

UNAUDITED INTERIM REPORT

2 QUARTER

2015



SPAREBANKEN MØRE

# Financial highlights - Group

## Income statement

	Q2 2015		Q2 2014		30.06.2015		30.06.2014		2014	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	269	1.89	268	2.01	542	1.91	537	2.00	1 093	2.01
Net commission and other operating income	51	0.36	44	0.33	98	0.34	87	0.32	180	0.33
Net return from financial investments	14	0.10	18	0.13	34	0.12	35	0.13	135	0.25
Total income	334	2.35	330	2.47	674	2.37	659	2.45	1 408	2.59
Total operating costs	144	1.01	144	1.08	291	1.02	287	1.06	564	1.04
Profit before impairment on loans	190	1.34	186	1.39	383	1.35	372	1.39	844	1.55
Impairment on loans, guarantees etc.	7	0.05	8	0.06	15	0.05	14	0.05	22	0.04
Pre tax profit	183	1.29	178	1.33	368	1.30	358	1.34	822	1.51
Tax	49	0.34	47	0.34	99	0.35	95	0.35	199	0.36
Profit after tax	134	0.95	131	0.99	269	0.95	263	0.99	623	1.15

## Statement of financial position

NOK million	30.06.2015	% change YTD 2015	31.12.2014	% change during last 12 months	30.06.2014
Total assets	58 902	4.6	56 305	7.1	55 000
Average assets	57 075	4.8	54 455	5.8	53 923
Loans to and receivables from customers	50 458	3.2	48 884	7.9	46 766
Deposits from customers	29 959	5.5	28 389	3.0	29 095

## Key figures

	Q2 2015	Q2 2014	30.06.2015	30.06.2014	2014
Return on equity (annualised)	11.5	12.1	11.6	12.1	14.0
Costs as a percentage of income	42.7	43.4	43.2	43.6	40.1
Losses as a percentage of loans 1.1/start of the period	0.06	0.06	0.06	0.06	0.05
Problem loans as a percentage of loans (prior to impairment)	0.74	1.11	0.74	1.11	0.80
Problem loans as a percentage of loans (after impairment)	0.52	0.76	0.52	0.76	0.51

Deposits to lending ratio as a percentage	59.4	62.2	59.4	62.2	58.1
Core capital as a percentage 1) 2)	15.8	15.2	15.8	15.2	14.4
Core tier 1 capital as a percentage 1) 2)	13.5	12.3	13.5	12.3	12.0
Man-years	385	380	385	380	383
Equity Certificates:					
Profit per EC (Group) (NOK)	6.75	6.60	13.50	13.15	31.20
Profit per EC (Parent Bank) (NOK)	4.60	4.20	18.15	15,95 4)	29.10
EC fraction 1.1 as a percentage (Parent Bank)	49.6	49.6	49.6	49.6	49.6
Price at Oslo Stock Exchange (NOK)	226	198.5	226	198.5	216
Price/Book value (P/B) (Group) 3)	0.93	0.86	0.93	0.86	0.89

1) Sparebanken Møre's capital requirements have been based on IRB-Foundation for corporate commitments from 30th June 2014 and IRB-Retail for retail commitments from 31st March 2015.

2) Incl. 50 per cent of profit after tax

3) Incl. 100 per cent of profit after tax

4) Profit per EC incl. profit from the sale of Nets AS, amounts to NOK 20.25.

# 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 H1 2015**

Sparebanken Møre's pre-tax profit after the first half of 2015 was NOK 368 million, compared to NOK 358 million after the first half of 2014. The total income was NOK 15 million higher than for the same period in 2014. The increase in total income is attributable to an increase of NOK 5 million in net interest income and NOK 10 million in other income. Compared with the first half of 2014, costs were NOK 4 million higher while losses on loans and guarantees were NOK 1 million higher compared with the corresponding period last year.

The cost/income ratio after the first half of the year was 43.2%. This is a reduction of 0.4 percentage points in relation to first six months of 2014. The level of costs for the year-to-date is well within Sparebanken Møre's target of a maximum cost/income ratio of 50%.

The profit after tax was NOK 269 million, NOK 6 million higher than for the first half of 2014. The half-year results show an annualised return on equity of 11.6%, compared to 12.1% after the first half of 2014. Sparebanken Møre's strategic return on equity target is a minimum of 10% after tax.

The earnings per equity certificate after the first half of the year amounted to NOK 13.50, compared to NOK 13.15 for the same period last year.

The Board of Directors is pleased with the result for the first half of 2015.

## **RESULTS FOR Q2 2015**

The profit after tax for the second quarter of 2015 amounted to NOK 134 million, or 0.95% of average total assets, compared to NOK 131 million, or 0.99%, for the corresponding quarter last year. The return on equity in the second quarter of 2015 was 11.5%, compared with 12.1% for the second quarter of 2014.

The earnings per equity certificate amounted to NOK 6.75 (NOK 6.60) for the Group and NOK 4.60 (NOK 4.20) for the Parent Bank.

## **Net interest income**

The net interest income of NOK 269 million was NOK 1 million higher than in the corresponding quarter of last year. This represents 1.89% of total assets, which is 0.12 percentage points lower than in the second quarter of 2014.

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 65 million, which is NOK 3 million higher than in the second quarter of last year. Other operating income amounted to 0.46% of average total assets, the same as in the corresponding period in 2014. The increase was primarily attributable to increased income from hedging transactions with customers in the interest rate market, and increased income from guarantee commissions. The change in the value of the bond portfolio shows capital losses of NOK 9 million compared with capital gains of NOK 9 million at the same time last year.

## **Costs**

Operating costs amounted to NOK 144 million in the quarter, unchanged from the same quarter last year. Other operating costs were reduced by NOK 2 million and staff costs were NOK 2 million higher compared with the same period last year. The Group's total workforce has increased by 5 full time equivalents in the last 12 months to 385 full time equivalents.

The cost/income ratio for the second quarter of 2015 was 42.7%, which represents a decrease of 0.7 percentage points compared with the second quarter of 2014.

