

UNAUDITED INTERIM REPORT

3 QUARTER

2017



SPAREBANKEN MØRE

Financial highlights - Group

Income statement

	Q3 2017		Q3 2016		30.09.2017		30.09.2016		2016	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	281	1.72	271	1.77	810	1.70	809	1.79	1 082	1.79
Net commission and other operating income	51	0.32	49	0.32	143	0.30	137	0.30	182	0.30
Net return from financial investments	4	0.02	25	0.16	41	0.09	99	0.22	99	0.16
Total income	336	2.06	345	2.25	994	2.09	1 045	2.31	1 363	2.25
Total operating costs	145	0.89	148	0.97	446	0.94	443	0.98	586	0.97
Profit before impairment on loans	191	1.17	197	1.28	548	1.15	602	1.33	777	1.28
Impairment on loans, guarantees etc.	6	0.04	5	0.03	14	0.03	0	0.00	22	0.04
Pre tax profit	185	1.13	192	1.25	534	1.12	602	1.33	755	1.24
Tax	46	0.28	46	0.30	134	0.28	141	0.31	181	0.30
Profit after tax	139	0.85	146	0.95	400	0.84	461	1.02	574	0.94

Statement of financial position

NOK million	30.09.2017	% change YTD 2017	31.12.2016	% change during last 12 months	30.09.2016
Total assets	66 189	7.5	61 593	7.1	61 790
Average assets	63 354	4.7	60 525	5.0	60 355
Loans to and receivables from customers	56 488	7.2	52 691	9.1	51 753
Gross loans to retail customers	39 245	5.7	37 133	7.8	36 415
Gross loans to corporate and public entities	17 370	10.4	15 734	12.3	15 467
Deposits from customers	33 082	1.6	32 562	2.3	32 350
Deposits from retail customers	19 696	5.5	18 675	6.4	18 512
Deposits from corporate and public entities	13 230	-4.7	13 877	-3.4	13 690

Key figures

	Q3 2017	Q3 2016	30.09.2017	30.09.2016	2016
Return on equity (annualised)	10.5	11.7	10.2	12.5	11.6
Costs as a percentage of income	44.2	43.1	44.9	42.4	43.0
Losses as a percentage of loans 1.1/start of the period	0.04	0.01	0.03	0.00	0.04
Problem loans as a percentage of loans (prior to impairment)	0.61	0.43	0.61	0.43	1.16
Problem loans as a percentage of loans (after impairment)	0.45	0.30	0.45	0.30	1.01
Deposits to lending ratio as a percentage	58.6	62.5	58.6	62.5	61.8
Liquidity Coverage Ratio (LCR)	112	114	112	114	91
Lending growth as a percentage	0.8	1.1	9.1	0.6	2.7
Deposit growth as a percentage	-1.3	2.4	2.3	10.5	10.8
Capital adequacy ratio 1) 2)	19.1	18.8	19.1	18.8	18.6
Core capital as a percentage 1) 2)	17.1	17.3	17.1	17.3	17.0
Core Tier 1 capital as a percentage 1) 2)	14.5	14.9	14.5	14.9	14.6
Leverage Ratio (LR)	8.5	8.1	8.5	8.1	8.5
Man-years	363	378	363	378	378

Equity Certificates (ECs)

	30.09.2017	30.09.2016	2016	2015	2014	2013
Profit per EC (Group) (NOK)	20.10	23.10	28.80	25.25	31.20	21.65
Profit per EC (Parent Bank) (NOK)	22.30	25.70	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)	260	205	254	188	216	198
Stock market value (NOK million)	2 571	2 027	2 511	1 859	2 136	1 958
Book value per EC (Group) (NOK)	274	263	271	253	242	223
Dividend per EC (NOK)	14.00	11.50	14.00	11.50	13.50	8.00
Price/Earnings (Group, annualised)	9.7	8.9	8.8	7.3	7.4	10.7
Price/Book value (P/B) (Group) 3)	0.94	0.78	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 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 accordance with IAS 34 Interim Financial Reporting. The levy for the Norwegian Banks Guarantee Fund was recognised on an accruals basis as at 30 September 2017. The figures for the same period in 2016 have been made comparable.

RESULTS AS PER Q3 2017

Sparebanken Møre's pre-tax profit after the first three quarters of 2017 was NOK 534 million, compared with NOK 602 million for the same period in 2016.

Total income was NOK 51 million lower than after the same period in 2016. Net interest income rose by NOK 1 million and other operating income fell by NOK 52 million. The reduction in other operating income was mainly attributable to the proceeds from the VISA transaction, which amounted to NOK 45 million at the end of third quarter of 2016. Capital gains from the bond portfolio amounted to NOK 23 million, compared with NOK 27 million after the first three quarters of 2016. Income from hedging transactions with customers in the interest rate market was NOK 6 million lower than in the same period in 2016.

Costs were NOK 3 million higher in the first three quarters of 2017 than in 2016. Personnel costs were NOK 4 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 9 million of this increase.

Losses on loans and guarantees amounted to NOK 14 million and were NOK 14 million higher than in the same period last year.

