

UNAUDITED INTERIM REPORT

2 QUARTER

2018

TEFT-lab



SPAREBANKEN MØRE

 NTNU

Gruppe5



SPAREBANKEN MØRE

Financial highlights - Group

Income statement

| | Q2 2018 | | Q2 2017 | | 30.06.2018 | | 30.06.2017 | | 2017 | |
|---|-------------|-------|-------------|------|-------------|-------|-------------|------|-------------|------|
| | NOK million | % | NOK million | % | NOK million | % | NOK million | % | NOK million | % |
| Net interest income | 291 | 1.68 | 268 | 1.71 | 580 | 1.71 | 529 | 1.69 | 1 100 | 1.72 |
| Net commission and other operating income | 52 | 0.30 | 50 | 0.32 | 99 | 0.29 | 92 | 0.30 | 194 | 0.30 |
| Net return from financial investments | 26 | 0.15 | 13 | 0.08 | 32 | 0.10 | 37 | 0.12 | 48 | 0.08 |
| Total income | 369 | 2.13 | 331 | 2.11 | 711 | 2.10 | 658 | 2.11 | 1 342 | 2.10 |
| Total operating costs | 150 | 0.87 | 151 | 0.96 | 299 | 0.88 | 301 | 0.96 | 590 | 0.92 |
| Profit before impairment on loans | 219 | 1.26 | 180 | 1.15 | 412 | 1.22 | 357 | 1.15 | 752 | 1.18 |
| Impairment on loans, guarantees etc. | -5 | -0.03 | 6 | 0.03 | -3 | -0.01 | 8 | 0.03 | 13 | 0.02 |
| Pre tax profit | 224 | 1.29 | 174 | 1.12 | 415 | 1.23 | 349 | 1.12 | 739 | 1.16 |
| Tax | 50 | 0.29 | 44 | 0.28 | 100 | 0.29 | 88 | 0.27 | 182 | 0.28 |
| Profit after tax | 174 | 1.00 | 130 | 0.84 | 315 | 0.94 | 261 | 0.85 | 557 | 0.88 |

Statement of financial position

| (NOK million) | 30.06.2018 | % change YTD 2018 | 31.12.2017 | % change during last 12 months | 30.06.2017 |
|--|------------|-------------------|------------|--------------------------------|------------|
| Total assets | 70 578 | 6.1 | 66 491 | 7.5 | 65 652 |
| Average assets | 68 033 | 6.3 | 64 000 | 8.9 | 62 446 |
| Loans to and receivables from customers | 58 869 | 3.5 | 56 867 | 5.0 | 56 040 |
| Gross loans to retail customers | 40 806 | 2.5 | 39 817 | 5.6 | 38 634 |
| Gross loans to corporate and public entities | 18 264 | 6.4 | 17 168 | 4.2 | 17 524 |
| Deposits from customers | 34 239 | 4.4 | 32 803 | 2.2 | 33 514 |
| Deposits from retail customers | 20 852 | 5.9 | 19 688 | 3.9 | 20 078 |
| Deposits from corporate and public entities | 13 387 | 2.2 | 13 101 | 0.4 | 13 332 |

Key figures

| | Q2 2018 | Q2 2017 | 30.06.2018 | 30.06.2017 | 2017 |
|--|---------|---------|------------|------------|------|
| Return on equity (annualised) 4) | 12.3 | 10.0 | 11.2 | 10.0 | 10.4 |
| Cost income ratio | 40.6 | 45.6 | 42.1 | 45.7 | 44.0 |
| Losses as a percentage of loans 1.1/start of the period | -0.03 | 0.04 | -0.01 | 0.03 | 0.02 |
| Problem loans as a percentage of loans (prior to impairment) | 0.57 | 0.62 | 0.57 | 0.62 | 0.57 |
| Problem loans as a percentage of loans (after impairment) | 0.41 | 0.45 | 0.41 | 0.45 | 0.40 |
| Deposits to lending ratio as a percentage | 58.2 | 59.8 | 58.2 | 59.8 | 57.7 |
| Liquidity Coverage Ratio (LCR) | 167 | 132 | 167 | 132 | 159 |
| Lending growth as a percentage | 3.5 | 3.8 | 5.0 | 9.5 | 7.9 |
| Deposit growth as a percentage | 4.4 | 2.6 | 2.2 | 6.1 | 0.7 |
| Capital adequacy ratio 1) 2) | 19.1 | 18.9 | 19.1 | 18.9 | 18.4 |
| Tier 1 capital ratio 1) 2) | 17.1 | 16.9 | 17.1 | 16.9 | 16.8 |
| Common Equity Tier 1 capital ratio (CET1) 1) 2) | 15.5 | 14.3 | 15.5 | 14.3 | 15.0 |
| Leverage Ratio (LR) 2) | 8.0 | 8.3 | 8.0 | 8.3 | 8.2 |
| Man-years | 356 | 364 | 356 | 364 | 359 |

Equity Certificates (ECs)

| | 30.06.2018 | 30.06.2017 | 2017 | 2016 | 2015 | 2014 |
|---|------------|------------|--------|--------|--------|--------|
| Profit per EC (Group) (NOK) 3) | 15.45 | 13.10 | 27.70 | 28.80 | 25.25 | 31.20 |
| Profit per EC (Parent Bank) (NOK) 3) | 18.40 | 17.60 | 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) | 273 | 244 | 262 | 254 | 188 | 216 |
| Stock market value (NOK million) | 2 700 | 2 412 | 2 590 | 2 511 | 1 859 | 2 136 |
| Book value per EC (Group) (NOK) | 288 | 270 | 289 | 275 | 257 | 244 |
| Dividend per EC (NOK) | 14.00 | 14.00 | 14.00 | 14.00 | 11.50 | 13.50 |
| Price/Earnings (Group, annualised) | 8.8 | 9.3 | 9.4 | 8.8 | 7.3 | 7.4 |
| Price/Book value (P/B) (Group) 3) | 0.95 | 0.90 | 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. Financial statements are prepared in accordance with IFRS and the interim report has been prepared in conformity with IAS 34 Interim Financial Reporting.

RESULTS FOR H1 2018

Sparebanken Møre's pre-tax profit for the first half of 2018 was NOK 415 million, compared with NOK 349 million for the first half of 2017.

Total income was NOK 53 million higher than for the same period in 2017. Net interest income rose by NOK 51 million and other operating income rose by NOK 2 million. Capital losses from the bond portfolio amounted to NOK 3 million, compared with capital gains of NOK 22 million in the first half of 2017.