## **Impaired commitments**

The quarter's financial statements were charged NOK 7 million in losses on loans and guarantees. This amounts to 0.05% of average total assets on an annualised basis. The corresponding figure for the second quarter of 2014 was NOK 8 million (0.06%). The losses on loans and guarantees in the second quarter of 2015 consist of a NOK 25 million increase in group write-downs and a NOK 18 million contraction in losses in the corporate segment, with no losses in the retail segment.

At the end of the second quarter of 2015, total write-downs for losses amounted to NOK 314 million, equivalent to 0.62% of gross lending (NOK 308 million and 0.65 % of gross lending). NOK 18 million of the individual write-downs involved commitments in default for more than 90 days (NOK 19 million), which represents 0.04% of gross lending (0.04%). NOK 95 million relates to other commitments (NOK 143 million), which is equivalent to 0.18% of gross lending (0.30%). Group write-downs amounted to NOK 201 million (NOK 144 million) or 0.40% of gross lending (0.31%).

Net impaired commitments (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 write-down for losses) have decreased by NOK 95 million in the last 12 months. At the end of the second quarter of 2015 the corporate market accounted for NOK 199 million of net impaired commitments, and the retail market NOK 61 million. In total this represents 0.52% of gross lending (0.76%).

## **Lending and deposit growth**

At the end of the second quarter of 2015, net lending to customers amounted to NOK 50 458 million (NOK 46 766 million). Net customer lending has increased by a total of NOK 3 692 million, or 7.9%, in the last 12 months. Retail lending has increased by 7.8%, while corporate lending has increased by 8.1% in the last 12 months. Retail lending accounted for 66.2% of lending at the end of the second quarter of 2015 (66.4%).

Customer deposits have increased by 3.0% in the last 12 months. At the end of the second quarter of 2015, deposits amounted to NOK 29 959 million (NOK 29 095 million). Retail deposits have increased by 6.3% in the last 12 months, while corporate deposits have decreased by 2.1% and public sector deposits have decreased by 12.3%. The retail market's relative share of deposits amounted to 60.8% (59.0 %), while deposits from corporate customers accounted for 36.1% (38.0%) and public sector customers 3.1% (3.0%).

Deposits as a percentage of loans amounted to 59.4% at the end of the second quarter of 2015 (62.2%).

## **CAPITAL ADEQUACY**

The Group's Core Tier 1 capital must comply with the announced regulatory plan for the escalation of capital. Sparebanken Møre has not been defined as a systemically important financial institution (SIFI). Regardless of the level of the countercyclical buffer, the Core Tier 1 capital shall amount to a minimum of 13.5% according to the Group's internal strategy.

As at the end of the second quarter of 2015, the Group's capital adequacy is reported according to IRB for retail market commitments and IRB Foundation for the corporate market for credit risk. Sparebanken Møre had no capital requirements associated with the transitional scheme for the Basel I floor at the end of the second quarter of 2015.

The Group's capital adequacy at the end of the second quarter of 2015 was above the regulatory capital requirements and in line with the internally set minimum target for Core Tier 1 capital. Primary capital, including 50% of retained earnings in the year-to-date, amounts to 17.4% (16.4%), core capital 15.8% (15.2%), of which Core Tier 1 capital amounts to 13.5% (12.3%).

## **SUBSIDIARIES**

The aggregate profit of the Bank's three subsidiaries amounted to NOK 97 million after tax in the first half of 2015 (NOK 95 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. To date the company has raised NOK 14.2 billion in funding for the Group. The company contributed NOK 96 million to the result in the first half of 2015 (NOK 95 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has made a NOK 1 million (NOK 0 million) contribution to the Group's profit to date in 2015. At the end of the quarter, the company employed 16 full time equivalents.

Sparebankeiendom AS's purpose is to own and manage the Bank's business properties. The company has not made any contribution to the Group's profit to date in 2015. The company has no employees.

## **EQUITY CAPITAL CERTIFICATES**

At the end of the first half of 2015, there were 5 834 holders of Sparebanken Møre's equity capital certificates. 9 886 954 equity capital certificates have been issued. Equity capital certificates accounts for 49.6% of the Bank's total equity. Note 10 contains an overview of the 20 largest owners of the Bank's equity capital certificates.

As at 30 June 2015, the Bank owned 150 666 of its own equity capital certificates. These were purchased via the Oslo Stock Exchange at market price.

## **FUTURE PROSPECTS**

Even with increasing uncertainty through the quarter, the aggregate general macroeconomic conditions for the county remain satisfactory.

There are signs of a downturn in petroleum investments during the year due to the fall in oil prices and the oil companies' focus on cutting costs. There will also be significant indirect effects through the supplier chain. As a consequence of this, unemployment in the county will probably increase somewhat over the next year. Unemployment in Møre og Romsdal will however remain among the lowest in Norway. In June, the registered unemployment rate in the county was 2.4%, compared with 2.8% in the country as a whole.

On the other hand, the weakening of the NOK exchange rate is helping to improve the competitiveness of our export industries and import-competing businesses. The recent drop in, and continued low level of, interest rates will improve purchasing power in the household sector and reduce interest costs for business. Finally, the fall in oil prices could contribute to increased growth in the eurozone's economy through lower costs for business. These factors could partly counteract the negative effects of the fall in the

oil sector and oil-related activities. Sparebanken Møre's level of losses is expected to remain low and within the Bank's plans in 2015.

The competitive situation in the Bank's markets is tough and getting more intense, but the Bank is competitive and continues to show good growth in lending in both the retail and corporate markets. Overall, lending growth is expected to decrease through the year and will be weaker in 2015 than we have seen in the last few years within the retail market, but remain the same within the corporate market. There is a constant focus on generating growth through good commitments with an acceptable level of risk.

Together with a number of Norwegian banks, Sparebanken Møre's official Moody's rating was set on review in the first quarter prior to a possible upgrading. Moody's then upgraded Sparebanken Møre on 11 May 2015. The Bank's standalone rating (BCA) was upgraded to baa1. None of the Norwegian regional banks has a higher credit rating. The Bank's long-term rating is now A2 (stable). Møre Boligkreditt AS maintains the best rating (Aaa) on its issues. The Group is enjoying good access to stable long-term financing in the Norwegian and international funding markets. As well as official credit ratings, this is also a reflection of the Group's strong capital base and consistently good results over time. Long-term financing in the Norwegian and international funding markets will be balanced with good deposit growth also in the future.