The cost income ratio after the third quarter this year was 44.9 %. This is 2.5 percentage points higher than in the same period in 2016. The cost income ratio for the year-to-date 2017 is within Sparebanken Møre's target of maximum 45 %.

The profit after tax was NOK 400 million; NOK 61 million lower than in the same period in 2016. The result at the end of third quarter shows an annualised return on equity of 10.2 %, compared to 12.5 % after the first three quarters of 2016. Sparebanken Møre's strategic return on equity target is a minimum of 10 % after tax.

The Group's earnings per equity certificate amounted to NOK 20.10, compared to NOK 23.10 for the same period last year.

The Board of Directors is pleased with the results after the first three quarters of 2017.

RESULTS FOR Q3 2017

The profit after tax for the third quarter of 2017 amounted to NOK 139 million, or 0.85 % of average total assets, compared with NOK 146 million, or 0.95 %, for the corresponding quarter last year.

The return on equity in the third quarter of 2017 was 10.5 %, compared with 11.7 % in third quarter 2016.

The earnings per equity certificate amounted to NOK 6.95 (NOK 7.35) for the Group and NOK 4.75 (NOK 5.15) for the Parent Bank.

Net interest income

Net interest income of NOK 281 million was NOK 10 million higher than in the corresponding quarter of last year. This represents 1.72 % of total assets, which is 0.05 percentage points lower than in third quarter 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. A higher lending volume resulted in higher net interest income in NOK.

Other operating income

Other operating income amounted to NOK 55 million, which is NOK 19 million lower than in the third quarter of last year.

There was no change in the market value of the bond portfolio during the quarter, while the third quarter of 2016 showed capital gains of NOK 17 million.

The value of the equities portfolio fell by NOK 4 million in the third quarter of 2017. The proceeds from the VISA transaction amounted to NOK 7 million in the third quarter of 2016.

Costs

Operating costs in the quarter amounted to NOK 145 million, which is NOK 3 million lower than in the same quarter last year. Personnel costs decreased by NOK 1 million compared with the corresponding period last year and amounted to NOK 83 million. The financial industry tax in the form of higher employers' National Insurance contributions amounted to NOK 3 million for the quarter. Staffing has been reduced by 15 full-time equivalents in the last 12 months to 363 full-time equivalents. Other operating costs were NOK 2 million lower than last year.

The cost income ratio for the third quarter of 2017 was 44.2 %, 1.1 percentage points higher than in third quarter of last year.

Problem loans

NOK 6 million was recognised as losses on loans and guarantees in the quarter. This amounts to 0.04 % of average total assets on an annualised basis. The corresponding figure for the third quarter of 2016 was NOK 5 million (0.03 %). Collective impairments rose by NOK 6 million in the quarter: reversals on losses amounted to NOK 3 million in the retail segment and losses amounting to NOK 3 million were recognised in the corporate segment.

At the end of the third quarter of 2017, total impairments for losses amounted to NOK 342 million, equivalent to 0.58 % of loans and guarantees (NOK 337 million and 0.63 %). NOK 4 million of the individual impairments involved commitments in default for more than 90 days (NOK 13 million), which represents 0.01 % of lending and guarantees (0.02 %). NOK 91 million relates to other commitments (NOK 57 million), which is equivalent to 0.16 % of gross lending and guarantees (0.11 %). Collective impairments for losses amounted to NOK 247 million (NOK 267 million) or 0.42 % of gross lending and guarantees (0.50 %).

Problem loans (loans 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 in the last 12 months increased by NOK 106 million. At the end of third quarter of 2017, the corporate market accounted for NOK 188 million of net problem loans, and the retail market NOK 73 million. In total this represents 0.45 % of gross lending and guarantees (0.30 %).

Lending to customers

At the end of third quarter of 2017, lending to customers amounted to NOK 56 488 million (NOK 51 753 million). Customer lending has increased by a total of NOK 4 735 million, or 9.1 %, in the last 12 months. Retail lending has increased by 7.8 %, while lending to corporate customers has increased by 12.3 % in the last 12 months. Lending to corporate customers decreased by 1.6 % in the third quarter of 2017, while lending to retail customers rose by 1.6 %. Retail lending accounted for 69.1 % of lending at the end of the third quarter of 2017 (70.1 %).

Deposits from customers

Customer deposits have increased by 2.3 % in the last 12 months. At the end of the third quarter of 2017, deposits amounted to NOK 33 082 million (NOK 32 350 million). Retail deposits have increased by 6.4 % in the last 12 months, while corporate deposits have decreased by 1.7 % and public sector deposits have decreased by 23.5 %. The retail market's relative share of deposits amounted to 59.5 % (57.3 %), while deposits from corporate customers accounted for 38.1 % (39.5 %) and from public sector customers 2.4 % (3.2 %).

The deposit to loan ratio amounted to 58.6 % at the end of the third quarter of 2017 (62.5 %).

CAPITAL ADEQUACY

The Group's capital adequacy at the end of the third quarter of 2017 was above the regulatory capital requirements and the internally set minimum target for Core Tier 1 capital. The Primary Capital ratio, including 50 % of retained earnings in the year-to-date, amounts to 19.1 % (18.8 %), the Core Capital ratio amounts to 17.1 % (17.3 %) and the Core Tier 1 capital ratio amounts to 14.5 % (14.9 %).