Following the formal approval of the merger between Vipps, BankAxept and BankID Norge, the valuation of Sparebanken Møre's stake in the merged company has been updated. The Bank's stake is measured in the same way as earlier, at fair value in the Bank's balance sheet. The updated valuation results in a gain of approximately NOK 10 million in the financial statements for the second quarter of 2018.

Costs were NOK 2 million lower in the first half of 2018 than in 2017. Personnel costs were NOK 1 million lower than last year and financial activity tax in the form of higher employers' National Insurance contributions amounted to NOK 6 million.

Net reversals on losses on loans and guarantees amounted to NOK 3 million, NOK 11 million lower than in the corresponding period last year.

The cost income ratio was 42.1 per cent by end of the period. This represents a decrease of 3.6 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 315 million, NOK 54 million higher than for the same period in 2017. The half-year results show an annualised return on equity of 11.2 per cent, compared with 10.0 per cent after the first half 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 15.45 (NOK 13.10) for the Group and NOK 18.40 (NOK 17.60) for the Parent Bank. The Board of Directors is pleased with the results for the first half of 2018.

RESULTS FOR Q2 2018

Profit after tax for the second quarter of 2018 amounted to NOK 174 million, or 1.00 per cent of average total assets, compared to NOK 130 million, or 0.84 per cent, for the corresponding quarter last year.

The return on equity in the second quarter of 2018 was 12.3 per cent, compared to 10.0 per cent for the second quarter of 2017.

Earnings per equity certificate amounted to NOK 8.50 (NOK 6.50) for the Group and NOK 6.40 (NOK 4.95) for the Parent Bank.

Net interest income

The net interest income of NOK 291 million was NOK 23 million higher than in the corresponding quarter of last year. This represents 1.68 per cent of total assets, which is 0.03 percentage points lower than in the second 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. This occurred in spite of the fact that the low level of interest rates in the market, strong competition on both lending and deposits and lower risk have contributed to pressure on the net interest margin.

Other operating income

Other operating income amounted to NOK 78 million, which is NOK 15 million higher than in the second quarter of last year. The change in value in the bond portfolio amounted to NOK -6 million in the quarter, compared with NOK 6 million in the second quarter of 2017. Capital gains from equities amounted to NOK 15 million compared with capital losses of NOK 4 million in the second quarter of 2017. Approximately NOK 10 million of this was due to the change in value associated with the merger between Vipps, BankAxept and BankID Norge.

Costs

Operating costs in the quarter amounted to NOK 150 million, which is NOK 1 million lower than in the same quarter last year. Personnel costs were on a par with 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 has been reduced by 8 full-time equivalents in the last 12 months to 356 full-time equivalents. Other operating costs were NOK 1 million lower than in the same period last year.

The cost income ratio was 40.6 per cent in the second quarter of 2018, a reduction of 5.0 percentage points compared with the second quarter last year.

Problem loans

NOK 5 million was recognised as net reversals on losses on loans and guarantees (costs of NOK 6 million recognised in the corresponding period last year). This amounts to -0.03 per cent (0.03 per cent) of average total assets on an annualised basis. Losses in the corporate segment were reduced by NOK 7 million in the quarter, while losses of NOK 2 million were recognised in the retail segment.

At the end of the second quarter of 2018, total expected losses amounted to NOK 335 million, equivalent to 0.55 per cent of loans and guarantees (NOK 338 million and 0.60 per cent). Of the individually assessed commitments, NOK 5 million of the impairments were linked to commitments in default for more than 90 days (NOK 5 million), which amounts to 0.01 per cent of loans and guarantees (0.01 per cent). NOK 93 million relates to other commitments (NOK 92 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 13 million in the last 12 months. At the end of the second quarter of 2018, the corporate market accounted for NOK 185 million of net impaired commitments and the retail market NOK 62 million. In total, this represents 0.41 per cent of gross loans and guarantees (0.45 per cent).

Lending to customers

At the end of the second quarter of 2018, lending to customers amounted to NOK 58,869 million (NOK 56,040 million). Customer lending has increased by a total of NOK 2,829 million, or 5.0 per cent, in the last 12 months. Retail lending has increased by 5.6 per cent, while lending to corporate customers has increased by 4.2 per cent in the last 12 months. Lending to corporate customers increased by 0.2 per cent in the second quarter of 2018, while lending to retail customers rose by 1.5 per cent. Retail lending accounted for 69.0 per cent of the total lending at the end of the second quarter of 2018 (68.8 per cent).

Deposits from customers

Customer deposits have increased by 2.2 per cent over the last 12 months. At the end of the second quarter of 2018, deposits amounted to NOK 34,239 million (NOK 33,514 million). Retail deposits have increased by 3.9 per cent in the last 12 months, while corporate deposits have increased by 0.6 per cent and public sector deposits have decreased by 2.9 per cent. The retail market's relative share of deposits amounted to 60.9 per cent (59.9 per cent), while deposits from corporate customers accounted for 36.9 per cent (37.7 per cent) and from public sector customers 2.2 per cent (2.4 per cent).

The deposit-to-loan ratio was 58.2 per cent at the end of the second quarter of 2018 (59.8 per cent).

CAPITAL ADEQUACY

The Group's capital adequacy at the end of the second quarter of 2018 was above the regulatory capital requirements and the internally set minimum target for CET1. The primary capital ratio, including 50 per cent of year-to-date retained earnings, was 19.1 per cent (18.9 per cent), the Tier 1 capital ratio was 17.1 per cent (16.9 per cent) and the CET1 ratio was 15.5 per cent (14.3 per cent).

Sparebanken Møre has a capital requirement linked to the transitional scheme associated with the Basel I floor amounting to NOK 189 million at the end of the second quarter of 2018, corresponding to a basis for calculation of NOK 2,363 million.

SUBSIDIARIES

The aggregate profit of the Bank's three subsidiaries amounted to NOK 92 million after tax in the first half of 2018 (NOK 66 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The mortgage company's main purpose is to issue covered bonds for sale to Norwegian and international investors. At the end of the second quarter of 2018, the company had net outstanding bonds of NOK 21.3 billion in the market. About 25 per cent of the borrowing was in a currency other than NOK. The company contributed NOK 90 million to the result in the first half of 2018 (NOK 66 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 0.3 million to the result in the first half of 2018 (NOK -1 million in the first half of 2017). At the end of the quarter, the company employed 14 full-time equivalents.

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

EQUITY CERTIFICATES

At the end of the first half of 2018, there were 5,305 holders of Sparebanken Møre's equity certificates. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.6 per cent of the Bank's total equity. Note 10 provides an overview of the 20 largest owners of the Bank's equity certificates.