Sparebanken Møre focuses strongly on cost-effectiveness. This has resulted in a highly satisfactory level of total costs in relation to income. This focus will continue, and the Group's cost-effectiveness will this year remain well within the internal target. Overall the year's result is expected to be good.

Ålesund, 30 June 2015

5 August 2015

**THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE**

LEIF-ARNE LANGØY, Chairman

ROY REITE, Deputy Chairman

RAGNA BRENNE BJERKESET

HENRIK GRUNG

RITA CHRISTINA SÆVIK

ANN MAGRITT BJÅSTAD VIKEBAKK

HELGE KARSTEN KNUDSEN

OLAV ARNE FISKERSTRAND, CEO

# Statement of income - Group

## STATEMENT OF INCOME - GROUP

Amounts in NOK million	Note	Q2 2015	Q2 2014	30.06.2015	30.06.2014	2014
Interest income		502	561	1 026	1 121	2 237
Interest costs		233	293	484	584	1 144
Net interest income	<u>9</u>	269	268	542	537	1 093
Commission income and revenues from banking services		51	43	99	87	178
Commission costs and expenditure from banking services		7	7	14	14	29
Other operating income		7	8	13	14	31
Net commission and other operating income		51	44	98	87	180
Dividends		1	1	1	5	7
Net gains/losses from financial instruments	<u>5</u>	13	17	33	30	128
Net return from financial instruments		14	18	34	35	135
Total income		334	330	674	659	1 408
Wages, salaries etc.		83	81	164	163	324
Administration costs		28	26	64	59	119
Depreciation and impairment		7	7	13	13	25
Other operating costs		26	30	50	52	96
Total operating costs		144	144	291	287	564
Profit before impairment on loans		190	186	383	372	844
Impairment on loans, guarantees etc.	<u>3</u>	7	8	15	14	22
Pre tax profit		183	178	368	358	822
Taxes		49	47	99	95	199
Profit after tax		134	131	269	263	623
Profit per EC (NOK)		6.75	6.60	13.50	13.15	31.20
Diluted earnings per EC (NOK)		6.75	6.60	13.50	13.15	31.20
Distributed dividend per EC (NOK)		13.50	8.00	13.50	8.00	8.00

## STATEMENT OF COMPREHENSIVE INCOME - GROUP

Amounts in NOK million	Q2 2015	Q2 2014	30.06.2015	30.06.2014	2014
Profit after tax	134	131	269	263	623
Other income/costs reversed in ordinary profit:					



Equities available for sale - changes in value	0	2	-2	79	-13
Other income/costs not reversed in ordinary profit:					
Pension estimate deviations	0	0	0	0	-102
Tax effect of pension estimate deviations	0	0	0	0	27
Total comprehensive income after tax	134	133	267	342	535

# Statement of financial position - Group

## STATEMENT OF FINANCIAL POSITION - GROUP

### Assets

Amounts in NOK million	Note	30.06.2015	30.06.2014	31.12.2014
Cash and claims on Norges Bank	<u>5 6 9</u>	1 309	926	78
Loans to and receivables from credit institutions	<u>5 6 9</u>	940	668	1 161
Loans to and receivables from customers	<u>2 3 4 5 7 9</u>	50 458	46 766	48 884
Certificates, bonds and other interest-bearing securities	<u>5 7 9</u>	4 680	5 244	4 771
Financial derivatives	<u>5 7</u>	892	605	898
Shares and other securities	<u>5 7</u>	123	295	126
Deferred tax benefit		31	0	31
Intangible assets		50	19	32
Fixed assets		262	263	264
Other assets		157	214	60
<b>Total assets</b>		<b>58 902</b>	<b>55 000</b>	<b>56 305</b>

### Liabilities and equity

Amounts in NOK million	Note	30.06.2015	30.06.2014	31.12.2014
Loans and deposits from credit institutions	<u>5 6 9</u>	1 175	640	548
Deposits from customers	<u>2 5 7 9</u>	29 959	29 095	28 389
Debt securities issued	<u>5 6</u>	20 201	18 050	19 872
Financial derivatives	<u>5 7</u>	541	462	713
Other liabilities		681	415	275
Incurred costs and prepaid income		100	107	77
Deferred tax liabilities		0	4	0
Other provisions for incurred liabilities and costs		70	30	207
Perpetual Hybrid Tier 1 capital	<u>5 6</u>	838	1 038	878
Subordinated loan capital	<u>5 6</u>	502	501	501
<b>Total liabilities</b>		<b>54 067</b>	<b>50 342</b>	<b>51 460</b>
EC capital	<u>10</u>	989	989	989
ECs owned by the Bank		-15	-9	-11
Share premium		354	353	353
<b>Paid-in equity</b>		<b>1 328</b>	<b>1 333</b>	<b>1 331</b>

Primary capital fund	2 044	1 932	2 048
Gift fund	125	125	125
Dividend equalisation fund	799	683	799
Value adjustment fund	34	47	34
Other equity	238	196	507
Total comprehensive income after tax	267	342	0
Retained earnings	3 507	3 325	3 514
Total equity	4 835	4 658	4 845
Total liabilities and equity	58 902	55 000	56 305
Guarantees	1 711	1 393	1 660

# Statement of changes in equity - Group

<b>GROUP 30.06.2015</b>	<b>Total equity</b>	<b>EC capital</b>	<b>Share premium</b>	<b>Primary capital fund</b>	<b>Gift fund</b>	<b>Dividend equalisation fund</b>	<b>Value adjustment fund</b>	<b>Other equity</b>
Equity as at 31 December 2014	4 845	978	353	2 048	125	799	34	507
Changes in own equity certificates	-8	-4	1	-4				
Distributed dividend to the EC holders	-133							-133
Distributed dividend to the local community	-136							-136
Total profit for the period	267							267
Equity as at 30 June 2015	4 835	974	354	2 044	125	799	34	505