At the end of the third quarter of 2017, Sparebanken Møre had a capital requirement linked to the transitional scheme for the Basel I floor of NOK 227 million.

SUBSIDIARIES

The aggregate profit of the Bank's three subsidiaries after the first three quarters of 2017 amounted to NOK 109 million after tax (NOK 122 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 third quarter, the company had net outstanding bonds of NOK 18.7 billion in the market. About 20% of the borrowing was in a currency other than NOK. The company has contributed NOK 108 million to the result as at 30 September 2017 (NOK 123 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has made no contribution to the overall result to date in 2017 (NOK -1 million). At the end of the quarter, the company employed 13 full-time equivalents.

Sparebankeiendom AS's purpose is to own and manage the Bank's own commercial properties. The company has contributed NOK 1 million to the result in the year-to-date 2017. The company has no employees.

EQUITY CERTIFICATES

At the end of the third quarter of 2017, there were 5 677 holders of Sparebanken Møre's equity certificates. 9 886 954 equity certificates have been issued. Equity certificates and related capital account 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 September 2017, the Bank owned 55 851 of its own equity certificates. These were purchased on the Oslo Stock Exchange at market price.

ADJUSTING THE DIVIDEND POLICY

Sparebanken Møre has the recent years specified a dividend ratio in the range of 40 to 50 per cent. The Board now states that about 50 per cent of the profit can be distributed as dividends in the form of cash dividend to the equity certificate owners and dividend to the local community.

FUTURE PROSPECTS

After recovering before the summer, the economic outlook for Møre og Romsdal has stabilised during the autumn. The level of activity in most industries is high and the downturn in oil-related industries is more subdued. The level of activity in the public sector is also high. The decline in housing prices has however increased and there is greater uncertainty about how prices will develop.

The county's labour market has developed satisfactorily this year, although there are large local differences. At the end of September, registered unemployment in Møre og Romsdal was 2.5 % according to the Norwegian Labour and Welfare Administration (NAV). This is the same unemployment rate as the nationwide rate. Unemployment in the county is now at the lowest level in 2 years. Meanwhile, NAV Møre og Romsdal has said in a September press release that they are still receiving warnings of lay-offs and dismissals. It is therefore not unlikely that unemployment may rise slightly in the next few months.

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

Credit growth to the retail sector in Norway has been relatively stable this year, but has increased for the corporate sector. The rate of growth for deposits in the third quarter was somewhat lower than at the start of the year for the country 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 good, albeit slightly lower, 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 further during the rest of the year. There is a constant focus on efficient operations and increased profitability.

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 September 2017

18 October 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	Q3 2017	Q3 2016	30.09.2017	30.09.2016	2016
Interest income		453	444	1 332	1 335	1 783
Interest costs		172	173	522	526	701
Net interest income	<u>9</u>	281	271	810	809	1 082
Commission income and revenues from banking services		52	50	146	142	189
Commission costs and expenditure from banking services		8	7	20	21	27
Other operating income		7	6	17	16	20
Net commission and other operating income		51	49	143	137	182
Dividends		1	0	2	1	2
Net gains/losses from financial instruments	<u>5</u>	3	25	39	98	97
Net return from financial instruments		4	25	41	99	99
Total income		336	345	994	1 045	1 363
Wages, salaries etc.		83	84	253	249	335
Administration costs		30	30	98	95	124
Depreciation and impairment		8	8	24	23	32
Other operating costs		24	26	71	76	95
Total operating costs		145	148	446	443	586
Profit before impairment on loans		191	197	548	602	777
Impairment on loans, guarantees etc.	<u>3</u>	6	5	14	0	22
Pre tax profit		185	192	534	602	755
Taxes		46	46	134	141	181
Profit after tax		139	146	400	461	574
Profit per EC (NOK)		6.95	7.35	20.10	23.10	28.80
Diluted earnings per EC (NOK)		6.95	7.35	20.10	23.10	28.80
Distributed dividend per EC (NOK)		0.00	0.00	14.00	11.50	11.50

STATEMENT OF COMPREHENSIVE INCOME - GROUP

Amounts in NOK million	Q3 2017	Q3 2016	30.09.2017	30.06.2016	2016
Profit after tax	139	146	400	461	574
Other income/costs reversed in ordinary profit:					
Equities available for sale - changes in value	0	-3	6	-41	-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	139	143	406	420	537

Statement of financial position - Group

STATEMENT OF FINANCIAL POSITION - GROUP

Assets

Amounts in NOK million	Note	30.09.2017	30.09.2016	31.12.2016
Cash and claims on Norges Bank	5 6 9	1 304	439	300
Loans to and receivables from credit institutions	5 6 9	675	622	649
Loans to and receivables from customers	2 3 4 5 7 9	56 488	51 753	52 691
Certificates, bonds and other interest-bearing securities	5 7 9	6 307	7 210	6 199
Financial derivatives	5 7	847	1 146	1 224
Shares and other securities	5 7	169	126	133
Deferred tax benefit		43	50	42
Intangible assets		43	50	47
Fixed assets		227	235	230
Other assets		86	159	78
Total assets		66 189	61 790	61 593

