public entities	0	0	4
Activities abroad	122	122	113
Total corporate/public entities	17 524	15 467	15 734
Retail customers	38 634	35 787	37 133
Fair value adjustment of loans	77	178	86
Accrued interest income	93	92	98
Total loans	56 328	51 524	53 051
Individual impairment	-47	-70	-79
Collective impairment	-241	-262	-281
Loans to and receivables from customers	56 040	51 192	52 691
Loans with floating interest rate (amortised cost)	52 043	46 535	48 307
Loans with fixed interest rate (fair value)	4 285	4 989	4 744

GROUP	Deposits		
	30.06.2017	30.06.2016	31.12.2016
Broken down according to sectors			
Agriculture and forestry	194	210	196
Fisheries	1 630	635	851
Manufacturing	1 487	1 263	2 080
Building and construction	549	522	583
Wholesale and retail trade, hotels	717	693	799
Supply/Offshore	326	653	256
Property management	1 245	1 276	1 230
Professional/financial services	1 811	2 027	2 316
Transport and private/public services	2 564	2 438	2 489
Public entities	788	1 019	1 084
Activities abroad	5	5	10
Miscellaneous	2 016	1 965	1 983
Total corporate/public entities	13 332	12 706	13 877
Retail customers	20 078	18 783	18 675
Fair value adjustment of deposits	1	1	0
Accrued interest costs	103	105	10
Total deposits	33 514	31 595	32 562
Deposits with floating interest rate (amortised cost)	32 214	30 636	31 308
Deposits with fixed interest rate (fair value)	1 300	959	1 254

Note 3

LOSSES AND IMPAIRMENT ON LOANS AND GUARANTEES

Specification of losses on loans, guarantees etc.

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	31.12.2016
Changes in individual impairment of loans and guarantees during the period	43	-2	18	-9	1
Changes in collective impairment during the period	-40	0	-40	0	19
Confirmed losses during the period where individual impairment had previously been made	3	1	24	7	8
Confirmed losses during the period where individual impairment had previously not been made	1	2	9	3	5
Recoveries	1	4	3	6	11
Losses on loans, guarantees etc.	6	-3	8	-5	22

Individual impairment on loans

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	31.12.2016
Individual impairment on loans as at 01.01/01.04	54	72	79	79	79
Confirmed losses during the period, where individual impairment had previously been made	3	1	24	7	8
Increase in individual impairment during the period	3	3	4	3	7
Individual impairment of new commitments during the period	2	3	3	6	26
Recoveries on individual impairment during the period	9	7	15	11	25
Individual impairment on loans at the end of the period	47	70	47	70	79

Collective impairment on loans

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	31.12.2016
Collective impairment of loans as at 01.01/01.04	281	262	281	262	262
Changes during the period	-40	0	-40	0	19
Collective impairment on loans at the end of the period	241	262	241	262	281

Individual impairment on guarantees

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	31.12.2016
Individual impairment as at 01.01/01.04	0	0	0	0	0
Individual impairment during the period	50	0	50	0	0
Recoveries on individual impairment during the period	0	0	0	0	0
Individual impairment at the end of the period	50	0	50	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)

	30.06.2017			31.06.2016			31.12.2016		
GROUP	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Problem loans prior to individual impairment:									
Commitments in default above 3 months	82	57	25	63	33	30	65	45	20
Other bad and doubtful commitments subject to impairment	275	19	256	137	28	109	546	24	522
Total problem loans prior to individual impairment	357	76	281	200	61	139	611	69	542
Individual impairment on:									
Commitments in default above 3 months	5	2	3	13	2	11	15	3	12
Other bad and doubtful commitments subject to impairment	92	6	86	58	11	47	64	10	54
Total individual impairment	97	8	89	71	13	58	79	13	66
Problem loans after individual impairment:									
Commitments in default above 3 months	77	55	22	50	31	19	50	42	8
Other bad and doubtful commitments subject to impairment	183	13	170	79	17	62	482	14	468
Total problem loans less individual impairment	260	68	192	129	48	81	532	56	476
Total problem loans prior to individual impairment as a percentage of total loans	0.64	0.20	1.60	0.39	0.17	0.90	1.16	0.19	3.45
Total problem loans less individual impairment as a percentage of total loans	0.45	0.18	1.00	0.25	0.13	0.52	1.01	0.15	3.03

