

UNAUDITED INTERIM REPORT

3 QUARTER

2018

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SPAREBANKEN MØRE

Financial highlights - Group

Income statement

	Q3 2018		Q3 2017		30.09.2018		30.09.2017		2017	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	290	1.63	281	1.72	870	1.68	810	1.70	1 100	1.72
Net commission and other operating income	56	0.33	51	0.32	155	0.30	143	0.30	194	0.30
Net return from financial investments	5	0.02	4	0.02	37	0.07	41	0.09	48	0.08
Total income	351	1.98	336	2.06	1 062	2.05	994	2.09	1 342	2.10
Total operating costs	152	0.86	145	0.89	451	0.87	446	0.94	590	0.92
Profit before impairment on loans	199	1.12	191	1.17	611	1.18	548	1.15	752	1.18
Impairment on loans, guarantees etc.	7	0.04	6	0.04	4	0.01	14	0.03	13	0.02
Pre-tax profit	192	1.08	185	1.13	607	1.17	534	1.12	739	1.16
Tax	43	0.24	46	0.28	143	0.27	134	0.28	182	0.28
Profit after tax	149	0.84	139	0.85	464	0.90	400	0.84	557	0.88

Statement of financial position

(NOK million)	30.09.2018	% change YTD 2018	31.12.2017	% change during last 12 months	30.09.2017
Total assets	69 876	5.1	66 491	5.6	66 189
Average assets	69 037	7.9	64 000	9.0	63 354
Loans to and receivables from customers	59 620	4.8	56 867	5.5	56 488
Gross loans to retail customers	41 242	3.6	39 817	5.1	39 245
Gross loans to corporate and public entities	18 585	8.3	17 168	7.0	17 370
Deposits from customers	34 684	5.7	32 803	4.8	33 082
Deposits from retail customers	20 716	5.2	19 688	5.2	19 696
Deposits from corporate and public entities	13 968	6.6	13 101	5.6	13 230

Key figures

	Q3 2018	Q3 2017	30.09.2018	30.09.2017	2017
Return on equity (annualised) 4)	10.3	10.5	10.9	10.2	10.4
Cost income ratio	43.4	44.2	42.5	44.9	44.0
Losses as a percentage of loans (annualised)	0.05	0.04	0.01	0.03	0.02
Problem loans as a percentage of loans (prior to impairment)	0.57	0.61	0.57	0.61	0.57
Problem loans as a percentage of loans (after impairment)	0.42	0.45	0.42	0.45	0.40
Deposit-to-loan ratio	58.2	58.6	58.2	58.6	57.7
Liquidity Coverage Ratio (LCR)	122	112	122	112	159
Lending growth as a percentage	5.1	0.8	5.5	9.1	7.9
Deposit growth as a percentage	5.2	-1.3	4.8	2.3	0.7
Capital adequacy ratio 1) 2)	19.4	19.1	19.4	19.1	18.4
Tier 1 capital ratio 1) 2)	17.4	17.1	17.4	17.1	16.8
Common Equity Tier 1 capital ratio (CET1) 1) 2)	15.8	14.5	15.8	14.5	15.0
Leverage Ratio (LR) 2)	8.2	8.5	8.2	8.5	8.2
Man-years	363	363	363	363	359

Equity Certificates (ECs)

	30.09.2018	30.09.2017	2017	2016	2015	2014
Profit per EC (Group) (NOK) 3)	22.85	20.10	27.70	28.80	25.25	31.20
Profit per EC (Parent Bank) (NOK) 3)	23.30	22.30	27.00	29.85	25.70	29.10
EC fraction 1.1 as a percentage (Parent Bank)	49.6	49.6	49.6	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	288	260	262	254	188	216
Stock market value (NOK million)	2 847	2 571	2 590	2 511	1 859	2 136
Book value per EC (Group) (NOK)	296	274	289	275	257	244
Dividend per EC (NOK)	14.00	14.00	14.00	14.00	11.50	13.50
Price/Earnings (Group, annualised)	9.5	9.7	9.4	8.8	7.3	7.4
Price/Book value (P/B) (Group) 3)	0.97	0.94	0.91	0.93	0.73	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) Calculated using the EC-holders' share (49.6 %) of the period's profit to be allocated to equity owners.

4) Calculated using the share of the profit to be allocated to equity owners.

Interim report from the Board of Directors

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

RESULTS AS PER Q3 2018

Sparebanken Møre's pre-tax profit for the first three quarters of 2018 was NOK 607 million, compared to NOK 534 million for the same period in 2017.

Total income was NOK 68 million higher than for the same period in 2017. Net interest income rose by NOK 60 million and other operating income increased by NOK 8 million. Capital losses from the bond portfolio amounted to NOK 11 million, compared with capital gains of NOK 23 million in the first three quarters of 2017. Capital gains from shares totalled NOK 16 million, against a capital loss of NOK 9 million in the first three quarters of 2017.

Costs were NOK 5 million higher in the first three quarters of 2018 than in 2017. Personnel costs were NOK 1 million higher and other costs NOK 4 million higher than last year.

Losses on loans and guarantees amounted to NOK 4 million, NOK 10 million lower than in the corresponding period last year.

The cost income ratio was 42.5 per cent after the third quarter this year. This represents a decrease of 2.4 percentage points compared to the same period in 2017. In the strategic plan for 2019-2022, the Board has decided to change the Group's maximum cost income ratio target from 45 per cent to 40 per cent.

Profit after tax was NOK 464 million, NOK 64 million higher than for the same period in 2017. The Q3 results show an annualised return on equity of 10.9 per cent, compared with 10.2 per cent after the first three quarters of 2017. In the strategic plan for 2019-2022, the Board has decided to increase the minimum target for the return on equity from 10 per cent to 11 per cent.

Earnings per equity certificate amounted to NOK 22.85 (NOK 20.10) for the Group and NOK 23.30 (NOK 22.30) for the Parent Bank. The Board is pleased with the results after the first three quarters of 2018.