Liabilities and equity

Amounts in NOK million	Note	30.09.2017	30.09.2016	31.12.2016
Loans and deposits from credit institutions	5 6 9	725	649	658
Deposits from customers	2 5 7 9	33 082	32 350	32 562
Debt securities issued	5 6	24 042	20 998	20 363
Financial derivatives	5 7	405	503	580
Other liabilities		523	533	558
Incurred costs and prepaid income		89	94	73
Other provisions for incurred liabilities and costs		84	39	40
Perpetual Hybrid Tier 1 capital	5 6	632	811	816
Subordinated loan capital	5 6	702	501	502
Total liabilities		60 284	56 478	56 152
EC capital	10	989	989	989
ECs owned by the Bank		-6	-7	-3
Share premium		354	354	354
Additional Tier 1 capital		349	0	0
Paid-in equity		1 686	1 336	1 340
Primary capital fund		2 342	2 186	2 346
Gift fund		125	125	125
Dividend equalisation fund		1 091	937	1 092
Value adjustment fund		51	82	51
Other equity		204	229	487
Total comprehensive income after tax		406	417	0
Retained earnings		4 219	3 976	4 101
Total equity		5 905	5 312	5 441
Total liabilities and equity		66 189	61 790	61 593

Statement of changes in equity - Group

GROUP 30.09.2017	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	-8	-3			-4		-1		
Distributed dividend to the EC holders	-138								-138
Distributed dividend to the local community	-141								-141
Issued Additional Tier 1 capital	349			349					
Interest paid on issued Additional Tier 1 capital	-4								-4
Total profit for the period	406								406
Equity as at 30 September 2017	5 905	983	354	349	2 342	125	1 091	51	610

GROUP 30.09.2016	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	12	6			3		2		
Distributed dividend to the EC holders	-114								-114
Distributed dividend to the local community	-115								-115
Total profit for the period	417								417
Equity as at 30 September 2016	5 312	982	354	0	2 186	125	937	82	646

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 cash flow - Group

Amounts in NOK million	30.09.2017	30.09.2016	31.12.2016
Cash flow from operating activities			
Interest, commission and fees received	1 431	1 430	1 880
Interest, commission and fees paid	-272	-244	-344
Dividend and group contribution received	2	1	2
Operating expenses paid	-383	-323	-465
Income taxes paid	-202	-227	-214
Changes relating to loans to and claims on other financial institutions	-27	583	556
Changes relating to repayment of loans/leasing to customers	-3 273	-921	-1 845
Changes in utilised credit facilities	-453	457	420
Net change in deposits from customers	520	2 962	3 173
Net cash flow from operating activities	-2 657	3 718	3 163
Cash flow from investing activities			
Interest received on certificates, bonds and other securities	80	80	110
Proceeds from the sale of certificates, bonds and other securities	3 477	1 804	3 860
Purchases of certificates, bonds and other securities	-3 582	-4 345	-5 380
Proceeds from the sale of fixed assets etc.	0	17	17
Purchase of fixed assets etc.	-18	-18	-20
Changes in other assets	330	85	92
Net cash flow from investing activities	287	-2 377	-1 321
Cash flow from financing activities			
Interest paid on debt securities	-288	-303	-404
Net change in deposits from Norges Bank and other financial institutions	67	-409	-400
Proceeds from bond issues raised	7 067	1 360	1 527
Redemption of debt securities	-3 380	-2 175	-2 947
Dividend paid	-138	-114	-114
Changes in other debt	-299	-315	-258
Proceeds from issued Additional Tier 1 capital	349	0	0
Interest paid on issued Additional Tier 1 capital	-4	0	0
Net cash flow from financing activities	3 374	-1 956	-2 596
Net change in cash and cash equivalents	1 004	-615	-754
Cash balance at 01.01	300	1 054	1 054
Cash balance at 30.09/31.12	1 304	439	300

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 September 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		
	30.09.2017	30.09.2016	31.12.2016
Broken down according to sectors			
Agriculture and forestry	402	372	390
Fisheries	2 303	2 534	2 281
Manufacturing	2 600	2 083	2 327
Building and construction	616	603	562
Wholesale and retail trade, hotels	634	517	525
Supply/Offshore	823	1 062	956
Property management	6 482	5 681	5 804
Professional/financial services	1 299	779	881
Transport and private/public services	2 094	1 720	1 891
Public entities	0	0	4
Activities abroad	117	116	113
Total corporate/public entities	17 370	15 467	15 734
Retail customers	39 245	36 415	37 133
Fair value adjustment of loans	72	121	86
Accrued interest income	93	87	98
Total loans	56 780	52 090	53 051
Individual impairment	-45	-70	-79
Collective impairment	-247	-267	-281
Loans to and receivables from customers	56 488	51 753	52 691
Loans with floating interest rate (amortised cost)	52 641	47 283	48 307
Loans with fixed interest rate (fair value)	4 139	4 807	4 744