<b>GROUP 30.06.2014</b>	<b>Total equity</b>	<b>EC capital</b>	<b>Share premium</b>	<b>Primary capital fund</b>	<b>Gift fund</b>	<b>Dividend equalisation fund</b>	<b>Value adjustment fund</b>	<b>Other equity</b>
Equity as at 31 December 2013	4 491	985	353	1 935	125	684	47	362
Changes in own equity certificates	-9	-5		-3		-1		
Distributed dividend to the EC holders	-79							-79
Distributed dividend to the local community	-87							-87
Total profit for the period	342							342
Equity as at 30 June 2014	4 658	980	353	1 932	125	683	47	538

<b>GROUP 31.12.2014</b>	<b>Total equity</b>	<b>EC capital</b>	<b>Share premium</b>	<b>Primary capital fund</b>	<b>Gift fund</b>	<b>Dividend equalisation fund</b>	<b>Value adjustment fund</b>	<b>Other equity</b>
Equity as at 31 December 2013	4 491	985	353	1 935	125	684	47	362
Changes in own equity certificates	-14	-7		-6		-1		
Distributed dividend to the EC holders	-79							-79
Distributed dividend to the local community	-87							-87
Equity before allocation of profit for the year	4 311	978	353	1 929	125	683	47	196
Allocated to the primary capital fund	157			157				
Allocated to the dividend equalisation fund	154					154		
Allocated to other equity	42							42
Proposed dividend allocated for the EC holders	133							133
Proposed dividend allocated for the local	136							136

## community

Distributed profit for the year	623	0	0	157	0	154	0	311
Equities available for sale - changes in value	-13						-13	
Pension estimate deviations	-102			-52		-51		
Tax effect of pension estimate deviations	27			14		13		
Total other income and costs from comprehensive income	-88	0	0	-38	0	-38	-13	0
Total profit for the period	535	0	0	119	0	116	-13	311
Equity as at 31 December 2014	4 845	978	353	2 048	125	799	34	507

# Statement of cash flow - Group

Amounts in NOK million	30.06.2015	30.06.2014	31.12.2014
<b>Cash flow from operating activities</b>			
Interest, commission and fees received	1 161	1 527	2 262
Interest, commission and fees paid	-522	-610	-851
Dividend and group contribution received	1	5	7
Operating expenses paid	-244	-244	-513
Income taxes paid	-204	-188	-188
Changes relating to loans to and claims on other financial institutions	221	47	-446
Changes relating to repayment of loans/leasing to customers	-1 793	-181	-2 223
Changes in utilised credit facilities	211	-354	-546
Net cash flow from operating activities	-1 169	2	-2 498
<b>Cash flow from investing activities</b>			
Proceeds from the sale of certificates, bonds and other securities	956	1 079	2 594
Purchases of certificates, bonds and other securities	-939	-1 179	-2 137
Proceeds from the sale of fixed assets etc.	0	1	1
Purchase of fixed assets etc.	-29	-6	-33
Changes in other assets	-14	-76	-454
Net cash flow from investing activities	-26	-181	-29
<b>Cash flow from financing activities</b>			
Net change in deposits from customers	1 571	760	332
Net change in deposits from Norges Bank and other financial institutions	628	-467	-559
Proceeds from bond issues raised	3 569	2 149	6 258
Redemption of debt securities	-3 142	-2 570	-4 956
Dividend paid	-133	-79	-79
Changes in other debt	-67	31	328
Net cash flow from financing activities	2 426	-176	1 324
Net change in cash and cash equivalents	1 231	-355	-1 203
Cash balance at 01.01	78	1 281	1 281
Cash balance at 30.06/31.12	1 309	926	78

# 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 30 June 2015. 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 2014 financial statements. There have been no changes or new standards coming into force in 2015.

Please see the Annual report 2014 for further description of accounting principles.

## Note 2

### LOANS AND DEPOSITS BROKEN DOWN ACCORDING TO SECTORS

GROUP	Loans		
	30.06.2015	30.06.2014	31.12.2014
<b>Broken down according to sectors</b>			
Agriculture and forestry	406	466	463
Fisheries	3 247	2 935	3 279
Manufacturing	1 794	1 683	2 217
Building and construction	675	768	603
Wholesale and retail trade, hotels	542	586	577
Foreign shipping/supply	1 597	1 102	1 610
Property management	6 229	5 597	5 637
Professional/financial services	1 016	768	787
Transport and private/public services	1 299	1 627	1 311
Public entities	2	12	38
Activities abroad	126	130	135
Miscellaneous	144	117	160
Total corporate/public entities	17 077	15 791	16 817
Retail customers	33 588	31 170	32 245
Accrued interest income	105	111	129
<b>Total loans</b>	<b>50 770</b>	<b>47 072</b>	<b>49 191</b>
Individual impairment	-111	-162	-141
Collective impairment	-201	-144	-166
Loans to and receivables from customers	50 458	46 766	48 884
Loans with floating interest rate (amortised cost)	45 487	42 772	45 250
Loans with fixed interest rate (fair value)	5 283	4 300	3 941

GROUP	Deposits		
	30.06.2015	30.06.2014	31.12.2014
<b>Broken down according to sectors</b>			
Agriculture and forestry	195	185	163
Fisheries	461	326	457
Manufacturing	906	1 197	1 138
Building and construction	436	575	484



Wholesale and retail trade, hotels	716	630	688
Foreign shipping/supply	525	545	311
Property management	1 484	1 288	1 597
Professional/financial services	1 764	1 796	1 370
Transport and private/public services	1 607	1 880	2 009
Public entities	928	826	697
Activities abroad	4	8	10
Miscellaneous	2 682	2 573	2 434
Total corporate/public entities	11 708	11 829	11 358
Retail customers	18 051	16 988	17 024
Accrued interest costs	200	278	7
Total deposits	29 959	29 095	28 389
Deposits with floating interest rate (amortised cost)	29 623	28 629	27 950
Deposits with fixed interest rate (fair value)	336	466	439

# Note 3

## LOSSES AND IMPAIRMENT ON LOANS AND GUARANTEES

Specification of losses on loans, guarantees etc.