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 - 30.06.2017	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			1 174	
Loans to and receivables from credit institutions			643	
Loans to and receivables from customers		4 285	51 755	
Certificates and bonds		6 152		
Shares and other securities	-			153
Financial derivatives	1 082			
Total financial assets	1 082	10 437	53 572	153
Loans and deposits from credit institutions			784	
Deposits from and liabilities to customers		1 300	32 214	
Financial derivatives	441			
Debt securities			23 192	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 360	
Total financial liabilities	441	1 300	57 550	-

GROUP - 30.06.2016	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			1 110	
Loans to and receivables from credit institutions			1 799	
Loans to and receivables from customers		4 989	46 203	
Certificates and bonds		5 678		
Shares and other securities	2			128
Financial derivatives	1 299			
Total financial assets	1 301	10 667	49 112	128
Loans and deposits from credit institutions			727	
Deposits from and liabilities to customers		959	30 636	
Financial derivatives	603			
Debt securities			21 681	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 341	
Total financial liabilities	603	959	54 385	-

Net gains/losses on financial instruments

	Q2 2017	Q2 2016	30.06.2017	30.06.2016	31.12.2016
Certificates and bonds	6	9	22	10	24
Securities	-4	37	-5	37	41
Foreign exchange trading (for customers)	11	9	20	17	33
Fixed income trading (for customers)	1	7	3	8	11
Financial derivatives	-1	-3	-4	1	-12
Net change in value and gains/losses from financial instruments	13	59	36	73	97

Note 6

FINANCIAL INSTRUMENTS AT AMORTISED COST

GROUP	30.06.2017		30.06.2016	
	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	1 174	1 174	1 110	1 110
Loans to and receivables from credit institutions	643	643	1 799	1 799
Loans to and receivables from customers	51 755	51 755	46 203	46 203
Total financial assets	53 572	53 572	49 112	49 112
Loans and deposits from credit institutions	784	784	727	727
Deposits from and liabilities to customers	32 214	32 214	30 636	30 636
Debt securities	23 276	23 192	21 636	21 681
Subordinated loan capital and Perpetual Hybrid Tier 1 capital	1 394	1 360	1 361	1 341
Total financial liabilities	57 668	57 550	54 360	54 385

GROUP - 30.06.2017	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	1 174			1 174
Loans to and receivables from credit institutions		643		643
Loans to and receivables from customers			51 755	51 755
Total financial assets	1 174	643	51 755	53 572
Loans and deposits from credit institutions		784		784
Deposits from and liabilities to customers			32 214	32 214
Debt securities		23 276		23 276
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 394		1 394
Total financial liabilities	-	25 454	32 214	57 668

GROUP - 30.06.2016	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	1 110			1 110
Loans to and receivables from credit institutions		1 799		1 799
Loans to and receivables from customers			46 203	46 203
Total financial assets	1 110	1 799	46 203	49 112
Loans and deposits from credit institutions		727		727
Deposits from and liabilities to customers			30 636	30 636
Debt securities		21 636		21 636
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 361		1 361
Total financial liabilities	-	23 724	30 636	54 360

Note 7

FINANCIAL INSTRUMENTS AT FAIR VALUE

GROUP - 30.06.2017	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			4 285	4 285
Certificates and bonds	1 896	4 256		6 152
Shares and other securities	21		132	153
Financial derivatives		1 082		1 082
Total financial assets	1 917	5 338	4 417	11 672
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			1 300	1 300
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		441		441
Total financial liabilities	-	441	1 300	1 741