As at 30 June 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 economic outlook for Møre og Romsdal remains good. Higher production and employment are expected in most industries and sectors going forward. Low interest rates, a weak NOK, satisfactory oil prices, good growth in export markets and significant restructuring in the labour market are important contributors.

The unemployment is now so low that the rate of decrease will probably start to level off relatively soon. Registered unemployment in the county in June was 2.2 per cent according to the Norwegian Labour and Welfare Administration (NAV), the same as the national unemployment rate. The risk of a significant drop in house prices appears to have decreased. Meanwhile, the risk of growth-hampering obstacles to international trade appears to have grown somewhat.

Credit growth in Norway, both in households and business, slowed during the first half of the year and is currently at its lowest growth rate so far this year.

Competition in the market remains strong, both for lending and deposits. The Bank is competitive and recorded good, but somewhat lower growth rate in loans in both the retail market and the corporate market. 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. The focus is always on effective operations and increased profitability.

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

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

Sparebanken Møre's losses are also expected to be low 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 June 2018

14 August 2018

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman

ROY REITE, Deputy Chairman

RAGNA BRENNE BJERKESET

HENRIK GRUNG

JILL AASEN

ANN MAGRITT BJÅSTAD VIKERBAKK

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

| STATEMENT OF INCOME - GROUP | | | | | | |
|--|----------|---------|---------|------------|------------|-------|
| (NOK million) | Note | Q2 2018 | Q2 2017 | 30.06.2018 | 30.06.2017 | 2017 |
| Interest income from assets at amortised cost | | 441 | 394 | 859 | 792 | 1 612 |
| Interest income from assets at fair value | | 40 | 47 | 80 | 87 | 175 |
| Interest expenses | | 190 | 173 | 359 | 350 | 687 |
| Net interest income | <u>9</u> | 291 | 268 | 580 | 529 | 1 100 |
| Commission income and revenues from banking services | | 53 | 50 | 102 | 94 | 196 |
| Commission costs and charges from banking services | | 7 | 5 | 14 | 12 | 26 |
| Other operating income | | 6 | 5 | 11 | 10 | 24 |
| Net commission and other operating income | | 52 | 50 | 99 | 92 | 194 |
| Dividends | | 2 | 0 | 3 | 1 | 2 |
| Net gains/losses from financial instruments | <u>5</u> | 24 | 13 | 29 | 36 | 46 |
| Net return from financial instruments | | 26 | 13 | 32 | 37 | 48 |
| Total income | | 369 | 331 | 711 | 658 | 1 342 |
| Wages, salaries etc. | | 85 | 85 | 169 | 170 | 335 |
| Administration costs | | 30 | 33 | 68 | 68 | 128 |
| Depreciation and impairment | | 8 | 8 | 15 | 16 | 31 |
| Other operating costs | | 27 | 25 | 47 | 47 | 96 |
| Total operating costs | | 150 | 151 | 299 | 301 | 590 |
| Profit before impairment on loans | | 219 | 180 | 412 | 357 | 752 |
| Impairment on loans, guarantees etc. | <u>3</u> | -5 | 6 | -3 | 8 | 13 |
| Pre tax profit | | 224 | 174 | 415 | 349 | 739 |
| Taxes | | 50 | 44 | 100 | 88 | 182 |
| Profit after tax | | 174 | 130 | 315 | 261 | 557 |
| Allocated to equity owners | | 170 | 130 | 308 | 261 | 551 |
| Allocated to owners of Additional Tier 1 capital | | 4 | 0 | 7 | 0 | 6 |
| Profit per EC (NOK) 1) | | 8.50 | 6.50 | 15.45 | 13.10 | 27.70 |
| Diluted earnings per EC (NOK) 1) | | 8.50 | 6.50 | 15.45 | 13.10 | 27.70 |
| Distributed dividend per EC (NOK) | | 0.00 | 14.00 | 0.00 | 14.00 | 14.00 |

STATEMENT OF COMPREHENSIVE INCOME - GROUP

| (NOK million) | Q2 2018 | Q2 2017 | 30.06.2018 | 30.06.2017 | 2017 |
|---|------------|------------|------------|------------|------------|
| Profit after tax | 174 | 130 | 315 | 261 | 557 |
| Items that may subsequently be reclassified to the income statement: | | | | | |
| Equities available for sale - changes in value 2) | | 6 | | 6 | 27 |
| Basisswap spreads - changes in value 3) | -3 | | -8 | | |
| Tax effect of changes in value on basisswap spreads | 1 | | 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 | 172 | 136 | 309 | 267 | 575 |
| Allocated to equity owners | 168 | 136 | 302 | 267 | 569 |
| Allocated to owners of Additional Tier 1 capital | 4 | 0 | 7 | 0 | 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 basisswaps 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 basisswaps due to changes in basisswap spreads, will be recognised in OCI as a cost of hedging.

Statement of financial position - Group

ASSETS

| (NOK million) | Note | 30.06.2017 | 30.06.2017 | 31.12.2017 |
|---|-------------|---------------|---------------|---------------|
| Cash and claims on Norges Bank | 5 6 9 | 75 | 1 174 | 637 |
| Loans to and receivables from credit institutions | 5 6 9 | 2 751 | 643 | 1 295 |
| Loans to and receivables from customers | 2 3 4 5 7 9 | 58 869 | 56 040 | 56 867 |
| Certificates, bonds and other interest-bearing securities | 5 7 9 | 7 394 | 6 152 | 6 096 |
| Financial derivatives | 5 7 | 875 | 1 082 | 1 004 |
| Shares and other securities | 5 7 | 203 | 153 | 188 |
| Deferred tax benefit | | 60 | 42 | 59 |
| Intangible assets | | 37 | 44 | 42 |
| Fixed assets | | 224 | 231 | 228 |
| Other assets | | 90 | 91 | 75 |
| Total assets | | 70 578 | 65 652 | 66 491 |