	Q2 2015	Q2 2014	30.06.2015	30.06.2014	31.12.2014
Changes in individual impairment of loans and guarantees during the period	-26	-12	-30	-8	-25
Changes in collective impairment during the period	25	4	35	4	26
Confirmed losses during the period where individual impairment had previously been made	6	11	9	15	20
Confirmed losses during the period where individual impairment had previously not been made	7	6	8	7	19
Recoveries	5	1	7	4	18
Losses on loans, guarantees etc.	7	8	15	14	22

Individual impairment on loans

	Q2 2015	Q2 2014	30.06.2015	30.06.2014	31.12.2014
Individual impairment on loans as at 01.01/01.04	139	170	141	166	166
Confirmed losses during the period, where individual impairment had previously been made	6	11	9	15	20
Increase in individual impairment during the period	1	5	4	6	7
Individual impairment of new commitments during the period	8	9	16	20	29
Recoveries on individual impairment during the period	31	9	41	15	41
Individual impairment on loans at the end of the period	111	162	111	162	141

Collective impairment on loans

	Q2 2015	Q2 2014	30.06.2015	30.06.2014	31.12.2014
Collective impairment of loans as at 01.01/01.04	176	140	166	140	140
Changes during the period	25	4	35	4	26
Collective impairment on loans at the end of the period	201	144	201	144	166

Individual impairment on guarantees

	Q2 2015	Q2 2014	30.06.2015	30.06.2014	31.12.2014
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Individual impairment as at 01.01/01.04	2	2	2	2	2
Individual impairment during the period	0	0	0	0	0
Recoveries on individual impairment during the period	0	0	0	0	0
Individual impairment at the end of the period	2	2	2	2	2

# 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)

GROUP	30.06.2015			30.06.2014			31.12.2014		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Problem loans prior to individual impairment:									
Commitments in default above 3 months	65	45	20	80	50	30	86	47	39
Other bad and doubtful commitments subject to impairment	308	36	272	437	35	402	306	37	269
<b>Total problem loans prior to individual impairment</b>	<b>373</b>	<b>81</b>	<b>292</b>	<b>517</b>	<b>85</b>	<b>432</b>	<b>392</b>	<b>84</b>	<b>308</b>
Individual impairment on:									
Commitments in default above 3 months	18	8	10	19	8	11	21	8	13
Other bad and doubtful commitments subject to impairment	95	12	83	143	13	130	122	12	110
<b>Total individual impairment</b>	<b>113</b>	<b>20</b>	<b>93</b>	<b>162</b>	<b>21</b>	<b>141</b>	<b>143</b>	<b>20</b>	<b>123</b>
Problem loans after individual impairment:									
Commitments in default above 3 months	47	37	10	61	42	19	65	39	26
Other bad and doubtful commitments subject to impairment	213	24	189	294	22	272	184	25	159
<b>Total problem loans less individual impairment</b>	<b>260</b>	<b>61</b>	<b>199</b>	<b>355</b>	<b>64</b>	<b>291</b>	<b>249</b>	<b>64</b>	<b>185</b>
Total problem loans prior to individual impairment as a percentage of total loans									
	0.74	0.24	1.72	1.11	0.27	2.74	0.80	0.26	1.83
Total problem loans less individual impairment as a percentage of total loans									
	0.52	0.18	1.18	0.76	0.21	1.84	0.51	0.20	1.10

# 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 purposes (trading portfolio)
- Financial assets and liabilities assessed at fair value, any changes in value being recognised in the profit and loss account
- Financial instruments assessed as held available for sale at fair value, any changes in value recognised in other comprehensive income
- Loans and receivables
- Financial assets and liabilities assessed at amortised cost

### **Financial assets and derivatives held for trading**

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

- Positions in financial instruments held for the Group's own account for the purpose of selling on 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 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 fixed interest rate loans and -deposits, and the liquidity portfolio, are classified at fair value, with any changes in value being included in the profit and loss account, since these portfolios are managed based on fair value.

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, with any value changes shown 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, are recognised in the profit and loss account during the period in which they occur.

### **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 debt.

GROUP - 30.06.2015	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			1 309	
Loans to and receivables from credit institutions			940	
Loans to and receivables from customers		5 283	45 175	
Certificates and bonds		4 680		
Shares	3			120
Financial derivatives	892			
<b>Total financial assets</b>	<b>895</b>	<b>9 963</b>	<b>47 424</b>	<b>120</b>
Loans and deposits from credit institutions			1 175	
Deposits from and liabilities to customers		336	29 623	
Financial derivatives	541			
Debt securities			20 201	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 340	
<b>Total financial liabilities</b>	<b>541</b>	<b>336</b>	<b>52 339</b>	<b>-</b>

GROUP - 30.06.2014	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			926	
Loans to and receivables from credit institutions			668	
Loans to and receivables from customers		4 300	42 466	
Certificates and bonds		5 244		
Shares	2			293
Financial derivatives	605			
<b>Total financial assets</b>	<b>607</b>	<b>9 544</b>	<b>44 060</b>	<b>293</b>
Loans and deposits from credit institutions			640	
Deposits from and liabilities to customers		466	28 629	
Financial derivatives	462			
Debt securities			18 050	

Subordinated loan capital and Perpetual Hybrid Tier 1 capital

1 539

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Total financial liabilities	462	466	48 858	-
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Net gains/losses on financial instruments

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	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>31.12.2014</b>
Certificates and bonds	-2	5	-9	9	10
Securities	1	-1	1	-1	92
Foreign exchange trading (for customers)	8	6	15	12	27
Fixed income trading (for customers)	6	1	17	3	8
Financial derivatives	0	6	9	7	-9
Net change in value and gains/losses from financial instruments	13	17	33	30	128

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# Note 6

## FINANCIAL INSTRUMENTS AT AMORTISED COST

GROUP	30.06.2015		30.06.2014	
	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	1 309	1 309	926	926
Loans to and receivables from credit institutions	940	940	668	668
Loans to and receivables from customers	45 175	45 175	42 466	42 466
Total financial assets	47 424	47 424	44 060	44 060
Loans and deposits from credit institutions	1 175	1 175	640	640
Deposits from and liabilities to customers	29 623	29 623	28 629	28 629
Debt securities	20 308	20 201	18 208	18 050
Subordinated loan capital and Perpetual Hybrid Tier 1 capital	1 419	1 340	1 638	1 539
Total financial liabilities	52 525	52 339	49 115	48 858