GROUP - 30.06.2016	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			4 989	4 989
Certificates and bonds	1 959	3 719		5 678
Shares and other securities	6		124	130
Financial derivatives		1 299		1 299
Total financial assets	1 965	5 018	5 113	12 096
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			959	959
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		603		603
Total financial liabilities	-	603	959	1 562

GROUP	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Recorded value as at 31.12.16	4 744	128	1 254
Purchases/additions	162	1	316
Sales/reduction	627	2	270
Transferred to Level 3			-
Transferred from Level 3	-	-	-
Net gains/losses in the period	6	5	-
Recorded value as at 30.06.17	4 285	132	1 300

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	190	-	498
Sales/reduction	537	37	53
Transferred to Level 3	-	-	-
Transferred from Level 3	-	-	-
Net gains/losses in the period	-1	-	-
Recorded value as at 30.06.16	4 989	124	959

Note 8

OPERATING SEGMENTS

Result - Q2 2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	268	-8	105	171	0
Other operating income	63	8	24	26	5
Total income	331	0	129	197	5
Operating costs	151	36	26	84	5
Profit before impairment	180	-36	103	113	0
Impairment on loans, guarantees etc.	6	0	8	-2	0
Pre tax profit	174	-36	95	115	0
Taxes	44				
Profit after tax	130				

Result - 30.06.2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	529	-9	207	331	0
Other operating income	129	29	45	46	9
Total income	658	20	252	377	9
Operating costs	301	59	55	177	10
Profit before impairment	357	-39	197	200	-1
Impairment on loans, guarantees etc.	8	0	11	-3	0
Pre tax profit	349	-39	186	203	-1
Taxes	88				
Profit after tax	261				

Key figures - 30.06.2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	56 040	935	17 223	37 882	0
Deposits from customers 1)	33 514	620	11 538	21 356	0
Guarantee liabilities	1 803	0	1 792	11	0
The deposit-to-loan ratio	59.8	66.3	67.0	56.4	0
Man-years	364	152	52	147	13

Result - Q2 2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	268	-10	108	170	0
Other operating income	106	53	23	25	5
Total income	374	43	131	195	5
Operating costs	147	34	26	82	5
Profit before impairment	227	9	105	113	0
Impairment on loans, guarantees etc.	-3	0	-1	-2	0
Pre tax profit	230	9	106	115	0
Taxes	49				
Profit after tax	181				

Result - 30.06.2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	538	-17	218	337	0
Other operating income	162	66	43	45	8
Total income	700	49	261	382	8
Operating costs	295	57	56	173	9
Profit before impairment	405	-8	205	209	-1
Impairment on loans, guarantees etc.	-5	0	-1	-4	0
Pre tax profit	410	-8	206	213	-1
Taxes	95				
Profit after tax	315				

Key figures - 30.06.2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	51 192	990	15 207	34 995	0
Deposits from customers 1)	31 595	934	10 630	20 031	0
Guarantee liabilities	1 662	0	1 653	9	0
The deposit-to-loan ratio	61.7	94.3	69.9	57.2	0
Man-years	381	148	55	162	16

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	Q2 2017	Q2 2016
Net interest income	61	62
Other operating income	-6	1
Total income	55	63
Operating costs	9	9
Profit before impairment on loans	46	54
Impairment on loans, guarantees etc.	0	0
Pre tax profit	46	54
Taxes	12	14
Profit after tax	34	40

Statement of income	30.06.2017	30.06.2016
Net interest income	118	122
Other operating income	-11	5
Total income	107	127
Operating costs	19	17
Profit before impairment on loans	88	110
Impairment on loans, guarantees etc.	0	0
Pre tax profit	88	110
Taxes	22	28
Profit after tax	66	82

Statement of financial position	30.06.2017	30.06.2016
Loans to and receivables from customers	20 535	18 137
Total equity	1 569	1 435