LIABILITIES AND EQUITY

| (NOK million) | Note | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|---|---------|---------------|---------------|---------------|
| Loans and deposits from credit institutions | 5 6 9 | 756 | 784 | 569 |
| Deposits from customers | 2 5 7 9 | 34 239 | 33 514 | 32 803 |
| Debt securities issued | 5 6 | 27 374 | 23 192 | 24 488 |
| Financial derivatives | 5 7 | 375 | 441 | 483 |
| Other liabilities | | 531 | 438 | 558 |
| Incurred costs and prepaid income | | 62 | 66 | 78 |
| Other provisions for incurred liabilities and costs | | 131 | 84 | 96 |
| Additional Tier 1 capital | 5 6 | 313 | 658 | 302 |
| Subordinated loan capital | 5 6 | 703 | 702 | 1 036 |
| Total liabilities | | 64 484 | 59 879 | 60 413 |
| EC capital | 10 | 989 | 989 | 989 |
| ECs owned by the Bank | | -5 | -5 | -5 |
| Share premium | | 355 | 354 | 355 |
| Additional Tier 1 capital | | 349 | 349 | 349 |
| Paid-in equity | | 1 688 | 1 687 | 1 688 |
| Primary capital fund | | 2 513 | 2 343 | 2 470 |
| Gift fund | | 125 | 125 | 125 |
| Dividend equalisation fund | | 1 260 | 1 092 | 1 216 |
| Value adjustment fund | | - | 51 | 78 |
| Other equity | | 199 | 208 | 501 |
| Total comprehensive income after tax | | 309 | 267 | 0 |
| Retained earnings | | 4 406 | 4 086 | 4 390 |
| Total equity | | 6 094 | 5 773 | 6 078 |
| Total liabilities and equity | | 70 578 | 65 652 | 66 491 |

Statement of changes in equity - Group

| GROUP 30.06.2018 | 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 |
| Additional Tier 1 capital issued | -7 | | | | | | | | -7 |
| Total profit for the period | 309 | | | | | | | | 309 |
| Equity as at 30 June 2018 | 6 094 | 984 | 355 | 349 | 2 513 | 125 | 1 260 | 0 | 508 |

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

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

| GROUP 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) | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|--|------------|------------|------------|
| Cash flow from operating activities | | | |
| Interest, commission and fees received | 984 | 921 | 1 905 |
| Interest, commission and fees paid | -171 | -186 | -343 |
| Dividend and group contribution received | 3 | 1 | 2 |
| Operating expenses paid | -263 | -249 | -525 |
| Income taxes paid | -202 | -202 | -168 |
| Changes relating to loans to and claims on other financial institutions | -1 457 | 6 | -646 |
| Changes relating to repayment of loans/leasing to customers | -2 034 | -2 953 | -3 777 |
| Changes in utilised credit facilities | 79 | -331 | -321 |
| Net change in deposits from customers | 1 436 | 953 | 242 |
| Net cash flow from operating activities | -1 625 | -2 040 | -3 631 |
| Cash flow from investing activities | | | |
| Interest received on certificates, bonds and other securities | 53 | 54 | 106 |
| Proceeds from the sale of certificates, bonds and other securities | 1 362 | 2 356 | 4 162 |
| Purchases of certificates, bonds and other securities | -2 721 | -2 284 | -4 022 |
| Proceeds from the sale of fixed assets etc. | 0 | 0 | 0 |
| Purchase of fixed assets etc. | -6 | -14 | -24 |
| Changes in other assets | 162 | 101 | 149 |
| Net cash flow from investing activities | -1 150 | 213 | 371 |
| Cash flow from financing activities | | | |
| Interest paid on debt securities and subordinated loan capital | -202 | -192 | -380 |
| Net change in deposits from Norges Bank and other financial institutions | 187 | 126 | -89 |
| Proceeds from bond issues raised | 3 868 | 4 761 | 7 942 |
| Redemption of debt securities | -1 246 | -1 973 | -3 841 |
| Dividend paid | -138 | -138 | -138 |
| Changes in other debt | -249 | -232 | -239 |
| Proceeds from Additional Tier 1 capital issued | 0 | 349 | 349 |
| Paid interest on Additional Tier 1 capital issued | -7 | 0 | -7 |
| Net cash flow from financing activities | 2 213 | 2 701 | 3 597 |
| Net change in cash and cash equivalents | -562 | 874 | 337 |
| Cash balance at 01.01 | 637 | 300 | 300 |
| Cash balance at 30.06/31.12 | 75 | 1 174 | 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 June 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 1Q. 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 | | |
|---|---------------|---------------|---------------|
| | 30.06.2018 | 30.06.2017 | 31.12.2017 |
| Broken down according to sectors | | | |
| Agriculture and forestry | 486 | 694 | 464 |
| Fisheries | 2 998 | 2 457 | 2 402 |
| Manufacturing | 2 401 | 2 562 | 2 030 |
| Building and construction | 722 | 629 | 562 |
| Wholesale and retail trade, hotels | 625 | 640 | 620 |
| Supply/Offshore | 954 | 879 | 882 |
| Property management | 6 606 | 6 469 | 6 672 |
| Professional/financial services | 1 213 | 1 345 | 1 261 |
| Transport and private/public services | 2 068 | 1 727 | 2 152 |
| Public entities | 1 | 0 | 0 |
| Activities abroad | 190 | 122 | 123 |
| Total corporate/public entities | 18 264 | 17 524 | 17 168 |
| Retail customers | 40 806 | 38 634 | 39 817 |
| Fair value adjustment of loans | 35 | 77 | 66 |
| Accrued interest income | 0 | 93 | 100 |
| Total loans | 59 105 | 56 328 | 57 151 |
| Expected credit loss (ECL) - Stage 1 | -24 | - | - |
| Expected credit loss (ECL) - Stage 2 | -64 | - | - |
| Expected credit loss (ECL) - Stage 3 | -102 | - | - |
| Individual impairment | -46 | -47 | -48 |
| Collective impairment (IAS 39) | - | -241 | -236 |
| Loans to and receivables from customers | 58 869 | 56 040 | 56 867 |
| Loans with floating interest rate (amortised cost) - after impairment | 55 284 | 51 755 | 52 944 |
| Loans with fixed interest rate (fair value) | 3 585 | 4 285 | 3 923 |

| GROUP | Deposits | | |
|---|------------|------------|------------|
| | 30.06.2018 | 30.06.2017 | 31.12.2017 |
| Broken down according to sectors | | | |
| Agriculture and forestry | 192 | 194 | 186 |
| Fisheries | 896 | 1 630 | 1 214 |
| Manufacturing | 1 646 | 1 487 | 1 806 |
| Building and construction | 566 | 549 | 636 |
| Wholesale and retail trade, hotels | 680 | 717 | 842 |
| Property management | 1 336 | 1 245 | 1 309 |
| Transport and private/public services | 5 093 | 4 701 | 4 201 |
| Public entities | 765 | 788 | 723 |
| Activities abroad | 3 | 5 | 5 |
| Miscellaneous | 2 210 | 2 016 | 2 179 |
| Total corporate/public entities | 13 387 | 13 332 | 13 101 |
| Retail customers | 20 852 | 20 078 | 19 688 |
| Fair value adjustment of deposits | 0 | 1 | 2 |
| Accrued interest costs | 0 | 103 | 12 |
| Total deposits | 34 239 | 33 514 | 32 803 |
| Deposits with floating interest rate (amortised cost) | 32 892 | 32 214 | 31 463 |
| Deposits with fixed interest rate (fair value) | 1 347 | 1 300 | 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 and 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 and guarantees are presented in the balance sheet as a reduction to «Loans to and receivables from credit institutions» and ECL on guarantees are recognised under «Other provisions for incurred liabilities and costs».