GROUP - 30.06.2015	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and claims on Norges Bank	1 309			1 309
Loans to and receivables from credit institutions		940		940
Loans to and receivables from customers			45 175	45 175
Total financial assets	1 309	940	45 175	47 424
Loans and deposits from credit institutions		1 175		1 175
Deposits from and liabilities to customers			29 623	29 623
Debt securities		20 308		20 308
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 419		1 419
Total financial liabilities	-	22 902	29 623	52 525

GROUP - 30.06.2014	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and claims on Norges Bank	926			926
Loans to and receivables from credit institutions		668		668
Loans to and receivables from customers			42 466	42 466



Total financial assets	926	668	42 466	44 060
Loans and deposits from credit institutions		640		640
Deposits from and liabilities to customers			28 629	28 629
Debt securities		18 208		18 208
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 638		1 638
Total financial liabilities	-	20 486	28 629	49 115

# Note 7

## FINANCIAL INSTRUMENTS AT FAIR VALUE

<b>GROUP - 30.06.2015</b>	<b>Based on prices in an active market Level 1</b>	<b>Observable market information Level 2</b>	<b>Other than observable market information Level 3</b>	<b>Total</b>
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			5 283	5 283
Certificates and bonds	1 701	2 979		4 680
Shares	9		114	123
Financial derivatives		892		892
<b>Total financial assets</b>	<b>1 710</b>	<b>3 871</b>	<b>5 397</b>	<b>10 978</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			336	336
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		541		541
<b>Total financial liabilities</b>	<b>-</b>	<b>541</b>	<b>336</b>	<b>877</b>

<b>GROUP - 30.06.2014</b>	<b>Based on prices in an active market Level 1</b>	<b>Observable market information Level 2</b>	<b>Other than observable market information Level 3</b>	<b>Total</b>
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 300	4 300
Certificates and bonds	1 636	3 608		5 244
Shares	19		276	295
Financial derivatives		605		605
<b>Total financial assets</b>	<b>1 655</b>	<b>4 213</b>	<b>4 576</b>	<b>10 444</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			466	466
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier				-

1 capital

Financial derivatives		462		462
Total financial liabilities	-	462	466	928

<b>GROUP</b>	<b>Loans to and receivables from customers</b>	<b>Shares and other securities</b>	<b>Deposits from and liabilities to customers</b>
Recorded value as at 31.12.14	4 123	114	442
Purchases/additions	2 008	-	114
Sales/reduction	886	2	220
Transferred to Level 3	-	-	-
Transferred from Level 3	-	-	-
Net gains/losses recorded in the period	38	2	-
Recorded value as at 30.06.15	5 283	114	336

<b>GROUP</b>	<b>Loans to and receivables from customers</b>	<b>Shares and other securities</b>	<b>Deposits from and liabilities to customers</b>
Recorded value as at 31.12.13	4 438	194	526
Purchases/additions	116	1	81
Sales/reduction	250	-	141
Transferred to Level 3	-	-	-
Transferred from Level 3	-	-	-
Net gains/losses recorded in the period	-4	81	-
Recorded value as at 30.06.14	4 300	276	466

# Note 8

## OPERATING SEGMENTS

Result - Q2 2015	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage	
Net interest income	269	-4	116	157	0	
Other operating income	65	11	24	24	6	
Total income	334	7	140	181	6	
Operating costs	144	28	26	85	5	
Profit before impairment	190	-21	114	96	1	
Impairment on loans, guarantees etc.	7	24	-16	-1	0	
Pre tax profit	183	-45	130	97	1	
Taxes	49					
Profit after tax	134					

Result - 30.06.2015	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage	
Net interest income	542	-1	231	312	0	
Other operating income	132	26	45	50	11	
Total income	674	25	276	362	11	
Operating costs	291	54	54	173	10	
Profit before impairment	383	-29	222	189	1	
Impairment on loans, guarantees etc.	15	34	-18	-1	0	
Pre tax profit	368	-63	240	190	1	
Taxes	99					
Profit after tax	269					

Statement of financial position - 30.06.2015	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage	
Loans to customers 1)	50 458	1 020	16 640	32 798	0	
Deposits from customers 1)	29 959	939	9 696	19 324	0	
Guarantee liabilities	1 711	0	1 702	9	0	
The deposit-to-loan ratio	59.4	92.1	58.3	58.9	0	

Man-years	385	151	56	163	15
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<b>Result - Q2 2014</b>	<b>Group</b>	<b>Eliminations/ other</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Net interest income	268	5	116	147	0
Other operating income	62	16	17	23	6
Total income	330	21	133	170	6
Operating costs	144	48	21	69	6
Profit before impairment	186	-27	112	101	0
Impairment on loans, guarantees etc.	8	4	5	-1	0
Pre tax profit	178	-31	107	102	0
Taxes	47				
Profit after tax	131				

<b>Result - 30.06.2014</b>	<b>Group</b>	<b>Eliminations/ other</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Net interest income	537	6	232	299	0
Other operating income	122	32	35	44	11
Total income	659	38	267	343	11
Operating costs	287	71	49	156	11
Profit before impairment	372	-33	218	187	0
Impairment on loans, guarantees etc.	14	4	12	-2	0
Pre tax profit	358	-37	206	189	0
Taxes	95				
Profit after tax	263				

<b>Statement of financial position - 30.06.2014</b>	<b>Group</b>	<b>Eliminations/ other</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Loans to customers 1)	46 766	897	15 382	30 487	0
Deposits from customers 1)	29 095	687	10 089	18 319	0
Guarantee liabilities	1 393	0	1 385	8	0
The deposit-to-loan ratio	62.2	74.0	65.1	59.6	0
Man-years	380	148	54	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.