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	30.06.2017	30.06.2016	31.12.2016
Statement of income			
Interest and credit commission income from subsidiaries	20	10	27
Received dividend and group contribution from subsidiaries	156	176	176
Rent paid to Sparebankeiendom AS	8	8	16
Administration fee received from Møre Boligkreditt AS	15	13	26
Statement of financial position			
Claims on subsidiaries	1 235	2 039	1 270
Covered bonds	150	25	2 186
Liabilities to subsidiaries	162	254	284
Accumulated loan portfolio transferred to Møre Boligkreditt AS	20 540	18 141	19 815

Note 10

EC CAPITAL

The 20 largest EC holders in Sparebanken Møre as at 30.06.2017	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	988 500	10.00
Cape Invest AS	634 033	6.41
Verdipapirfond Pareto Aksje Norge	387 512	3.92
MP Pensjon	386 698	3.91
Wenaasgruppen AS	380 000	3.84
Verdipapirfond Nordea Norge Verdi	336 014	3.40
Pareto AS	305 189	3.09
Wenaas Kapital AS	230 161	2.33
FLPS - Princ All Sec	221 534	2.24
Beka Holding AS	150 100	1.52
Verdipapirfondet Eika egenkapital	121 475	1.23
Lapas AS (Leif-Arne Langøy)	113 500	1.15
Verdipapirfondet Landkreditt Utbytte	100 000	1.01
Fondsfinans Norge	80 000	0.81
PIBCO AS	75 000	0.76
Odd Slyngstad	65 215	0.66
Forsvarets personell pensjonskasse	63 660	0.64
Stiftelsen Kjell Holm	61 686	0.62
Malme AS	55 000	0.56
Sparebanken Møre	50 851	0.51
Total 20 largest	4 806 128	48.61
Total	9 886 954	100.00

Note 11

CAPITAL ADEQUACY

	30.06.2017	30.06.2016	31.12.2016
Core Capital			
EC capital	989	989	989
- ECs owned by the Bank	-5	-13	-3
Share premium	354	354	354
Additional Tier 1 capital	349	0	0
Primary capital fund	2 343	2 183	2 346
Gift fund	125	125	125
Dividend equalisation fund	1 092	936	1 092
Value adjustment fund	51	82	51
Proposed dividend for the EC holders	0	0	138
Proposed dividend for the local community	0	0	141
Other equity	208	229	208
Accumulated profit for the period	267	277	0
Total equity	5 773	5 162	5 441
Goodwill and intangible assets	-44	-51	-47
Value adjustments of financial instruments at fair value	-13	-14	-14
Value adjustment fund	-51	-82	-51
Perpetual Hybrid Tier 1 capital	589	807	800
Expected losses exceeding actual losses, IRB portfolios	-155	-121	-219
Proposed dividend for the EC holders	0	0	-138
Proposed dividend for the local community	0	0	-141
Accumulated profit for the period	-267	-277	0
Total core capital	5 832	5 423	5 630
Common equity Tier 1 Capital	4 894	4 616	4 830
Supplementary capital			
Subordinated loan capital of limited duration	702	501	502
36 % addition for net unrealised gains on shares available for sale	0	0	0
50 % deduction for equity in other financial institutions	0	0	0
Total supplementary capital	702	501	502
Net equity and subordinated loan capital	6 534	5 924	6 132

Capital requirement by exposure classes

Exposure classes SA - credit risk	30.06.2017	30.06.2016	31.12.2016
Central governments or central banks	0	0	0
Regional governments or local authorities	15	11	14
Public sector companies	20	22	17
Institutions (banks etc)	46	66	46
Companies (corporate customers)	0	3	0
Mass marked (retail banking customers)	0	0	0
Secured by mortgage on immovable property	0	0	0
Exposures in default	0	0	0
Covered bonds	18	18	20
Equity	8	8	8
Other items	116	119	121
Total capital requirements - credit risk, The Standardised Approach	223	247	226