The methodology for measuring expected credit losses (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 | Q2 2018 | Q2 2017 | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|---|---------|---------|------------|------------|------------|
| Changes in collective impairment during the period (IAS 39) | - | -40 | - | -40 | -45 |
| Changes in ECL during the period - Stage 1 | -1 | - | 1 | - | - |
| Changes in ECL during the period - Stage 2 | 20 | - | 17 | - | - |
| Changes in ECL during the period - Stage 3 | -17 | - | -23 | - | - |
| Increase in existing individual impairments | 0 | 3 | 0 | 4 | 5 |
| New individual impairments | 2 | 52 | 14 | 53 | 65 |
| Confirmed losses, previously impaired | 0 | 3 | 5 | 24 | 25 |
| Reversal of previous individual impairments | -9 | -12 | -16 | -39 | -49 |
| Confirmed losses, not previously impaired | 0 | 1 | 2 | 9 | 18 |
| Recoveries | 0 | -1 | -3 | -3 | -6 |
| Total impairment on loans and guarantees, etc | -5 | 6 | -3 | 8 | 13 |

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

| GROUP | Stage 1 | Stage 2 | Stage 3 | Total 30.06.2018 |
|------------------------------|----------------|----------------|----------------|-------------------------|
| Low risk (0 % - < 0.5 %) | 46 576 | 1 747 | 0 | 48 322 |
| Medium risk (0.5 % - < 3 %) | 5 577 | 2 078 | 1 258 | 8 913 |
| High risk (3 % - <100 %) | 663 | 490 | 107 | 1 260 |
| Problem loans | 0 | 0 | 345 | 345 |
| Total commitments before ECL | 52 816 | 4 314 | 1 710 | 58 841 |
| - ECL | -25 | -64 | -247 | -335 |
| Net commitments *) | 52 791 | 4 250 | 1 464 | 58 505 |

*) 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.

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 | 9 | 4 | 2 | 15 |
| Disposal of commitments | -4 | -6 | -10 | -20 |
| Changes in ECL in the period for commitments which have not migrated | -5 | -5 | 9 | 0 |
| Migration to stage 1 | 3 | -14 | -7 | -18 |
| Migration to stage 2 | -2 | 40 | -25 | 13 |
| Migration to stage 3 | 0 | -2 | 6 | 4 |
| Changes in individual impairments | - | - | -2 | -2 |
| ECL 30.06.2018 | 25 | 64 | 247 | 335 |
| - of which expected losses on loans | | | | 236 |
| - of which expected losses on guarantees | | | | 99 |

Note 4

PROBLEM LOANS

Problem loans (total commitments in default above 3 months and individually impaired commitments not in default)

| GROUP | 30.06.2018 | | | 30.06.2017 | | | 31.12.2017 | | |
|---|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|
| | Total | Retail | Corporate | Total | Retail | Corporate | Total | Retail | Corporate |
| Problem loans prior to individual impairment: | | | | | | | | | |
| Commitments in default above 3 months | 60 | 56 | 4 | 82 | 57 | 25 | 62 | 53 | 9 |
| Impaired commitments not in default | 285 | 15 | 270 | 275 | 19 | 256 | 274 | 8 | 266 |
| Total problem loans prior to individual impairment | 345 | 71 | 274 | 357 | 76 | 281 | 336 | 61 | 275 |
| Individual impairments on: | | | | | | | | | |
| Commitments in default above 3 months | 5 | 5 | 0 | 5 | 2 | 3 | 4 | 2 | 2 |
| Impaired commitments not in default | 93 | 4 | 89 | 92 | 6 | 86 | 96 | 4 | 92 |
| Total individual impairments | 98 | 9 | 89 | 97 | 8 | 89 | 100 | 6 | 94 |
| Problem loans after individual impairments: | | | | | | | | | |
| Commitments in default above 3 months | 55 | 51 | 4 | 77 | 55 | 22 | 58 | 51 | 7 |
| Impaired commitments not in default | 192 | 11 | 181 | 183 | 13 | 170 | 178 | 4 | 174 |
| Total problem loans less individual impairment | 247 | 62 | 185 | 260 | 68 | 192 | 236 | 55 | 181 |
| Total problem loans prior to individual impairment as a percentage of total loans | | | | | | | | | |
| | 0.57 | 0.17 | 1.38 | 0.62 | 0.20 | 1.45 | 0.57 | 0.15 | 1.46 |
| Total problem loans less individual impairment as a percentage of total loans | | | | | | | | | |
| | 0.41 | 0.15 | 0.93 | 0.45 | 0.18 | 0.99 | 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 at 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 - 30.06.2018 | Financial instruments at fair value through profit and loss | Financial instruments assessed at amortised cost |
|---|--|---|
| Cash and claims on Norges Bank | | 75 |
| Loans to and receivables from credit institutions | | 2 751 |
| Loans to and receivables from customers | 3 585 | 55 284 |
| Certificates and bonds | 7 394 | |
| Shares and other securities | 203 | |
| Financial derivatives | 875 | |
| Total financial assets | 12 057 | 58 110 |
| Loans and deposits from credit institutions | | 756 |
| Deposits from and liabilities to customers | 1 347 | 32 892 |
| Financial derivatives | 375 | |
| Debt securities | | 27 374 |
| Subordinated loan capital and Additional Tier 1 capital | | 1 016 |
| Total financial liabilities | 1 722 | 62 038 |

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

Net gains/losses on financial instruments

| | Q2 2018 | Q2 2017 | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|--|-----------|-----------|------------|------------|------------|
| Certificates and bonds | -6 | 6 | -3 | 22 | 23 |
| Securities | 15 | -4 | 13 | -5 | -10 |
| Foreign exchange trading (for customers) | 10 | 11 | 19 | 20 | 38 |
| Fixed income trading (for customers) | 4 | 1 | 6 | 3 | 4 |
| Financial derivatives | 1 | -1 | -6 | -4 | -9 |
| Net change in value and gains/losses from financial instruments | 24 | 13 | 29 | 36 | 46 |