GROUP	Deposits		
	30.09.2017	30.09.2016	31.12.2016
Broken down according to sectors			
Agriculture and forestry	185	204	196
Fisheries	1 494	863	851
Manufacturing	1 445	2 060	2 080
Building and construction	553	558	583
Wholesale and retail trade, hotels	754	720	799
Property management	1 345	1 333	1 230
Professional/financial services	1 924	2 094	2 316
Transport and private/public services	2 801	2 839	2 745
Public entities	790	1 032	1 084
Activities abroad	5	5	10
Miscellaneous	1 934	1 982	1 983
Total corporate/public entities	13 230	13 690	13 877
Retail customers	19 696	18 512	18 675
Fair value adjustment of deposits	1	0	0
Accrued interest costs	155	148	10
Total deposits	33 082	32 350	32 562
Deposits with floating interest rate (amortised cost)	31 788	31 215	31 308
Deposits with fixed interest rate (fair value)	1 294	1 135	1 254

Note 3

LOSSES AND IMPAIRMENT ON LOANS AND GUARANTEES

Specification of losses on loans, guarantees etc.

	Q3 2017	Q3 2016	30.09.2017	30.09.2016	31.12.2016
Changes in individual impairment of loans and guarantees during the period	-2	0	16	-9	1
Changes in collective impairment during the period	6	5	-34	5	19
Confirmed losses during the period where individual impairment had previously been made	1	1	25	8	8
Confirmed losses during the period where individual impairment had previously not been made	2	1	11	4	5
Recoveries	1	2	4	8	11
Losses on loans, guarantees etc.	6	5	14	0	22

Individual impairment on loans

	Q3 2017	Q3 2016	30.09.2017	30.09.2016	31.12.2016
Individual impairment on loans as at 01.01/01.07	47	70	79	79	79
Confirmed losses during the period, where individual impairment had previously been made	1	1	25	8	8
Increase in individual impairment during the period	0	2	4	5	7
Individual impairment of new commitments during the period	1	3	4	9	26
Recoveries on individual impairment during the period	2	4	17	15	25
Individual impairment on loans at the end of the period	45	70	45	70	79

Collective impairment on loans

	Q3 2017	Q3 2016	30.09.2017	30.09.2016	31.12.2016
Collective impairment of loans as at 01.01/01.07	241	262	281	262	262
Changes during the period	6	5	-34	5	19
Collective impairment on loans at the end of the period	247	267	247	267	281

Individual impairment on guarantees

	Q3 2017	Q3 2016	30.09.2017	30.09.2016	31.12.2016
Individual impairment as at 01.01/01.07	50	0	0	0	0
Individual impairment during the period	0	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)

GROUP	30.09.2017			30.09.2016			31.12.2016		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Problem loans prior to individual impairment:									
Commitments in default above 3 months	82	66	16	84	47	37	65	45	20
Other bad and doubtful commitments subject to impairment	274	13	261	141	15	126	546	24	522
Total problem loans prior to individual impairment	356	79	277	225	62	163	611	69	542
Individual impairment on:									
Commitments in default above 3 months	4	2	2	13	3	10	15	3	12
Other bad and doubtful commitments subject to impairment	91	4	87	57	10	47	64	10	54
Total individual impairment	95	6	89	70	13	57	79	13	66
Problem loans after individual impairment:									
Commitments in default above 3 months	78	64	14	71	44	27	50	42	8
Other bad and doubtful commitments subject to impairment	183	9	174	84	5	79	482	14	468
Total problem loans less individual impairment	261	73	188	155	49	106	532	56	476
Total problem loans prior to individual impairment as a percentage of total loans									
	0.61	0.20	1.45	0.43	0.17	1.05	1.16	0.19	3.45
Total problem loans less individual impairment as a percentage of total loans									
	0.45	0.19	0.99	0.30	0.13	0.68	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 - 30.09.2017	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			1 304	
Loans to and receivables from credit institutions			675	
Loans to and receivables from customers		4 139	52 349	
Certificates and bonds		6 307		
Shares and other securities				169
Financial derivatives	847			
Total financial assets	847	10 446	54 328	169
Loans and deposits from credit institutions			725	
Deposits from and liabilities to customers		1 294	31 788	
Financial derivatives	405			
Debt securities			24 042	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 334	
Total financial liabilities	405	1 294	57 889	-

GROUP - 30.09.2016	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			439	
Loans to and receivables from credit institutions			622	
Loans to and receivables from customers		4 807	46 946	
Certificates and bonds		7 210		
Shares and other securities	1			125
Financial derivatives	1 146			
Total financial assets	1 147	12 017	48 007	125
Loans and deposits from credit institutions			649	
Deposits from and liabilities to customers		1 135	31 215	
Financial derivatives	503			
Debt securities			20 998	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 312	
Total financial liabilities	503	1 135	54 174	-

Net gains/losses on financial instruments

	Q3 2017	Q3 2016	30.09.2017	30.09.2016	31.12.2016
Certificates and bonds	0	17	23	27	24
Securities	-4	7	-9	44	41
Foreign exchange trading (for customers)	9	7	29	24	33
Fixed income trading (for customers)	0	1	3	9	11
Financial derivatives	-2	-7	-7	-6	-12
Net change in value and gains/losses from financial instruments	3	25	39	98	97