RESULTS FOR Q3 2018

Profit after tax for the third quarter of 2018 amounted to NOK 149 million, or 0.84 per cent of average total assets, compared to NOK 139 million, or 0.85 per cent, for the corresponding quarter last year.

The return on equity in the third quarter of 2018 was 10.3 per cent, compared to 10.5 per cent for the third quarter of 2017.

Earnings per equity certificate amounted to NOK 7.35 (NOK 6.95) for the Group and NOK 4.90 (NOK 4.75) for the Parent Bank.

Net interest income

The net interest income of NOK 290 million was NOK 9 million higher than in the corresponding quarter of last year. This represents 1.63 per cent of total assets, which is 0.09 percentage points lower than in the third quarter of 2017.

A higher lending volume combined with increased contribution from deposits as well as the Bank's high CET1 level resulted in higher net interest income in Norwegian kroner compared with the same quarter last year. Strong competition on both lending and deposits and reduced risk have contributed to pressure on the net interest margin.

Other operating income

Other operating income amounted to NOK 61 million, which is NOK 6 million higher than in the third quarter of last year. The change in value in the bond portfolio amounted to NOK -8 million in the quarter (no change in the third quarter of 2017). Other income apart from financial instruments shows an increase of NOK 5 million compared with the third quarter of 2017.

Costs

Operating costs amounted to NOK 152 million in the quarter, which is NOK 7 million higher than in the same quarter last year. Personnel costs were NOK 2 million higher than in the corresponding period last year and amounted to NOK 85 million. Financial activity tax in the form of higher employers' National Insurance contributions amounted to NOK 3 million for the quarter. Staffing is unchanged in terms of the number of full-time equivalents in the last 12 months, totalling 363 FTEs. Other operating costs increased by NOK 5 million from the same period last year.

The cost income ratio was 43.4 per cent in the third quarter of 2018, a reduction of 0.8 percentage points compared with the third quarter last year.

Problem loans

NOK 7 million was recognised as losses on loans and guarantees in the quarter. This amounts to 0.04 per cent of average total assets on an annualised basis. The corresponding figure for the third quarter of 2017 was NOK 6 million (0.04 per cent). Losses in the corporate segment increased by NOK 13 million in the quarter, offset by reversal of losses of NOK 6 million in the retail segment.

At the end of the third quarter of 2018, total expected losses amounted to NOK 344 million, equivalent to 0.56 per cent of loans and guarantees (NOK 342 million and 0.58 per cent). Of the individually assessed commitments, NOK 6 million of the impairments were related to commitments in default for more than 90 days (NOK 4 million), which amounts to 0.01 per cent of loans and guarantees (0.01 per cent) NOK 89 million relates to other commitments (NOK 91 million), which is equivalent to 0.15 per cent of gross loans and guarantees (0.16 per cent).

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 individual impairment for losses) have decreased by NOK 6 million in the last 12 months. At the end of the third quarter of 2018, the corporate market accounted for NOK 189 million of net impaired commitments and the retail market NOK 66 million. In total, this represents 0.42 per cent of gross loans and guarantees (0.45 per cent).

Lending to customers

At the end of the third quarter of 2018, lending to customers amounted to NOK 59,620 million (NOK 56,488 million). Customer lending has increased by a total of NOK 3,132 million, or 5.5 per cent, in the last 12 months. Retail lending has increased by 5.1 per cent, while lending to corporate customers has increased by 7.0 per cent in the last 12 months. Lending to corporate customers increased by 1.8 per cent in the third quarter of 2018, while lending to retail customers rose by 1.1 per cent. Retail lending accounted for 69.1 per cent of the total lending at the end of the third quarter of 2018 (69.1 per cent).

Deposits from customers

Customer deposits have increased by 4.8 per cent over the last 12 months. At the end of the third quarter of 2018, deposits amounted to NOK 34,684 million (NOK 33,082 million). Retail deposits have increased by 5.2 per cent in the last 12 months, while corporate deposits have increased by 5.3 per cent and public sector deposits have increased by 9.8 per cent. The retail market's relative share of deposits amounted to 59.7 per cent (59.5 per cent), while deposits from corporate customers accounted for 37.8 per cent (38.1 per cent) and from public sector customers 2.5 per cent (2.4 per cent).

The deposit-to-loan ratio was 58.2 per cent at the end of the third quarter of 2018 (58.6 per cent).

CAPITAL ADEQUACY

The Group's capital adequacy was above the regulatory capital requirements and the internally set minimum target for CET1 at the end of the third quarter of 2018. The primary capital ratio, including 50 per cent of year-to-date retained earnings, was 19.4 per cent (19.1 per cent), the Tier 1 capital ratio was 17.4 per cent (17.1 per cent) and the CET1 ratio was 15.8 per cent (14.5 per cent).

Sparebanken Møre has a capital requirement linked to the transitional scheme associated with the Basel I floor amounting to NOK 139 million at the end of the third quarter of 2018, corresponding to a basis for calculation of NOK 1,711 million.

SUBSIDIARIES

The aggregate profit of the Bank's three subsidiaries amounted to NOK 139 million after tax in the first three quarters of 2018 (NOK 109 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 of 2018, the company had net outstanding bonds of NOK 20.4 billion in the market. About 25 per cent of the borrowing was in currencies other than NOK. The company has contributed NOK 135 million to the result so far in 2018 (NOK 108 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has

contributed NOK 1.5 million to the result so far in 2018 (NOK -0.4 million in the first three quarters of 2017). At the end of the quarter, the company employed 15 full-time equivalents.

Sparebankeiendom AS's purpose is to own and manage the Bank's commercial properties. The company has contributed NOK 2 million to the result so far in 2018 (NOK 1 million in the first three quarters of 2017). The company has no employees.

EQUITY CERTIFICATES

At the end of the third quarter of 2018, there were 5,371 holders of Sparebanken Møre's equity certificates 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.6% of the Bank's total equity. Note 10 includes a list of the 20 largest holders of the Bank's equity certificates.

As at 30 September 2018, the Bank owned 52,184 of its own equity certificates These were purchased on the Oslo Stock Exchange at market price.