Note 6

FINANCIAL INSTRUMENTS AT AMORTISED COST

| GROUP | 30.06.2018 | | 30.06.2017 | |
|---|---------------|---------------|---------------|---------------|
| | Fair value | Book value | Fair value | Book value |
| Cash and claims on Norges Bank | 75 | 75 | 1 174 | 1 174 |
| Loans to and receivables from credit institutions | 2 751 | 2 751 | 643 | 643 |
| Loans to and receivables from customers | 55 284 | 55 284 | 51 755 | 51 755 |
| Total financial assets | 58 110 | 58 110 | 53 572 | 53 572 |
| Loans and deposits from credit institutions | 756 | 756 | 784 | 784 |
| Deposits from and liabilities to customers | 32 892 | 32 892 | 32 214 | 32 214 |
| Debt securities | 27 487 | 27 374 | 23 276 | 23 192 |
| Subordinated loan capital and Additional Tier 1 capital | 1 006 | 1 016 | 1 394 | 1 360 |
| Total financial liabilities | 62 141 | 62 038 | 57 668 | 57 550 |

| GROUP - 30.06.2018 | 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 | 75 | | | 75 |
| Loans to and receivables from credit institutions | | 2 751 | | 2 751 |
| Loans to and receivables from customers | | | 55 284 | 55 284 |
| Total financial assets | 75 | 2 751 | 55 284 | 58 110 |
| Loans and deposits from credit institutions | | 756 | | 756 |
| Deposits from and liabilities to customers | | | 32 892 | 32 892 |
| Debt securities | | 27 487 | | 27 487 |
| Subordinated loan capital and Additional Tier 1 capital | | 1 006 | | 1 006 |
| Total financial liabilities | - | 29 249 | 32 892 | 62 141 |

| GROUP - 30.06.2017 | Based on prices in an active market | Observable market information | Other than observable market information | Total |
|---|---|-------------------------------------|---|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash and claims on Norges Bank | 1 174 | | | 1 174 |
| Loans to and receivables from credit institutions | | 643 | | 643 |
| Loans to and receivables from customers | | | 51 755 | 51 755 |
| Total financial assets | 1 174 | 643 | 51 755 | 53 572 |
| Loans and deposits from credit institutions | | 784 | | 784 |
| Deposits from and liabilities to customers | | | 32 214 | 32 214 |
| Debt securities | | 23 276 | | 23 276 |
| Subordinated loan capital and Perpetual Hybrid Tier 1 capital | | 1 394 | | 1 394 |
| Total financial liabilities | - | 25 454 | 32 214 | 57 668 |

Note 7

FINANCIAL INSTRUMENTS AT FAIR VALUE

| GROUP - 30.06.2018 | 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 | | | 3 585 | 3 585 |
| Certificates and bonds | 4 694 | 2 700 | | 7 394 |
| Shares and other securities | 21 | | 182 | 203 |
| Financial derivatives | | 875 | | 875 |
| Total financial assets | 4 715 | 3 575 | 3 767 | 12 057 |
| Loans and deposits from credit institutions | | | | - |
| Deposits from and liabilities to customers | | | 1 347 | 1 347 |
| Debt securities | | | | - |
| Subordinated loan capital and Additional Tier 1 capital | | | | - |
| Financial derivatives | | 375 | | 375 |
| Total financial liabilities | - | 375 | 1 347 | 1 722 |

| GROUP - 30.06.2017 | Based on prices in an active market | Observable market information | Other than observable market information | Total |
|---|---|-------------------------------------|---|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash and claims on Norges Bank | | | | - |
| Loans to and receivables from credit institutions | | | | - |
| Loans to and receivables from customers | | | 4 285 | 4 285 |
| Certificates and bonds | 4 025 | 2 127 | | 6 152 |
| Shares and other securities | 21 | | 132 | 153 |
| Financial derivatives | | 1 082 | | 1 082 |
| Total financial assets | 4 046 | 3 209 | 4 417 | 11 672 |
| Loans and deposits from credit institutions | | | | - |
| Deposits from and liabilities to customers | | | 1 300 | 1 300 |
| Debt securities | | | | - |
| Subordinated loan capital and Perpetual Hybrid Tier 1 capital | | | | - |
| Financial derivatives | | 441 | | 441 |
| Total financial liabilities | - | 441 | 1 300 | 1 741 |

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 | 434 | 2 | 211 |
| Sales/reduction | 741 | | 204 |
| Transferred to Level 3 | | | |
| Transferred from Level 3 | | | |
| Net gains/losses in the period | -31 | 32 | |
| Book value as at 30.06.18 | 3 585 | 203 | 1 347 |

| 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 | 162 | 1 | 316 |
| Sales/reduction | 627 | 2 | 270 |
| Transferred to Level 3 | | | - |
| Transferred from Level 3 | - | - | - |
| Net gains/losses in the period | 6 | 5 | - |
| Book value as at 30.06.17 | 4 285 | 132 | 1 300 |

Note 8

OPERATING SEGMENTS

| Result - Q2 2018 | Group | Eliminations/ other | Corporate | Retail 1) | Real estate brokerage |
|---|-------|------------------------|-----------|-----------|--------------------------|
| Net interest income | 291 | 2 | 113 | 176 | 0 |
| Other operating income | 78 | 19 | 26 | 28 | 5 |
| Total income | 369 | 21 | 139 | 204 | 5 |
| Operating costs | 150 | 34 | 26 | 85 | 5 |
| Profit before impairment | 219 | -13 | 113 | 119 | 0 |
| Impairment on loans, guarantees etc. | -5 | 0 | -4 | -1 | 0 |
| Pre tax profit | 224 | -13 | 117 | 120 | 0 |
| Taxes | 50 | | | | |
| Profit after tax | 174 | | | | |

| Result - 30.06.2018 | Group | Eliminations/ other | Corporate | Retail 1) | Real estate brokerage |
|---|-------|------------------------|-----------|-----------|--------------------------|
| Net interest income | 580 | 1 | 223 | 356 | 0 |
| Other operating income | 131 | 21 | 50 | 51 | 9 |
| Total income | 711 | 22 | 273 | 407 | 9 |
| Operating costs | 299 | 54 | 57 | 179 | 9 |
| Profit before impairment | 412 | -32 | 216 | 228 | 0 |
| Impairment on loans, guarantees etc. | -3 | 0 | -2 | -1 | 0 |
| Pre tax profit | 415 | -32 | 218 | 229 | 0 |
| Taxes | 100 | | | | |
| Profit after tax | 315 | | | | |

| Key figures - 30.06.2018 | Group | Eliminations/ other | Corporate | Retail 1) | Real estate brokerage |
|----------------------------|--------|------------------------|-----------|-----------|--------------------------|
| Loans to customers 1) | 58 869 | 1 161 | 17 634 | 40 074 | 0 |
| Deposits from customers 1) | 34 239 | 738 | 11 343 | 22 158 | 0 |
| Guarantee liabilities | 1 588 | 0 | 1 582 | 6 | 0 |
| The deposit-to-loan ratio | 58.2 | 63.6 | 64.3 | 55.3 | 0 |
| Man-years | 356 | 156 | 51 | 135 | 14 |