Note 6

FINANCIAL INSTRUMENTS AT AMORTISED COST

GROUP	30.09.2017		30.09.2016	
	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	1 304	1 304	439	439
Loans to and receivables from credit institutions	675	675	622	622
Loans to and receivables from customers	52 349	52 349	46 946	46 946
Total financial assets	54 328	54 328	48 007	48 007
Loans and deposits from credit institutions	725	725	649	649
Deposits from and liabilities to customers	31 788	31 788	31 215	31 215
Debt securities	24 138	24 042	21 019	20 998
Subordinated loan capital and Perpetual Hybrid Tier 1 capital	1 363	1 334	1 345	1 312
Total financial liabilities	58 014	57 889	54 228	54 174

GROUP - 30.09.2017	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	1 304			1 304
Loans to and receivables from credit institutions		675		675
Loans to and receivables from customers			52 349	52 349
Total financial assets	1 304	675	52 349	54 328
Loans and deposits from credit institutions		725		725
Deposits from and liabilities to customers			31 788	31 788
Debt securities		24 138		24 138
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 363		1 363
Total financial liabilities	-	26 226	31 788	58 014

GROUP - 30.09.2016	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	439			439
Loans to and receivables from credit institutions		622		622
Loans to and receivables from customers			46 946	46 946
Total financial assets	439	622	46 946	48 007
Loans and deposits from credit institutions		649		649
Deposits from and liabilities to customers			31 215	31 215
Debt securities		21 019		21 019
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 345		1 345
Total financial liabilities	-	23 013	31 215	54 228

Note 7

FINANCIAL INSTRUMENTS AT FAIR VALUE

GROUP - 30.09.2017	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			4 139	4 139
Certificates and bonds	1 884	4 423		6 307
Shares and other securities	16		153	169
Financial derivatives		847		847
Total financial assets	1 900	5 270	4 292	11 462
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			1 294	1 294
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		405		405
Total financial liabilities	-	405	1 294	1 699

GROUP - 30.09.2016	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			4 807	4 807
Certificates and bonds	1 955	5 255		7 210
Shares and other securities	5		121	126
Financial derivatives		1 146		1 146
Total financial assets	1 960	6 401	4 928	13 289
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			1 135	1 135
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		503		503
Total financial liabilities	-	503	1 135	1 638

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	224	48	425
Sales/reduction	843	3	385
Transferred to Level 3			
Transferred from Level 3			
Net gains/losses in the period	14	-4	
Recorded value as at 30.09.17	4 139	169	1 294

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	311	-	695
Sales/reduction	783	40	74
Transferred to Level 3	-	-	-
Transferred from Level 3	-	-	-
Net gains/losses in the period	-58	-	-
Recorded value as at 30.09.16	4 807	121	1 135

Note 8

OPERATING SEGMENTS

Result - Q3 2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	281	-8	108	181	0
Other operating income	55	-1	24	29	3
Total income	336	-9	132	210	3
Operating costs	145	23	28	91	3
Profit before impairment	191	-32	104	119	0
Impairment on loans, guarantees etc.	6	6	3	-3	0
Pre tax profit	185	-38	101	122	0
Taxes	46				
Profit after tax	139				

Result - 30.09.2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	810	-17	315	512	0
Other operating income	184	28	69	75	12
Total income	994	11	384	587	12
Operating costs	446	82	83	268	13
Profit before impairment	548	-71	301	319	-1
Impairment on loans, guarantees etc.	14	6	14	-6	0
Pre tax profit	534	-77	287	325	-1
Taxes	134				
Profit after tax	400				

Key figures - 30.09.2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	56 488	920	17 053	38 515	0
Deposits from customers 1)	33 082	627	11 448	21 007	0
Guarantee liabilities	1 700	0	1 689	11	0
The deposit-to-loan ratio	58.6	68.2	67.1	54.5	0.0
Man-years	363	156	51	143	13

Result - Q3 2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	271	-12	107	176	0
Other operating income	74	22	21	26	5
Total income	345	10	128	202	5
Operating costs	148	26	29	88	5
Profit before impairment	197	-16	99	114	0
Impairment on loans, guarantees etc.	5	5	0	0	0
Pre tax profit	192	-21	99	114	0
Taxes	46				
Profit after tax	146				

Result - 30.09.2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	809	-29	325	513	0
Other operating income	236	88	64	71	13
Total income	1 045	59	389	584	13
Operating costs	443	83	85	261	14
Profit before impairment	602	-24	304	323	-1
Impairment on loans, guarantees etc.	0	5	-1	-4	0
Pre tax profit	602	-29	305	327	-1
Taxes	141				
Profit after tax	461				

Key figures - 30.09.2016	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	51 753	885	15 194	35 674	0
Deposits from customers 1)	32 350	555	11 994	19 801	0
Guarantee liabilities	1 642	0	1 634	8	0
The deposit-to-loan ratio	62.5	62.7	78.9	55.5	0.0
Man-years	378	152	54	158	14

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	Q3 2017	Q3 2016
Net interest income	68	61
Other operating income	-3	1
Total income	65	62
Operating costs	9	8
Profit before impairment on loans	56	54
Impairment on loans, guarantees etc.	0	0
Pre tax profit	56	54
Taxes	14	13
Profit after tax	42	41