FUTURE PROSPECTS

The level of activity in Møre og Romsdal is high in most industries and sectors. This is due to the rise in oil prices and several new investment projects in the petroleum sector, low interest rates, a weak NOK and good growth in export markets. The level of activity in the public sector is also high. The trend in the housing market is stable. Based on the current economic condition, the economic outlook for the county appears to be good.

The increase in production and demand, along with significant restructuring in the labour market, has resulted in lower unemployment. Registered unemployment in Møre og Romsdal in September was 2.3 per cent according to the Norwegian Labour and Welfare Administration (NAV), the same as the national unemployment rate. Unemployment is now so low that the decrease will probably level off in the future.

Credit growth in Norway, both in households and business, slowed during the first half of the year. While lending growth in the corporate market has recovered slightly, lending growth to households dropped further in the third quarter.

Competition in the market remains strong, both for loans and deposits. The Bank is competitive and recorded a good, but somewhat lower, growth rate in loans in the retail market. For loans to the corporate market, we have recorded an increase in the growth rate during the last quarter. Deposit growth in the retail market is good and the deposit-to-loan ratio is high, especially in the corporate market. Lending growth within both the retail market and the corporate market is expected to be somewhat lower in 2018 compared with the growth rate at the end of in 2017. There is a constant focus on good operations and increased profitability.

The Bank will remain a strong and committed supporter of the business sector in our region, Nordvestlandet.

Sparebanken Møre's target for cost-effective operations for the strategy period 2019-2022 is a cost income ratio of less than 40 per cent. The cost income ratio will be clearly lower than 45 per cent in 2018.

Sparebanken Møre's losses are expected to be low also in 2018. Overall, good results are expected in 2018 with a return on equity above 10 per cent. The Bank's strategic target for the return on equity is a minimum of 11 per cent for the strategy period 2019-2022.

Ålesund, 30 September 2018

23 October 2018

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman

ROY REITE, Deputy Chairman

RAGNA BRENNE BJERKESET

HENRIK GRUNG

JILLAASEN

ANN MAGRITT BJÅSTADVIKEBAKK

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP

(NOK million)	Note	Q3 2018	Q3 2017	30.09.2018	30.09.2017	2017
Interest income from assets at amortised cost		442	413	1 301	1 205	1 612
Interest income from assets at fair value		45	40	125	127	175
Interest expenses		197	172	556	522	687
Net interest income	<u>9</u>	290	281	870	810	1 100
Commission income and revenues from banking services		56	52	158	146	196
Commission costs and charges from banking services		6	8	20	20	26
Other operating income		6	7	17	17	24
Net commission and other operating income		56	51	155	143	194
Dividends		0	1	3	2	2
Net gains/losses from financial instruments	<u>5</u>	5	3	34	39	46
Net return from financial instruments		5	4	37	41	48
Total income		351	336	1 062	994	1 342
Wages, salaries etc.		85	83	254	253	335
Administration costs		31	30	99	98	128
Depreciation and impairment		8	8	23	24	31
Other operating costs		28	24	75	71	96
Total operating costs		152	145	451	446	590
Profit before impairment on loans		199	191	611	548	752
Impairment on loans, guarantees etc.	<u>3</u>	7	6	4	14	13
Pre-tax profit		192	185	607	534	739
Taxes		43	46	143	134	182
Profit after tax		149	139	464	400	557
Allocated to equity owners		147	135	455	396	551
Allocated to owners of Additional Tier 1 capital		2	4	9	4	6
Profit per EC (NOK) 1)		7.35	6.95	22.85	20.10	27.70
Diluted earnings per EC (NOK) 1)		7.35	6.95	22.85	20.10	27.70
Distributed dividend per EC (NOK)		0.00	0.00	14.00	14.00	14.00

STATEMENT OF COMPREHENSIVE INCOME - GROUP

(NOK million)	Q3 2018	Q3 2017	30.09.2018	30.09.2017	2017
Profit after tax	149	139	464	400	557
Items that may subsequently be reclassified to the income statement:					
Equities available for sale - changes in value 2)		0		6	27
Basis swap spreads - changes in value 3)	-2		-10		
Tax effect of changes in value on basis swap spreads	0		2		
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-12
Tax effect of pension estimate deviations	0	0	0	0	3
Total comprehensive income after tax	147	139	456	406	575
Allocated to equity owners	145	135	447	402	569
Allocated to owners of Additional Tier 1 capital	2	4	9	4	6

1) Calculated using the EC-holders' share (49.6 %) of the period's profit to be allocated to equity owners.

2) The category Available for sale does not exist in IFRS 9. Shares and other securities are as of 1 January 2018 assessed at fair value with any changes in value recognised in the income statement under Net gains/losses from financial instruments.

3) Changes in value on the Group's basis swaps inherent in hedging instruments, have up to 31.12.2017 been recognised in the income statement. As of 01.01.2018, changes in value on basis swaps due to changes in basis swap spreads, will be recognised in OCI as a cost of hedging.

Statement of financial position - Group

ASSETS

(NOK million)	Note	30.09.2018	30.09.2017	31.12.2017
Cash and claims on Norges Bank	5 6 9	630	1 304	637
Loans to and receivables from credit institutions	5 6 9	1 134	675	1 295
Loans to and receivables from customers	2 3 4 5 7 9	59 620	56 488	56 867
Certificates, bonds and other interest-bearing securities	5 7 9	7 108	6 307	6 096
Financial derivatives	5 7	776	847	1 004
Shares and other securities	5 7	190	169	188
Deferred tax benefit		61	43	59
Intangible assets		42	43	42
Fixed assets		221	227	228
Other assets		94	86	75
Total assets		69 876	66 189	66 491