<b>MØRE BOLIGKREDITT AS</b>		
<b>Statement of income</b>	<b>Q2 2015</b>	<b>Q2 2014</b>
Net interest income	67	73
Other operating income	-1	1
Total income	66	74
Operating costs	9	8
Profit before impairment on loans	57	66
Impairment on loans, guarantees etc.	2	1
Pre tax profit	55	65
Taxes	14	18
Profit after tax	41	47

<b>MØRE BOLIGKREDITT AS</b>		
<b>Statement of income</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
Net interest income	142	149
Other operating income	7	-3
Total income	149	146
Operating costs	16	15
Profit before impairment on loans	133	131
Impairment on loans, guarantees etc.	2	1
Pre tax profit	131	130
Taxes	35	35
Profit after tax	96	95

<b>Statement of financial position</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
Loans to and receivables from customers	16 030	15 146

# 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:

<b>PARENT BANK</b>	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>31.12.2014</b>
Statement of income			
Interest and credit commission income from subsidiaries	11	17	34
Received dividend and group contribution from subsidiaries	191	152	152
Rent paid to Sparebankeiendom AS	9	9	17
Administration fee received from Møre Boligkreditt AS	12	11	22
Statement of financial position			
Claims on subsidiaries	1 416	2 006	1 069
Covered bonds	75	0	25
Liabilities to subsidiaries	236	109	122
Accumulated loan portfolio transferred to Møre Boligkreditt AS	16 034	15 148	15 546

# Note 10

## EC CAPITAL

The 20 largest EC holders in Sparebanken Møre as at 30.06.2015	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	981 000	9.92
MP Pensjon	430 282	4.35
VPF Nordea Norge Verdi	327 073	3.31
Verdipapirfond Pareto Aksje Norge	320 824	3.24
Pareto AS	305 189	3.09
Wenaasgruppen AS	282 000	2.85
FLPS - Princ All Sec	238 334	2.41
Verdipapirfond Pareto Aktiv	210 301	2.13
Bergen Kommunale Pensjonskasse	210 000	2.12
VPF Fondsinans Norge	190 000	1.92
Sparebanken Møre	150 666	1.52
Beka Holding AS	150 100	1.52
Farstad Shipping ASA	126 909	1.28
Lapas AS (Leif-Arne Langøy)	105 500	1.07
Pareto Verdi Verdipapirfond	103 586	1.05
Verdipapirfondet Eika utbytte	92 087	0.93
Odd Slyngstad	84 773	0.86
Andvord AS	71 400	0.72
Stiftelsen Kjell Holm	60 635	0.61
Forsvarets Personellservice	53 960	0.55
Total 20 largest	4 494 619	45.46
Total	9 886 954	100.00



# Note 11

## CAPITAL ADEQUACY

	30.06.2015	30.06.2014	31.12.2014
EC capital	989	989	989
- ECs owned by the Bank	-15	-9	-11
Share premium	354	353	353
Dividend equalisation fund	799	683	799
Gift fund	125	125	125
Primary capital fund	2 044	1 932	2 048
Value adjustment fund	34	47	34
Proposed dividend for the EC holders	0	0	133
Proposed dividend for the local community	0	0	136
Other equity	238	196	238
Total comprehensive income after tax	267	342	0
<b>Total equity</b>	<b>4 835</b>	<b>4 658</b>	<b>4 844</b>
Deferred tax, goodwill and intangible assets	-50	-19	-20
Value adjustments of financial instruments at fair value	-12	0	-12
Value adjustment fund	-34	-47	-34
50 % deduction for equity in other financial institutions	0	-14	0
Perpetual Hybrid Tier 1 capital	805	1 003	860
Deduction for overfunded pension liability	0	-70	0
Expected losses exceeding actual losses, IRB portfolios corporate	-255	-173	-193
Proposed dividend for the EC holders	0	0	-133
Proposed dividend for the local community	0	0	-136
Total comprehensive income after tax	-267	-342	0
<b>Total core capital</b>	<b>5 022</b>	<b>4 995</b>	<b>5 176</b>
<b>Common equity Tier 1 Capital</b>	<b>4 217</b>	<b>3 992</b>	<b>4 316</b>
<b>Supplementary capital</b>			
Subordinated loan capital of limited duration	502	499	501
36 % addition for net unrealised gains on shares available for sale	0	20	12
50 % deduction for equity in other financial institutions	0	-14	0
Total supplementary capital	502	505	513
<b>Net equity and subordinated loan capital</b>	<b>5 524</b>	<b>5 500</b>	<b>5 689</b>

## Capital requirement by exposure classes

### Exposure classes SA - credit risk

Central governments or central banks	0	0	0
Regional governments or local authorities	5	5	4
Public sector companies	21	22	21
Institutions (banks etc)	41	38	51
Companies (corporate customers)	29	35	33
Mass marked (retail banking customers)	0	0	26
Secured by mortgage on immovable property	0	1 064	976
Exposures in default	0	2	3
Covered bonds	14	15	13
Equity	8	6	6
Other items	93	79	81
<b>Total capital requirements - credit risk, The Standardised Approach</b>	<b>211</b>	<b>1 266</b>	<b>1 214</b>

### Exposure classes IRB - credit risk

Retail - Secured by real estate	570	-	-
Retail - Other	52	-	-
SME	884	907	854
Specialised lending	495	419	440
Other corporate lending	185	0	174
<b>IRB-F capital requirements</b>	<b>2 186</b>	<b>1 326</b>	<b>1 468</b>
<b>Total capital requirements - credit risk</b>	<b>2 397</b>	<b>2 592</b>	<b>2 682</b>

### Exposure classes SA - market risk

Debt	0	0	0
Equity	0	0	0
Foreign exchange	0	0	0
Credit value adjustment risk (CVA)	18	0	21
<b>Total capital requirements - market risk</b>	<b>18</b>	<b>0</b>	<b>21</b>
Operational Risk (Basic Indicator Approach)	190	180	179
Deductions from the capital requirement	0	-14	-14
<b>Total capital requirement less transitional rules</b>	<b>2 605</b>	<b>2 758</b>	<b>2 868</b>
Additional capital requirements from transitional rules 1)	0	0	0
<b>Total capital requirements</b>	<b>2 605</b>	<b>2 758</b>	<b>2 868</b>

**Risk-weighted assets (calculation basis for capital adequacy ratio)**

Risk-weighted assets less transitional rules	32 580	34 560	36 036
Additional RWA from transitional rules 1)	0	0	0
Total risk-weighted assets	32 580	34 560	36 036
Minimum requirement common equity Tier 1 capital (4.5 %)	1 466	-	1 622

1) Transitional rules require that RWA can not be less than 80 per cent of the corresponding Basel I requirement.