Statement of income	30.09.2017	30.09.2016
Net interest income	186	183
Other operating income	-14	6
Total income	172	189
Operating costs	28	25
Profit before impairment on loans	144	164
Impairment on loans, guarantees etc.	0	0
Pre tax profit	144	164
Taxes	36	41
Profit after tax	108	123

Statement of financial position	30.09.2017	30.09.2016
Loans to and receivables from customers	20 838	18 005
Total equity	1 611	1 476

Note 9

TRANSACTIONS WITH RELATED PARTIES

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

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

PARENT BANK	30.09.2017	30.09.2016	31.12.2016
Statement of income			
Interest and credit commission income from subsidiaries	24	17	27
Received dividend and group contribution from subsidiaries	156	176	176
Rent paid to Sparebankeiendom AS	12	12	16
Administration fee received from Møre Boligkreditt AS	22	20	26
Statement of financial position			
Claims on subsidiaries	1 296	1 647	1 270
Covered bonds	0	159	2 186
Liabilities to subsidiaries	207	49	284
Accumulated loan portfolio transferred to Møre Boligkreditt AS	20 843	18 009	19 815

Note 10

EC CAPITAL

The 20 largest EC holders in Sparebanken Møre as at 30.09.2017	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	988 164	9.99
Cape Invest AS	637 247	6.45
Verdipapirfond Pareto Aksje Norge	392 249	3.97
Wenaasgruppen AS	380 000	3.84
MP Pensjon	376 698	3.81
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	218 734	2.21
Beka Holding AS	150 100	1.52
Verdipapirfondet Eika egenkapital	144 217	1.46
Lapas AS (Leif-Arne Langøy)	113 500	1.15
Fondsfinans Norge	100 000	1.01
Verdipapirfondet Landkreditt Utbytte	100 000	1.01
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
Sparebanken Møre	55 851	0.56
Malme AS	55 000	0.56
Total 20 largest	4 848 685	49.04
Total	9 886 954	100.00

Note 11

CAPITAL ADEQUACY

	30.09.2017	30.09.2016	31.12.2016
Core Capital			
EC capital	989	989	989
- ECs owned by the Bank	-6	-7	-3
Share premium	354	354	354
Additional Tier 1 capital	349	0	0
Primary capital fund	2 342	2 186	2 346
Gift fund	125	125	125
Dividend equalisation fund	1 091	937	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	203	229	208
Accumulated profit for the period	406	420	0
Total equity	5 904	5 315	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	803	800
Expected losses exceeding actual losses, IRB portfolios	-146	-81	-219
Proposed dividend for the EC holders	0	0	-138
Proposed dividend for the local community	0	0	-141
Accumulated profit for the period	-406	-420	0
Total core capital	5 833	5 470	5 630
Common equity Tier 1 Capital	4 895	4 667	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	6 535	5 971	6 132

Capital requirement by exposure classes

Exposure classes SA - credit risk	30.09.2017	30.09.2016	31.12.2016
Central governments or central banks	0	0	0
Regional governments or local authorities	16	32	14
Public sector companies	21	19	17
Institutions (banks etc)	45	49	46
Companies (corporate customers)	0	0	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	20	18	20
Equity	7	8	8
Other items	121	124	121
Total capital requirements - credit risk, The Standardised Approach	230	250	226

Exposure classes IRB - credit risk	30.09.2017	30.09.2016	31.12.2016
Retail - Secured by real estate	655	600	602
Retail - Other	47	47	46
SME	641	619	629
Specialised lending	501	390	415
Other corporate lending	290	284	465
IRB-F capital requirements	2 134	1 940	2 157
Total capital requirements - credit risk	2 364	2 190	2 383

Exposure classes SA - market risk	30.09.2017	30.09.2016	31.12.2016
Debt	0	0	0
Equity	0	0	0
Foreign exchange	0	0	0
Credit value adjustment risk (CVA)	28	34	29
Total capital requirements - market risk	28	34	29

Operational Risk (Basic Indicator Approach)	200	194	194
Deductions from the capital requirement	0	0	0
Total capital requirement less transitional rules	2 592	2 418	2 606
Additional capital requirements from transitional rules 1)	227	203	35
Total capital requirements	2 819	2 621	2 641

Total risk-weighted assets less transitional rules	32 392	30 223	32 553
Total risk-weighted assets from transitional rules	2 833	2 537	455
Total risk-weighted assets	35 225	32 760	33 008
Minimum requirement common equity Tier 1 capital (4.5 %)	1 585	1 474	1 483

Buffer Requirement	30.09.2017	30.09.2016	31.12.2016
Capital conservation buffer (2.5 %)	881	819	825
Systemic risk buffer (3.0 %)	1 057	983	990
Countercyclical buffer (1.5%)	528	491	495
Total buffer requirements	2 466	2 293	2 310
Available common equity Tier 1 capital after buffer requirements	844	900	1 037

Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules	30.09.2017	30.09.2016	31.12.2016
Capital adequacy ratio	18.6	18.2	18.6
Capital adequacy ratio incl. 50 per cent of the profit for the period	19.1	18.8	
Core capital ratio	16.6	16.7	17.0
Core capital ratio incl. 50 per cent of the profit for the period	17.1	17.3	
Core Tier 1 capital ratio	13.9	14.3	14.6
Core Tier 1 capital ratio incl. 50 per cent of the profit for the period	14.5	14.9	