LIABILITIES AND EQUITY

(NOK million)	Note	30.09.2018	30.09.2017	31.12.2017
Loans and deposits from credit institutions	5 6 9	720	725	569
Deposits from customers	2 5 7 9	34 684	33 082	32 803
Debt securities issued	5 6	26 115	24 042	24 488
Financial derivatives	5 7	319	405	483
Other liabilities		596	523	558
Incurred costs and prepaid income		82	89	78
Other provisions for incurred liabilities and costs		131	84	96
Additional Tier 1 capital	5 6	287	632	302
Subordinated loan capital	5 6	703	702	1 036
Total liabilities		63 637	60 284	60 413
EC capital	10	989	989	989
ECs owned by the Bank		-5	-6	-5
Share premium		355	354	355
Additional Tier 1 capital		349	349	349
Paid-in equity		1 688	1 686	1 688
Primary capital fund		2 513	2 342	2 470
Gift fund		125	125	125
Dividend equalisation fund		1 260	1 091	1 216
Value adjustment fund		-	51	78
Other equity		197	204	501
Total comprehensive income after tax		456	406	0
Retained earnings		4 551	4 219	4 390
Total equity		6 239	5 905	6 078
Total liabilities and equity		69 876	66 189	66 491

Statement of changes in equity - Group

GROUP 30.09.2018	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 2017	6 078	984	355	349	2 470	125	1 216	78	501
Effect of transition to IFRS 9 as of 01.01.2018 *)	-6				44		44	-78	-15
Equity as at 01.01.2018	6 072	984	355	349	2 514	125	1 259	0	486
Changes in own equity certificates	0				-1		1		
Distributed dividend to the EC holders	-138								-138
Distributed dividend to the local community	-141								-141
Interest paid on Additional Tier 1 capital issued	-9								-9
Total profit for the period	456								456
Equity as at 30 September 2018	6 239	984	355	349	2 513	125	1 260	0	653

*) see note 2.6 in the Annual report 2017 for further details on the implementation effects.

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
Additional Tier 1 capital issued	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 31.12.2017	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	-3	-2	1		-2				
Distributed dividend to the EC holders	-138								-138
Distributed dividend to the local community	-141								-141
Additional Tier 1 capital issued	349			349					
Interest paid on issued Additional Tier 1 capital	-6								-6
Equity before allocation of profit for the year	5 502	984	355	349	2 344	125	1 092	51	202
Allocated to the primary capital fund	130				130				
Allocated to the dividend equalisation fund	128						128		
Allocated to owners of Additional Tier 1 capital	6								6
Allocated to other equity	14								14
Proposed dividend allocated for the EC holders	138								138
Proposed dividend allocated for the local community	141								141
Distributed profit for the year	557	0	0	0	130	0	128	0	299
Equities available for sale - changes in value	27							27	
Pension estimate deviations	-12				-6		-6		
Tax effect of pension estimate deviations	3				2		1		
Total other income and costs from comprehensive income	18	0	0	0	-4	0	-5	27	0
Total profit for the period	575	0	0	0	126	0	123	27	299
Equity as at 31 December 2017	6 078	984	355	349	2 470	125	1 216	78	501

Statement of cash flow - Group

(NOK million)	30.09.2018	30.09.2017	31.12.2017
Cash flow from operating activities			
Interest, commission and fees received	1 522	1 431	1 905
Interest, commission and fees paid	-268	-272	-343
Dividend and group contribution received	3	2	2
Operating expenses paid	-405	-383	-525
Income taxes paid	-202	-202	-168
Changes relating to loans to and claims on other financial institutions	161	-27	-646
Changes relating to repayment of loans/leasing to customers	-2 404	-3 273	-3 777
Changes in utilised credit facilities	-310	-453	-321
Net change in deposits from customers	1 881	520	242
Net cash flow from operating activities	-22	-2 657	-3 631
Cash flow from investing activities			
Interest received on certificates, bonds and other securities	83	80	106
Proceeds from the sale of certificates, bonds and other securities	8 184	3 477	4 162
Purchases of certificates, bonds and other securities	-9 268	-3 582	-4 022
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-16	-18	-24
Changes in other assets	280	330	149
Net cash flow from investing activities	-737	287	371
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-316	-288	-380
Net change in deposits from Norges Bank and other financial institutions	151	67	-89
Proceeds from bond issues raised	3 868	7 067	7 942
Redemption of debt securities	-2 418	-3 380	-3 841
Dividend paid	-138	-138	-138
Changes in other debt	-384	-299	-239
Proceeds from Additional Tier 1 capital issued	0	349	349
Paid interest on Additional Tier 1 capital issued	-11	-4	-7
Net cash flow from financing activities	752	3 374	3 597
Net change in cash and cash equivalents	-7	1 004	337
Cash balance at 01.01	637	300	300
Cash balance at 30.09/31.12	630	1 304	637

Note 1

ACCOUNTING PRINCIPLES

The Group`s interim accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), implemented by the EU as at 30 September 2018. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2017 Financial statements, except for IFRS 9 entering into force as of 1 January 2018.

Accounting principles for classification in accordance with IFRS 9 are presented in Note 5. Tables showing the transition effects of the implementation of IFRS 9 are presented in Note 2.6 in the Annual report 2017. The methodology for measuring expected credit losses (ECL) in accordance with IFRS 9 is accounted for in the interim report for Q1. In addition, reference is made to the Annual report for 2017 for further description of accounting principles.

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

Note 2

LOANS AND DEPOSITS BROKEN DOWN ACCORDING TO SECTORS

GROUP	Loans		
	30.09.2018	30.09.2017	31.12.2017
Broken down according to sectors			
Agriculture and forestry	505	402	464
Fisheries	2 964	2 303	2 402
Manufacturing	2 774	2 600	2 030
Building and construction	841	616	562
Wholesale and retail trade, hotels	630	634	620
Supply/Offshore	932	823	882
Property management	6 480	6 482	6 672
Professional/financial services	1 272	1 299	1 261
Transport and private/public services	1 978	2 094	2 152
Public entities	0	0	0
Activities abroad	209	117	123
Total corporate/public entities	18 585	17 370	17 168
Retail customers	41 242	39 245	39 817
Fair value adjustment of loans	39	72	66
Accrued interest income	-	93	100
Total loans (gross carrying amount)	59 866	56 780	57 151
Expected credit loss (ECL) - Stage 1	-23	-	-
Expected credit loss (ECL) - Stage 2	-68	-	-
Expected credit loss (ECL) - Stage 3	-112	-	-
Individual impairment	-43	-45	-48
Collective impairment (IAS 39)	-	-247	-236
Loans to and receivables from customers (carrying amount)	59 620	56 488	56 867
- of which loans with floating interest rate (amortised cost)	55 932	52 349	52 944
- of which loans with fixed interest rate (fair value)	3 688	4 139	3 923