Exposure classes IRB - credit risk	30.06.2017	30.06.2016	31.12.2016
Retail - Secured by real estate	642	584	602
Retail - Other	48	46	46
SME	670	684	629
Specialised lending	495	500	415
Other corporate lending	307	263	465
IRB-F capital requirements	2 162	2 077	2 157
Total capital requirements - credit risk	2 385	2 324	2 383

Exposure classes SA - market risk	30.06.2017	30.06.2016	31.12.2016
Debt	0	0	0
Equity	0	0	0
Foreign exchange	0	0	0
Credit value adjustment risk (CVA)	29	41	29
Total capital requirements - market risk	29	41	29

Operational Risk (Basic Indicator Approach)	200	194	194
Deductions from the capital requirement	0	0	0
Total capital requirement less transitional rules	2 614	2 559	2 606
Additional capital requirements from transitional rules 1)	206	63	35
Total capital requirements	2 820	2 622	2 641

Total risk-weighted assets less transitional rules	32 678	31 990	32 553
Total risk-weighted assets from transitional rules	2 572	793	455
Total risk-weighted assets	35 250	32 783	33 008
Minimum requirement common equity Tier 1 capital (4.5 %)	1 586	1 475	1 483

Buffer Requirement	30.06.2017	30.06.2016	31.12.2016
Capital conservation buffer (2.5 %)	881	820	825
Systemic risk buffer (3.0 %)	1 058	983	990
Countercyclical buffer (1.5%)	529	492	495
Total buffer requirements	2 468	2 295	2 310
Available common equity Tier 1 capital after buffer requirements	840	846	1 037

Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules	30.06.2017	30.06.2016	31.12.2016
Capital adequacy ratio	18.6	18.0	18.6
Capital adequacy ratio incl. 50 per cent of the profit for the period	18.9	18.5	
Core capital ratio	16.6	16.5	17.0
Core capital ratio incl. 50 per cent of the profit for the period	16.9	17.0	
Core Tier 1 capital ratio	13.9	14.1	14.6
Core Tier 1 capital ratio incl. 50 per cent of the profit for the period	14.3	14.5	

Leverage Ratio (LR)	30.06.2017	30.06.2016	31.12.2016
Leverage Ratio (LR)	8.3	7.8	8.5

Statement of income - Parent Bank

STATEMENT OF INCOME - PARENT BANK

Amounts in NOK million	Q2 2017	Q2 2016	30.06.2017	30.06.2016	2016
Interest income	323	321	644	655	1 313
Interest costs	115	115	231	237	470
Net interest income	208	206	413	418	843
Commission income and revenues from banking services	50	48	94	92	189
Commission costs and expenditure from banking services	5	7	12	14	27
Other operating income	7	7	15	14	28
Net commission and other operating income	52	48	97	92	190
Dividends	1	1	157	177	178
Net gains/losses from financial instruments	18	58	47	68	98
Net return from financial instruments	19	59	204	245	276
Total income	279	313	714	755	1 309
Wages, salaries etc.	82	79	163	158	322
Administration costs	29	31	68	65	123
Depreciation and impairment	6	7	13	13	26
Other operating costs	24	24	46	47	93
Total operating costs	141	141	290	283	564
Profit before impairment on loans	138	172	424	472	745
Impairment on loans, guarantees etc.	6	-3	8	-5	21
Pre tax profit	132	175	416	477	724
Taxes	34	35	66	66	129
Profit after tax	98	140	350	411	595
Profit per EC (NOK)	4.95	7.00	17.60	20.60	29.85
Diluted earnings per EC (NOK)	4.95	7.00	17.60	20.60	29.85
Distributed dividend per EC (NOK)	14.00	0.00	14.00	11.50	11.50