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

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

| Key figures - 30.06.2017 | Group | Eliminations/ other | Corporate | Retail 1) | Real estate brokerage |
|---------------------------------|--------------|--------------------------------|------------------|------------------|----------------------------------|
| Loans to customers 1) | 56 040 | 935 | 17 223 | 37 882 | 0 |
| Deposits from customers 1) | 33 514 | 620 | 11 538 | 21 356 | 0 |
| Guarantee liabilities | 1 803 | 0 | 1 792 | 11 | 0 |
| The deposit-to-loan ratio | 59.8 | 66.3 | 67.0 | 56.4 | 0.0 |
| Man-years | 364 | 152 | 52 | 147 | 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 | Q2 2018 | Q2 2017 |
|--------------------------------------|----------------|----------------|
| Net interest income | 66 | 61 |
| Other operating income | -2 | -6 |
| Total income | 64 | 55 |
| Operating costs | 11 | 9 |
| Profit before impairment on loans | 53 | 46 |
| Impairment on loans, guarantees etc. | 1 | 0 |
| Pre tax profit | 52 | 46 |
| Taxes | 12 | 12 |
| Profit after tax | 40 | 34 |

| Statement of income | 30.06.2018 | 30.06.2017 |
|--------------------------------------|-------------------|-------------------|
| Net interest income | 138 | 118 |
| Other operating income | -1 | -11 |
| Total income | 137 | 107 |
| Operating costs | 21 | 19 |
| Profit before impairment on loans | 116 | 88 |
| Impairment on loans, guarantees etc. | -1 | 0 |
| Pre tax profit | 117 | 88 |
| Taxes | 27 | 22 |
| Profit after tax | 90 | 66 |

| Statement of financial position | 30.06.2018 | 30.06.2017 |
|---|-------------------|-------------------|
| Loans to and receivables from customers | 23 856 | 20 535 |
| Total equity | 1 683 | 1 569 |

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 | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|--|-------------------|-------------------|-------------------|
| Statement of income | | | |
| Interest and credit commission income from subsidiaries | 15 | 20 | 28 |
| Received dividend and group contribution from subsidiaries | 152 | 156 | 156 |
| Rent paid to Sparebankeiendom AS | 9 | 8 | 17 |
| Administration fee received from Møre Boligkreditt AS | 17 | 15 | 30 |
| Statement of financial position | | | |
| Claims on subsidiaries | 1 173 | 1 235 | 1 328 |
| Covered bonds | 2 214 | 150 | 425 |
| Liabilities to subsidiaries | 1 104 | 162 | 102 |
| Accumulated loan portfolio transferred to Møre Boligkreditt AS | 23 878 | 20 540 | 21 164 |

Note 10

EC CAPITAL

| The 20 largest EC holders in Sparebanken Møre as at 30.06.2018 | Number of ECs | Percentage share of EC capital |
|--|---------------|--------------------------------|
| Sparebankstiftelsen Tingvoll | 980 000 | 9.91 |
| Cape Invest AS | 638 953 | 6.46 |
| Verdipapirfond Pareto Aksje Norge | 399 032 | 4.04 |
| Verdipapirfond Nordea Norge Verdi | 386 014 | 3.90 |
| Wenaasgruppen AS | 380 000 | 3.84 |
| MP Pensjon | 376 698 | 3.81 |
| Pareto AS | 305 189 | 3.09 |
| Wenaas Kapital AS | 230 161 | 2.33 |
| FLPS - Princ All Sec | 208 954 | 2.11 |
| Verdipapirfondet Eika egenkapital | 176 116 | 1.78 |
| Beka Holding AS | 150 100 | 1.52 |
| Verdipapirfondet Landkreditt Utbytte | 125 000 | 1.26 |
| Lapas AS (Leif-Arne Langøy) | 113 500 | 1.15 |
| PIBCO AS | 75 000 | 0.76 |
| State Street Bank | 72 653 | 0.73 |
| Odd Slyngstad | 65 215 | 0.66 |
| Forsvarets personell pensjonskasse | 63 660 | 0.64 |
| Fondsfinans Norge | 60 000 | 0.61 |
| Malme AS | 55 000 | 0.56 |
| Sparebanken Møre | 52 184 | 0.53 |
| Total 20 largest | 4 913 429 | 49.70 |
| Total | 9 886 954 | 100.00 |

Note 11

CAPITAL ADEQUACY

| | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|---|--------------|--------------|--------------|
| EC capital | 989 | 989 | 989 |
| - ECs owned by the Bank | -5 | -5 | -5 |
| Share premium | 355 | 354 | 355 |
| Additional Tier 1 capital | 349 | 349 | 349 |
| Primary capital fund | 2 513 | 2 343 | 2 470 |
| Gift fund | 125 | 125 | 125 |
| Dividend equalisation fund | 1 260 | 1 092 | 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 | 199 | 208 | 222 |
| Accumulated profit for the period | 309 | 267 | 0 |
| Total equity | 6 094 | 5 773 | 6 078 |
| Goodwill, intangible assets and other deductions | -37 | -95 | -100 |
| Value adjustments of financial instruments at fair value | -13 | -13 | -14 |
| Additional Tier 1 capital | 201 | 589 | 254 |
| Expected losses exceeding ECL, IRB portfolios | -162 | -155 | -151 |
| Proposed dividend for the EC holders | 0 | 0 | -138 |
| Proposed dividend for the local community | 0 | 0 | -141 |
| Accumulated profit for the period | -309 | -267 | 0 |
| Total Tier 1 capital | 5 774 | 5 832 | 5 788 |
| Common Equity Tier 1 capital | 5 224 | 4 894 | 5 185 |
| Subordinated loan capital of limited duration (supplementary capital) | 703 | 702 | 530 |
| Net equity and subordinated loan capital | 6 477 | 6 534 | 6 318 |