GROUP	Deposits		
	30.09.2018	30.09.2017	31.12.2017
Broken down according to sectors			
Agriculture and forestry	183	185	186
Fisheries	857	1 494	1 214
Manufacturing	1 662	1 445	1 806
Building and construction	629	553	636
Wholesale and retail trade, hotels	763	754	842
Property management	1 362	1 345	1 309
Transport and private/public services	5 396	4 725	4 201
Public entities	867	790	723
Activities abroad	4	5	5
Miscellaneous	2 245	1 934	2 179
Total corporate/public entities	13 968	13 230	13 101
Retail customers	20 716	19 696	19 688
Fair value adjustment of deposits	0	1	2
Accrued interest costs	-	155	12
Total deposits from customers	34 684	33 082	32 803
- of which deposits with floating interest rate (amortised cost)	33 392	31 788	31 463
- of which deposits with fixed interest rate (fair value)	1 292	1 294	1 340

Note 3

LOSSES AND IMPAIRMENTS ON LOANS AND GUARANTEES

Sparebanken Møre applies a three-stage approach when assessing ECL on loans to customers, loan commitments and financial guarantees in accordance with IFRS 9.

- **Stage 1:** At initial recognition and if there's no significant increase in credit risk, the commitment is classified in stage 1 with 12-months ECL.
- **Stage 2:** If a significant increase in credit risk since initial recognition is identified, but without objective evidence of loss, the commitment is transferred to stage 2 with lifetime ECL measurement.
- **Stage 3:** If the credit risk increases further and there's objective evidence of loss or if individual impairments have been made, the commitment is transferred to stage 3.

ECL on loans are presented in the balance sheet as a reduction to «Loans to and receivables from customers» and ECL on guarantees are recognised under «Other provisions for incurred liabilities and costs».

The methodology for measuring expected credit loss (ECL) in accordance with IFRS 9 is explained in the interim report for the 1st quarter. Tables showing the transition effects of the implementation of IFRS 9 are presented in Note 2.6 in the Annual Report 2017.

Specification of credit loss expense

GROUP	Q3 2018	Q3 2017	30.09.2018	30.09.2017	31.12.2017
Changes in collective impairment during the period (IAS 39)	-	6	-	-34	-45
Changes in ECL during the period - Stage 1	-1	-	0	-	-
Changes in ECL during the period - Stage 2	5	-	22	-	-
Changes in ECL during the period - Stage 3	7	-	-16	-	-
Increase in existing individual impairments	1	0	1	4	5
New individual impairments	2	1	16	54	65
Confirmed losses, previously impaired	0	1	5	25	25
Reversal of previous individual impairments	-6	-3	-22	-42	-49
Confirmed losses, not previously impaired	1	2	3	11	18
Recoveries	-2	-1	-5	-4	-6
Total impairment on loans and guarantees, etc	7	6	4	14	13

Changes in ECL in the period

GROUP	Stage 1	Stage 2	Stage 3	Total
Total impairments at 31.12.2017 according to IAS 39				336
Effect of transition to IFRS 9				7
ECL 01.01.2018 according to IFRS 9	24	47	272	343
New commitments	8	12	2	22
Disposal of commitments	-5	-8	-10	-23
Changes in ECL in the period for commitments which have not migrated	-3	-3	17	11
Migration to stage 1	3	-17	-6	-20
Migration to stage 2	-2	39	-23	14
Migration to stage 3	-1	-1	5	3
Changes in individual impairments	-	-	-6	-6
ECL 30.09.2018	24	69	251	344
- of which expected losses on loans	23	68	155	246
- of which expected losses on guarantees	1	1	96	98

Commitments (exposure) divided into risk groups based on probability of default

GROUP	Stage 1	Stage 2	Stage 3	Total 30.09.2018
Low risk (0 % - < 0.5 %)	47 199	1 621	0	48 820
Medium risk (0.5 % - < 3 %)	5 775	2 789	1 287	9 851
High risk (3 % - <100 %)	629	634	86	1 349
Problem loans	0	0	350	350
Total commitments before ECL	53 603	5 044	1 723	60 370
- ECL	-24	-69	-251	-344
Net commitments *)	53 579	4 975	1 472	60 026

*) The table above is based on exposure at the reporting date, not including fixed rate loans assessed at fair value. The figures are thus not reconcilable against balances in the statement of financial position.

Note 4

PROBLEM LOANS

Total commitments in default above 3 months and individually impaired commitments not in default

GROUP	30.09.2018			30.09.2017			31.12.2017		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default above 3 months	79	60	19	82	66	16	62	53	9
Gross impaired commitments not in default	271	17	254	274	13	261	274	8	266
Gross problem loans	350	77	273	356	79	277	336	61	275
Individual impairment on commitments in default above 3 months	6	6	0	4	2	2	4	2	2
Individual impairment on commitments not in default	89	5	84	91	4	87	96	4	92
Total individual impairments	95	11	84	95	6	89	100	6	94
Net commitments in default above 3 months	73	54	19	78	64	14	58	51	7
Net impaired commitments not in default	182	12	170	183	9	174	178	4	174
Net problem loans	255	66	189	261	73	188	236	55	181
Gross problem loans as a percentage of total loans/guarantees	0.57	0.19	1.35	0.61	0.20	1.43	0.57	0.15	1.46
Net problem loans as a percentage of total loans/guarantees	0.42	0.16	0.94	0.45	0.19	0.97	0.40	0.14	0.96

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 AND MEASUREMENT

The Group's portfolio of financial instruments is at initial recognition classified in accordance with IFRS 9. Financial assets are classified in one of the following categories:

- Fair value with value changes through the income statement
- Amortised cost

The classification of the financial assets depends on two factors:

- The purpose of the acquisition of the financial instrument
- The contractual cash flows from the financial assets

Financial assets assessed at amortised cost

The classification of the the financial assets assumes that the following requirements are met:

- The asset is acquired to receive contractual cash flows
- The contractual cash flows consist solely of principal and interest

All lending and receivables are recorded in the accounts at amortised cost, based on expected cash flows. The difference between the issue cost 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.