Leverage Ratio (LR)	30.09.2017	30.09.2016	31.12.2016
Leverage Ratio	8.2	7.8	8.5
Leverage Ratio incl. 50 per cent of the profit for the period	8.5	8.1	8.5

Statement of income - Parent Bank

STATEMENT OF INCOME - PARENT BANK

Amounts in NOK million	Q3 2017	Q3 2016	30.09.2017	30.09.2016	2016
Interest income	323	328	967	983	1 313
Interest costs	110	116	341	354	470
Net interest income	213	212	626	629	843
Commission income and revenues from banking services	52	50	146	142	189
Commission costs and expenditure from banking services	8	7	20	21	27
Other operating income	11	7	26	21	28
Net commission and other operating income	55	50	152	142	190
Dividends	1	0	158	177	178
Net gains/losses from financial instruments	5	24	52	92	98
Net return from financial instruments	6	24	210	269	276
Total income	274	286	988	1 040	1 309
Wages, salaries etc.	81	82	244	240	322
Administration costs	29	30	97	95	123
Depreciation and impairment	7	6	20	19	26
Other operating costs	24	27	70	74	93
Total operating costs	141	145	431	428	564
Profit before impairment on loans	133	141	557	612	745
Impairment on loans, guarantees etc.	6	5	14	0	21
Pre tax profit	127	136	543	612	724
Taxes	32	33	98	100	129
Profit after tax	95	103	445	512	595
Profit per EC (NOK)	4.75	5.15	22.30	25.70	29.85
Diluted earnings per EC (NOK)	4.75	5.15	22.30	25.70	29.85
Distributed dividend per EC (NOK)	0.00	0.00	14.00	11.50	11.50

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK

Amounts in NOK million	Q3 2017	Q3 2016	30.06.2017	30.06.2016	2016
Profit after tax	95	103	445	512	595
Other income/costs reversed in ordinary profit:					
Equities available for sale - changes in value	0	-3	6	-41	-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	95	100	451	471	558

Statement of financial position - Parent Bank

STATEMENT OF FINANCIAL POSITION - PARENT BANK

Assets

Amounts in NOK million	30.09.2017	30.09.2016	31.12.2016
Cash and claims on Norges Bank	1 304	439	300
Loans to and receivables from credit institutions	1 844	2 120	1 789
Loans to and receivables from customers	35 777	33 896	33 011
Certificates, bonds and other interest-bearing securities	6 139	6 996	7 863
Financial derivatives	529	727	856
Shares and other securities	168	126	133
Equity stakes in Group companies	1 521	1 371	1 371
Deferred tax benefit	49	59	49
Intangible assets	43	50	47
Fixed assets	37	38	36
Other assets	82	153	77
Total assets	47 493	45 975	45 532

Liabilities and equity

Amounts in NOK million	30.09.2017	30.09.2016	31.12.2016
Loans and deposits from credit institutions	918	669	929
Deposits from customers	33 095	32 380	32 575
Debt securities issued	5 351	5 353	4 284
Financial derivatives	390	499	576
Other liabilities	489	496	499
Incurred costs and prepaid income	89	93	77
Other provisions for incurred liabilities and costs	84	39	40
Perpetual Hybrid Tier 1 capital	632	811	816
Subordinated loan capital	702	501	502
Total liabilities	41 750	40 841	40 298
EC capital	989	989	989
ECs owned by the Bank	-6	-7	-3
Share premium	354	354	354
Additional Tier 1 capital	349	0	0
Paid-in equity	1 686	1 336	1 340

Primary capital fund	2 342	2 186	2 346
Gift fund	125	125	125
Dividend equalisation fund	1 091	937	1 092
Value adjustment fund	51	82	51
Other equity	-4	0	279
Total comprehensive income after tax	451	468	0
Retained earnings	4 057	3 798	3 894
Total equity	5 743	5 134	5 234
Total liabilities and equity	47 493	45 975	45 532

Profit performance - Group

QUARTERLY PROFIT

Amounts in NOK million	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net interest income	281	268	261	273	271
Other operating income	55	63	66	45	74
Total operating costs	145	151	150	143	148
Profit before impairment on loans	191	180	177	175	197
Impairment on loans, guarantees etc.	6	6	2	22	5
Pre tax profit	185	174	175	153	192
Tax	46	44	44	40	46
Profit after tax	139	130	131	113	146

As a percentage of average assets

Net interest income	1.72	1.71	1.69	1.79	1.77
Other operating income	0.34	0.40	0.43	0.30	0.48
Total operating costs	0.89	0.96	0.97	0.94	0.97
Profit before impairment on loans	1.17	1.15	1.15	1.15	1.28
Impairment on loans, guarantees etc.	0.04	0.03	0.01	0.14	0.03
Pre tax profit	1.13	1.12	1.14	1.01	1.25
Tax	0.28	0.28	0.28	0.26	0.30
Profit after tax	0.85	0.84	0.86	0.75	0.95