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK

Amounts in NOK million	Q2 2017	Q2 2016	30.06.2017	30.06.2016	2016
Profit after tax	98	140	350	411	595
Other income/costs reversed in ordinary profit:					
Equities available for sale - changes in value	6	-37	6	-38	-31
Other income/costs not reversed in ordinary profit:					
Pension estimate deviations	0	0	0	0	-8
Tax effect of pension estimate deviations	0	0	0	0	2
Total comprehensive income after tax	104	103	356	373	558

Statement of financial position - Parent Bank

Assets

Amounts in NOK million	30.06.2017	30.06.2016	31.12.2016
Cash and claims on Norges Bank	1 174	1 110	300
Loans to and receivables from credit institutions	1 750	3 689	1 789
Loans to and receivables from customers	35 633	33 204	33 011
Certificates, bonds and other interest-bearing securities	6 134	5 332	7 863
Financial derivatives	622	753	856
Shares and other securities	153	130	133
Equity stakes in Group companies	1 521	1 371	1 371
Deferred tax benefit	49	59	49
Intangible assets	44	51	47
Fixed assets	39	40	36
Other assets	85	159	77
Total assets	47 204	45 898	45 532

Liabilities and equity

Amounts in NOK million	30.06.2017	30.06.2016	31.12.2016
Loans and deposits from credit institutions	935	953	929
Deposits from customers	33 525	31 623	32 575
Debt securities issued	4 727	5 775	4 284
Financial derivatives	434	600	576
Other liabilities	419	463	499
Incurred costs and prepaid income	66	75	77
Other provisions for incurred liabilities and costs	84	39	40
Perpetual Hybrid Tier 1 capital	658	840	816
Subordinated loan capital	702	501	502
Total liabilities	41 550	40 869	40 298
EC capital	989	989	989
ECs owned by the Bank	-5	-13	-3
Share premium	354	354	354
Additional Tier 1 capital	349	0	0
Paid-in equity	1 687	1 330	1 340
Primary capital fund	2 343	2 183	2 346
Gift fund	125	125	125
Dividend equalisation fund	1 092	936	1 092
Value adjustment fund	51	82	51
Other equity	0	0	279
Total comprehensive income after tax	356	373	0
Retained earnings	3 967	3 699	3 894
Total equity	5 654	5 029	5 234
Total liabilities and equity	47 204	45 898	45 532

Statement

Statement pursuant to section 5-6 of the Securities Trading Act

We confirm, to the best of our knowledge, that the financial statements for the Group and the Bank for the period 1 January to 30 June 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting implemented by the EU, and give a true and fair view of the Group's and the Bank's assets, liabilities, financial position and profit or loss as a whole.

To the best of our knowledge, the interim report gives a true:

- review of important events that have occurred during the first six months of the financial year and their impact on the financial statements
- description of the principal risks and uncertainties facing the business the remaining six months of the financial year
- description of major related parties transactions.

Ålesund, 30 June 2017

9 August 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

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Profit performance - Group

QUARTERLY PROFIT

Amounts in NOK million	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Net interest income	268	261	273	271	268
Other operating income	63	66	45	74	106
Total operating costs	151	150	143	148	147
Profit before impairment on loans	180	177	175	197	227
Impairment on loans, guarantees etc.	6	2	22	5	-3
Pre tax profit	174	175	153	192	230
Tax	44	44	40	46	49
Profit after tax	130	131	113	146	181

As a percentage of average assets

Net interest income	1.71	1.69	1.79	1.77	1.79
Other operating income	0.40	0.43	0.30	0.48	0.70
Total operating costs	0.96	0.97	0.94	0.97	0.98
Profit before impairment on loans	1.15	1.15	1.15	1.28	1.51
Impairment on loans, guarantees etc.	0.03	0.01	0.14	0.03	-0.02
Pre tax profit	1.12	1.14	1.01	1.25	1.53
Tax	0.28	0.28	0.26	0.30	0.33
Profit after tax	0.84	0.86	0.75	0.95	1.20