**Buffer Requirement**

Capital conservation buffer (2.5 %)	815	-	900
Systemic risk buffer (3.0 %)	977	-	1 081
Total buffer requirements	1 792	-	1 981
Available common equity Tier 1 capital after buffer requirements	959	-	713

**Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules**

Capital adequacy ratio	17.0	15.9	15.8
Capital adequacy ratio incl. 50 per cent of the profit for the period	17.4	16.4	
Core capital ratio	15.4	14.7	14.4
Core capital ratio incl. 50 per cent of the profit for the period	15.8	15.2	
Core Tier 1 capital ratio	13.0	11.8	12.0
Core Tier 1 capital ratio incl. 50 per cent of the profit for the period	13.5	12.3	

Sparebanken Møre's capital requirements as of 30th June 2015 is based on IRB-Foundation for corporate commitments and IRB-Retail for retail commitments.

# Statement of income - Parent Bank

## STATEMENT OF INCOME - PARENT BANK

Amounts in NOK million	Q2 2015	Q2 2014	30.06.2015	30.06.2014	2014
Interest income	372	418	756	837	1 664
Interest costs	169	223	354	448	864
Net interest income	203	195	402	389	800
Commission income and revenues from banking services	51	43	99	87	179
Commission costs and expenditure from banking services	7	7	14	14	29
Other operating income	7	8	13	14	27
Net commission and other operating income	51	44	98	87	177
Dividends	1	2	192	157	159
Net gains/losses from financial instruments	14	16	26	33	136
Net return from financial instruments	15	18	218	190	295
Total income	269	257	718	666	1 272
Wages, salaries etc.	79	77	157	155	308
Administration costs	28	27	64	59	119
Depreciation and impairment	6	5	11	10	21
Other operating costs	25	28	48	51	92
Total operating costs	138	137	280	275	540
Profit before impairment on loans	131	120	438	391	732
Impairment on loans, guarantees etc.	5	7	13	13	22
Pre tax profit	126	113	425	378	710
Taxes	34	29	63	59	129
Profit after tax	92	84	362	319	581
Profit per EC (NOK)	4.60	4.20	18.15	15.95	29.10
Diluted earnings per EC (NOK)	4.60	4.20	18.15	15.95	29.10
Distributed dividend per EC (NOK)	13.50	8.00	13.50	8.00	8.00

## STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK

Amounts in NOK million	Q2 2015	Q2 2014	30.06.2015	30.06.2014	2014
Profit after tax	92	84	362	319	581
Other income/costs reversed in ordinary profit:					

Equities available for sale - changes in value	0	2	-2	79	-13
Other income/costs not reversed in ordinary profit:					
Pension estimate deviations	0	0	0	0	-102
Tax effect of pension estimate deviations	0	0	0	0	27
Total comprehensive income after tax	92	86	360	398	493

# Statement of financial position - Parent Bank

## STATEMENT OF FINANCIAL POSITION - PARENT BANK

### Assets

Amounts in NOK million	30.06.2015	30.06.2014	31.12.2014
Cash and claims on Norges Bank	1 309	926	78
Loans to and receivables from credit institutions	2 203	2 517	2 076
Loans to and receivables from customers	34 580	31 777	33 495
Certificates, bonds and other interest-bearing securities	4 548	5 036	4 588
Financial derivatives	549	365	503
Shares and other securities	123	295	126
Equity stakes in Group companies	1 171	1 071	1 071
Deferred tax benefit	40	6	40
Intangible assets	50	19	31
Fixed assets	49	52	54
Other assets	152	206	53
<b>Total assets</b>	<b>44 774</b>	<b>42 270</b>	<b>42 115</b>

### Liabilities and equity

Amounts in NOK million	30.06.2015	30.06.2014	31.12.2014
Loans and deposits from credit institutions	1 397	733	651
Deposits from customers	29 974	29 110	28 407
Debt securities issued	6 071	5 398	5 874
Financial derivatives	490	459	713
Other liabilities	641	376	204
Incurred costs and prepaid income	101	107	77
Other provisions for incurred liabilities and costs	70	30	202
Perpetual Hybrid Tier 1 capital	838	1 038	878
Subordinated loan capital	502	501	501
<b>Total liabilities</b>	<b>40 084</b>	<b>37 752</b>	<b>37 507</b>
EC capital	989	989	989
ECs owned by the Bank	-15	-9	-11
Share premium	354	353	353

Paid-in equity	1 328	1 333	1 331
Primary capital fund	2 044	1 932	2 048
Gift fund	125	125	125
Dividend equalisation fund	799	683	799
Value adjustment fund	34	47	34
Other equity	0	0	269
Total comprehensive income after tax	360	398	0
Retained earnings	3 362	3 185	3 276
Total equity	4 690	4 518	4 608
Total liabilities and equity	44 774	42 270	42 115
Guarantees	1 711	1 393	1 660

# 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 2015 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 2015

5 August 2015

### **THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE**

LEIF-ARNE LANGØY, Chairman

ROY REITE, Deputy Chairman

RAGNA BRENNE BJERKESET

HENRIK GRUNG

RITA CHRISTINA SÆVIK

ANN MAGRITT BJÅSTAD VIKERBAKK

HELGE KARSTEN KNUDSEN

OLAV ARNE FISKERSTRAND, CEO



# Profit performance - Group

## QUARTERLY PROFIT

Amounts in NOK million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Net interest income	269	273	282	274	268
Other operating income	65	67	41	152	62
Total operating costs	144	147	136	141	144
Profit before impairment on loans	190	193	187	285	186
Impairment on loans, guarantees etc.	7	8	7	1	8
Pre tax profit	183	185	180	284	178
Tax	49	50	53	51	47
Profit after tax	134	135	127	233	131

## As a percentage of average assets

Net interest income	1.89	1.93	2.03	2.02	2.01
Other operating income	0.46	0.47	0.29	1.12	0.46
Total operating costs	1.01	1.04	0.98	1.04	1.08
Profit before impairment on loans	1.34	1.36	1.34	2.10	1.39
Impairment on loans, guarantees etc.	0.05	0.06	0.05	0.01	0.06
Pre tax profit	1.29	1.30	1.29	2.09	1.33
Tax	0.34	0.35	0.38	0.38	0.34
Profit after tax	0.95	0.95	0.91	1.71	0.99