Financial instruments assessed fair value, any changes in value recognised through the income statement

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

Financial derivatives are contracts signed to mitigate an existing interest rate or currency risk incurred by the bank. Financial derivatives are recognised at fair value through the income statement and recognised gross per contract as an asset or liability.

The Group's portfolio of shares is assessed at fair value with any value changes through the income statement.

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

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 in LCR-level 1, 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 - 30.09.2018	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost
Cash and claims on Norges Bank		630
Loans to and receivables from credit institutions		1 134
Loans to and receivables from customers	3 688	55 932
Certificates and bonds	7 108	
Shares and other securities	190	
Financial derivatives	776	
Total financial assets	11 762	57 696
Loans and deposits from credit institutions		720
Deposits from and liabilities to customers	1 292	33 392
Financial derivatives	319	
Debt securities		26 115
Subordinated loan capital and Additional Tier 1 capital		990
Total financial liabilities	1 611	61 217

GROUP - 30.09.2017	Financial instruments at fair value through profit and loss		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	-

Net gains/losses on financial instruments

	Q3 2018	Q3 2017	30.09.2018	30.09.2017	31.12.2017
Certificates and bonds	-8	0	-11	23	23
Securities	3	-4	16	-9	-10
Foreign exchange trading (for customers)	10	9	29	29	38
Fixed income trading (for customers)	1	0	7	3	4
Financial derivatives	-1	-2	-7	-7	-9
Net change in value and gains/losses from financial instruments	5	3	34	39	46

Note 6

FINANCIAL INSTRUMENTS AT AMORTISED COST

GROUP	30.09.2018		30.09.2017	
	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	630	630	1 304	1 304
Loans to and receivables from credit institutions	1 134	1 134	675	675
Loans to and receivables from customers	55 932	55 932	52 349	52 349
Total financial assets	57 696	57 696	54 328	54 328
Loans and deposits from credit institutions	720	720	725	725
Deposits from and liabilities to customers	33 392	33 392	31 788	31 788
Debt securities	26 215	26 115	24 138	24 042
Subordinated loan capital and Additional Tier 1 capital	1 004	990	1 363	1 334
Total financial liabilities	61 331	61 217	58 014	57 889

GROUP - 30.09.2018	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	630			630
Loans to and receivables from credit institutions		1 134		1 134
Loans to and receivables from customers			55 932	55 932
Total financial assets	630	1 134	55 932	57 696
Loans and deposits from credit institutions		720		720
Deposits from and liabilities to customers			33 392	33 392
Debt securities		26 215		26 215
Subordinated loan capital and Additional Tier 1 capital		1 004		1 004
Total financial liabilities	-	27 939	33 392	61 331

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

Note 7

FINANCIAL INSTRUMENTS AT FAIR VALUE

GROUP - 30.09.2018	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			3 688	3 688
Certificates and bonds	5 148	1 960		7 108
Shares and other securities	14		176	190
Financial derivatives		776		776
Total financial assets	5 162	2 736	3 864	11 762
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			1 292	1 292
Debt securities				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		319		319
Total financial liabilities	-	319	1 292	1 611

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	4 211	2 096		6 307
Shares and other securities	16		153	169
Financial derivatives		847		847
Total financial assets	4 227	2 943	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

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Book value as at 31.12.17	3 923	169	1 340
Purchases/additions	654	2	253
Sales/reduction	862	15	301
Transferred to Level 3			
Transferred from Level 3			
Net gains/losses in the period	-27	20	
Book value as at 30.09.18	3 688	176	1 292

GROUP	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Book value as at 31.12.16	4 744	128	1 254
Purchases/additions	224	32	425
Sales/reduction	843	3	385
Transferred to Level 3			
Transferred from Level 3			
Net gains/losses in the period	14	-4	
Book value as at 30.09.17	4 139	153	1 294

Note 8

OPERATING SEGMENTS

Result - Q3 2018	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	290	1	110	179	0
Other operating income	61	5	24	26	6
Total income	351	6	134	205	6
Operating costs	152	24	31	93	4
Profit before impairment	199	-18	103	112	2
Impairment on loans, guarantees etc.	7	0	10	-3	0
Pre tax profit	192	-18	93	115	2
Taxes	43				
Profit after tax	149				

Result - 30.09.2018	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	870	2	333	535	0
Other operating income	192	26	74	77	15
Total income	1 062	28	407	612	15
Operating costs	451	78	88	272	13
Profit before impairment	611	-50	319	340	2
Impairment on loans, guarantees etc.	4	0	8	-4	0
Pre tax profit	607	-50	311	344	2
Taxes	143				
Profit after tax	464				

Key figures - 30.09.2018	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	59 620	1 183	17 920	40 517	0
Deposits from customers 1)	34 684	752	11 893	22 039	0
Guarantee liabilities	1 606	0	6	1 600	0
The deposit-to-loan ratio	58.2	63.6	66.4	54.4	0
Man-years	363	157	53	138	15

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

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 2018	Q3 2017
Net interest income	66	68
Other operating income	1	-3
Total income	67	65
Operating costs	11	9
Profit before impairment on loans	56	56
Impairment on loans, guarantees etc.	-2	0
Pre tax profit	58	56
Taxes	13	14
Profit after tax	45	42

Statement of income	30.09.2018	30.09.2017
Net interest income	204	186
Other operating income	0	-14
Total income	204	172
Operating costs	32	28
Profit before impairment on loans	172	144
Impairment on loans, guarantees etc.	-3	0
Pre tax profit	175	144
Taxes	40	36
Profit after tax	135	108

Statement of financial position	30.09.2018	30.09.2017
Loans to and receivables from customers	22 329	20 838
Total equity	1 727	1 611

Note 9

TRANSACTIONS WITH RELATED PARTIES

These are transactions between the Parent Bank and wholly-owned subsidiaries based on the arm`s length principles.

The most important transactions eliminated in the Group accounts:

PARENT BANK	30.09.2018	30.09.2017	31.12.2017
Statement of income			
Interest and credit commission income from subsidiaries	24	24	28
Received dividend and group contribution from subsidiaries	152	156	156
Rent paid to Sparebankeiendom AS	13	12	17
Administration fee received from Møre Boligkreditt AS	25	22	30
Statement of financial position			
Claims on subsidiaries	1 296	1 296	1 328
Covered bonds	556	0	425
Liabilities to subsidiaries	1 175	207	102
Accumulated loan portfolio transferred to Møre Boligkreditt AS	22 348	20 843	21 164

Note 10

EC CAPITAL

The 20 largest EC holders in Sparebanken Møre as at 30.09.2018	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	841 000	8.51
Cape Invest AS	700 000	7.08
Verdipapirfond Pareto Aksje Norge	403 032	4.08
Verdipapirfond Nordea Norge Verdi	386 014	3.90
Wenaasgruppen AS	380 000	3.84
MP Pensjon	375 323	3.80
Pareto AS	305 189	3.09
Wenaas Kapital AS	230 161	2.33
FLPS - Princ All Sec	208 532	2.11
Verdipapirfondet Eika egenkapital	181 116	1.83
Beka Holding AS	150 100	1.52
Verdipapirfondet Landkreditt Utbytte	125 000	1.26
Lapas AS (Leif-Arne Langøy)	113 500	1.15
State Street Bank	75 913	0.77
PIBCO AS	75 000	0.76
Forsvarets personell pensjonskasse	63 660	0.64
Odd Slyngstad	59 915	0.61
Fondsfinans Norge	58 300	0.59
Malme AS	55 000	0.56
Sparebanken Møre	52 184	0.53
Total 20 largest EC holders	4 838 939	48.94
Total number of ECs	9 886 954	100.00

Note 11

CAPITAL ADEQUACY

	30.09.2018	30.09.2017	31.12.2017
EC capital	989	989	989
- ECs owned by the Bank	-5	-6	-5
Share premium	355	354	355
Additional Tier 1 capital	349	349	349
Primary capital fund	2 513	2 342	2 470
Gift fund	125	125	125
Dividend equalisation fund	1 260	1 091	1 216
Value adjustment fund	-	51	78
Proposed dividend for the EC holders	0	0	138
Proposed dividend for the local community	0	0	141
Other equity	197	204	222
Accumulated profit for the period	456	406	
Total equity	6 239	5 905	6 078
Goodwill, intangible assets and other deductions	-42	-95	-100
Value adjustments of financial instruments at fair value	-14	-13	-14
Additional Tier 1 capital	199	589	254
Expected losses exceeding ECL, IRB portfolios	-150	-146	-151
Proposed dividend for the EC holders	0	0	-138
Proposed dividend for the local community	0	0	-141
Accumulated profit for the period	-456	-406	
Total Tier 1 capital	5 776	5 833	5 788
Common Equity Tier 1 capital	5 228	4 895	5 185
Subordinated loan capital of limited duration (supplementary capital)	703	702	530
Net equity and subordinated loan capital	6 479	6 535	6 318

Capital requirement by exposure classes

Exposure classes SA - credit risk	30.09.2018	30.09.2017	31.12.2017
Central governments or central banks	0	0	0
Regional governments or local authorities	14	16	14
Public sector companies	4	21	3
Institutions (banks etc)	18	45	36
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	27	20	25
Equity	8	7	8
Other items	52	121	86
Total capital requirements - credit risk, The Standardised Approach	123	230	172

Exposure classes IRB - credit risk	30.09.2018	30.09.2017	31.12.2017
Retail - Secured by real estate	685	655	638
Retail - Other	50	47	47
SME	718	641	682
Specialised lending	516	501	549
Other corporate lending	304	290	252
IRB-F capital requirements	2 273	2 134	2 168
Total capital requirements - credit risk	2 396	2 364	2 340

Exposure classes SA - market risk	30.09.2018	30.09.2017	31.12.2017
Debt	0	0	0
Equity	0	0	0
Foreign exchange	0	0	0
Credit value adjustment risk (CVA)	21	28	29
Total capital requirements - market risk	21	28	29

Operational Risk (Basic Indicator Approach)	200	200	200
Deductions from the capital requirement	0	0	0
Total capital requirement less transitional rules	2 617	2 592	2 569
Additional capital requirements from transitional rules	139	227	181
Total capital requirements	2 756	2 819	2 750
<hr/>			
Total risk-weighted assets less transitional rules	32 743	32 392	32 105
Total risk-weighted assets from transitional rules	1 711	2 833	2 265
Total risk-weighted assets	34 454	35 225	34 370
Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 550	1 585	1 542
<hr/>			
Buffer Requirement	30.09.2018	30.09.2017	31.12.2017
Capital conservation buffer (2.5 %)	861	881	859
Systemic risk buffer (3.0 %)	1 034	1 057	1 031
Countercyclical buffer (2.0%)	689	528	687
Total buffer requirements	2 584	2 466	2 578
Available Common Equity Tier 1 capital after buffer requirements	1 094	844	1 065
<hr/>			
Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules	30.09.2018	30.09.2017	31.12.2017
Capital adequacy ratio	18.8	18.6	18.4
Capital adequacy ratio incl. 50 per cent of the profit for the period	19.4	19.1	-
Tier 1 capital ratio	16.8	16.6	16.8
Tier 1 capital ratio incl. 50 per cent of the profit for the period	17.4	17.1	-
Common Equity Tier 1 capital ratio	15.2	13.9	15.0
Common Equity Tier 1 capital ratio incl. 50 per cent of the profit for the period	15.8	14.5	-
<hr/>			
Leverage Ratio (LR)	30.09.2018	30.09.2017	31.12.2017
Leverage Ratio (LR)	7.9	8.2	8.2
Leverage Ratio (LR) incl. 50 per cent of the profit for the period	8.2	8.5	-

Statement of income - Parent Bank

STATEMENT OF INCOME - PARENT BANK

(NOK million)	Q3 2018	Q3 2017	30.09.2018	30.09.2017	2017
Interest income from assets at amortised cost	295	284	878	833	1 116
Interest income from assets at fair value	50	39	138	134	172
Interest costs	120	110	348	341	447
Net interest income	225	213	668	626	841
Commission income and revenues from banking services	55	52	157	146	195
Commission costs and expenditure from banking services	6	8	20	20	26
Other operating income	9	11	27	26	36
Net commission and other operating income	58	55	164	152	205
Dividends	0	1	154	158	158
Net gains/losses from financial instruments	4	5	34	52	60
Net return from financial instruments	4	6	188	210	218
Total income	287	274	1 020	988	1 264
Wages, salaries etc.	84	81	246	244	322
Administration costs	30	29	98	97	127
Depreciation and impairment	7	7	20	20	27
Other operating costs	28	24	74	70	95
Total operating costs	149	141	438	431	571
Profit before impairment on loans	138	133	582	557	693
Impairment on loans, guarantees etc.	9	6	7	14	16
Pre-tax profit	129	127	575	543	677
Taxes	29	32	101	98	133
Profit after tax	100	95	474	445	544
Allocated to equity owners	98	91	465	441	538
Allocated to owners of Additional Tier 1 capital	2	4	9	4	6
Profit per EC (NOK 1)	4.90	4.75	23.30	22.30	27.00
Diluted earnings per EC (NOK 1)	4.90	4.75	23.30	22.30	27.00
Distributed dividend per EC (NOK)	0.00	0.00	14.00	14.00	14.00

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK

(NOK million)	Q3 2018	Q3 2017	30.09.2018	30.09.2017	2017
Profit after tax	100	95	474	445	544
Items that may subsequently be reclassified to the income statement:					
Equities available for sale - changes in value	-	0	0	6	27
Basis swap spreads - changes in value 3)	0		0	-	-
Tax effect of changes in value on basis swap spreads	0		0	-	-
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-12
Tax effect of pension estimate deviations	0	0	0	0	3
Total comprehensive income after tax	100	95	474	451	562
Allocated to equity owners	98	91	465	447	556
Allocated to owners of Additional Tier 1 capital	2	4	9	4	6

1) Calculated using the EC-holders' share (49.6 %) of the period's profit to be allocated to equity owners.

2) The category Available for sale does not exist in IFRS 9. Shares and other securities are as of 1 January 2018 assessed at fair value with any changes in value recognised in the income statement under Net gains/losses from financial instruments.

3) Change in value on the Group's basis swaps inherent in hedging instruments, has up to 31.12.2017 been recognised in the income statement. As of 01.01.2018, changes in value on basis swaps due to changes in basis swap spreads, will be recognised in OCI as a cost of hedging.

Statement of financial position - Parent Bank

ASSETS

(NOK million)	30.09.2018	30.09.2017	31.12.2017
Cash and claims on Norges Bank	630	1 304	637
Loans to and receivables from credit institutions	2 306	1 844	2 497
Loans to and receivables from customers	37 415	35 777	35 832
Certificates, bonds and other interest-bearing securities	7 451	6 139	6 461
Financial derivatives	503	529	564
Shares and other securities	190	168	188
Equity stakes in Group companies	1 621	1 521	1 521
Deferred tax benefit	59	49	62
Intangible assets	42	43	42
Fixed assets	33	37	37
Other assets	91	82	72
Total assets	50 341	47 493	47 913

LIABILITIES AND EQUITY

(NOK million)	30.09.2018	30.09.2017	31.12.2017
Loans and deposits from credit institutions	1 875	918	654
Deposits from customers	34 705	33 095	32 820
Debt securities issued	5 653	5 351	6 090
Financial derivatives	295	390	480
Other liabilities	557	489	500
Incurred costs and prepaid income	83	89	78
Other provisions for incurred liabilities and costs	131	84	96
Perpetual Hybrid Tier 1 capital	287	632	302
Subordinated loan capital	703	702	1 036
Total liabilities	44 289	41 750	42 056
EC capital	989	989	989
ECs owned by the Bank	-5	-6	-5
Share premium	355	354	355
Additional Tier 1 capital	349	349	349
Paid-in equity	1 688	1 686	1 688
Primary capital fund	2 513	2 342	2 470
Gift fund	125	125	125
Dividend equalisation fund	1 260	1 091	1 216
Value adjustment fund	-	51	78
Other equity	-8	-4	280
Total comprehensive income after tax	474	451	0
Retained earnings	4 364	4 057	4 169
Total equity	6 052	5 743	5 857
Total liabilities and equity	50 341	47 493	47 913

Profit performance

QUARTERLY PROFIT

(NOK million)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net interest income	290	291	289	290	281
Other operating income	61	78	53	58	55
Total operating costs	152	150	149	144	145
Profit before impairment on loans	199	219	193	204	191
Impairment on loans, guarantees etc.	7	-5	2	-1	6
Pre-tax profit	192	224	191	205	185
Tax	43	50	50	48	46
Profit after tax	149	174	141	157	139

As a percentage of average assets

Net interest income	1.63	1.68	1.73	1.76	1.72
Other operating income	0.35	0.45	0.32	0.35	0.34
Total operating costs	0.86	0.87	0.89	0.88	0.89
Profit before impairment on loans	1.12	1.26	1.16	1.23	1.17
Impairment on loans, guarantees etc.	0.04	-0.03	0.01	-0.01	0.04
Pre-tax profit	1.08	1.29	1.15	1.24	1.13
Tax	0.24	0.29	0.29	0.29	0.28
Profit after tax	0.84	1.00	0.86	0.95	0.85