Capital requirement by exposure classes

| Exposure classes SA - credit risk | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|--|-------------------|-------------------|-------------------|
| Central governments or central banks | 0 | 0 | 0 |
| Regional governments or local authorities | 11 | 15 | 14 |
| Public sector companies | 5 | 20 | 3 |
| Institutions (banks etc) | 18 | 46 | 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 | 18 | 25 |
| Equity | 8 | 8 | 8 |
| Other items | 51 | 116 | 86 |
| Total capital requirements - credit risk, The Standardised Approach | 120 | 223 | 172 |
| | | | |
| Exposure classes IRB - credit risk | 30.06.2018 | 30.06.2017 | 31.12.2017 |
| Retail - Secured by real estate | 667 | 642 | 638 |
| Retail - Other | 49 | 48 | 47 |
| SME | 739 | 670 | 682 |
| Specialised lending | 529 | 495 | 549 |
| Other corporate lending | 252 | 307 | 252 |
| IRB-F capital requirements | 2 236 | 2 162 | 2 168 |
| Total capital requirements - credit risk | 2 356 | 2 385 | 2 340 |
| | | | |
| Exposure classes SA - market risk | 30.06.2018 | 30.06.2017 | 31.12.2017 |
| Debt | 0 | 0 | 0 |
| Equity | 0 | 0 | 0 |
| Foreign exchange | 0 | 0 | 0 |
| Credit value adjustment risk (CVA) | 23 | 29 | 29 |
| Total capital requirements - market risk | 23 | 29 | 29 |
| | | | |
| Operational Risk (Basic Indicator Approach) | 200 | 200 | 200 |
| Deductions from the capital requirement | 0 | 0 | 0 |
| Total capital requirement less transitional rules | 2 579 | 2 614 | 2 569 |
| Additional capital requirements from transitional rules | 189 | 206 | 181 |
| Total capital requirements | 2 768 | 2 820 | 2 750 |

| | | | |
|--|-------------------|-------------------|-------------------|
| Total risk-weighted assets less transitional rules | 32 245 | 32 678 | 32 105 |
| Total risk-weighted assets from transitional rules | 2 355 | 2 572 | 2 265 |
| Total risk-weighted assets | 34 600 | 35 250 | 34 370 |
| Minimum requirement Common Equity Tier 1 capital (4.5 %) | 1 557 | 1 586 | 1 542 |
| Buffer Requirement | 30.06.2018 | 30.06.2017 | 31.12.2017 |
| Capital conservation buffer (2.5 %) | 865 | 881 | 859 |
| Systemic risk buffer (3.0 %) | 1 038 | 1 058 | 1 031 |
| Countercyclical buffer (2.0%) | 692 | 529 | 687 |
| Total buffer requirements | 2 595 | 2 468 | 2 578 |
| Available Common Equity Tier 1 capital after buffer requirements | 1 072 | 840 | 1 065 |
| Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules | 30.06.2018 | 30.06.2017 | 31.12.2017 |
| Capital adequacy ratio | 18.7 | 18.6 | 18.4 |
| Capital adequacy ratio incl. 50 per cent of the profit for the period | 19.1 | 18.9 | - |
| Tier 1 capital ratio | 16.7 | 16.6 | 16.8 |
| Tier 1 capital ratio incl. 50 per cent of the profit for the period | 17.1 | 16.9 | - |
| Common Equity Tier 1 capital ratio | 15.1 | 13.9 | 15.0 |
| Common Equity Tier 1 capital ratio incl. 50 per cent of the profit for the period | 15.5 | 14.3 | - |
| Leverage Ratio (LR) | 30.06.2018 | 30.06.2017 | 31.12.2017 |
| Leverage Ratio (LR) | 7.8 | 8.1 | 8.2 |
| Leverage Ratio (LR) incl. 50 per cent of the profit for the period | 8.0 | 8.3 | - |

Statement of income - Parent Bank

STATEMENT OF INCOME - PARENT BANK

| (NOK million) | Q2 2018 | Q2 2017 | 30.06.2018 | 30.06.2017 | 2017 |
|--|---------|---------|------------|------------|-------|
| Interest income from assets at amortised cost | 294 | 281 | 583 | 549 | 1 116 |
| Interest income from assets at fair value | 48 | 42 | 88 | 95 | 172 |
| Interest costs | 118 | 115 | 228 | 231 | 447 |
| Net interest income | 224 | 208 | 443 | 413 | 841 |
| Commission income and revenues from banking services | 53 | 50 | 102 | 94 | 195 |
| Commission costs and expenditure from banking services | 7 | 5 | 14 | 12 | 26 |
| Other operating income | 10 | 7 | 18 | 15 | 36 |
| Net commission and other operating income | 56 | 52 | 106 | 97 | 205 |
| Dividends | 1 | 1 | 154 | 157 | 158 |
| Net gains/losses from financial instruments | 26 | 18 | 30 | 47 | 60 |
| Net return from financial instruments | 27 | 19 | 184 | 204 | 218 |
| Total income | 307 | 279 | 733 | 714 | 1 264 |
| Wages, salaries etc. | 81 | 82 | 162 | 163 | 322 |
| Administration costs | 30 | 29 | 68 | 68 | 127 |
| Depreciation and impairment | 6 | 6 | 13 | 13 | 27 |
| Other operating costs | 26 | 24 | 46 | 46 | 95 |
| Total operating costs | 143 | 141 | 289 | 290 | 571 |
| Profit before impairment on loans | 164 | 138 | 444 | 424 | 693 |
| Impairment on loans, guarantees etc. | -6 | 6 | -2 | 8 | 16 |
| Pre tax profit | 170 | 132 | 446 | 416 | 677 |
| Taxes | 38 | 34 | 72 | 66 | 133 |
| Profit after tax | 132 | 98 | 374 | 350 | 544 |
| Allocated to equity owners | 128 | 98 | 367 | 350 | 538 |
| Allocated to owners of Additional Tier 1 capital | 4 | 0 | 7 | 0 | 6 |
| Profit per EC (NOK) 1) | 6.40 | 4.95 | 18.40 | 17.60 | 27.00 |
| Diluted earnings per EC (NOK) 1) | 6.40 | 4.95 | 18.40 | 17.60 | 27.00 |
| Distributed dividend per EC (NOK) | 0.00 | 14.00 | 0.00 | 14.00 | 14.00 |

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK

| (NOK million) | Q2 2018 | Q2 2017 | 30.06.2018 | 30.06.2017 | 2017 |
|---|---------|---------|------------|------------|------|
| Profit after tax | 132 | 98 | 374 | 350 | 544 |
| Items that may subsequently be reclassified to the income statement: | | | | | |
| Equities available for sale - changes in value | - | 6 | 0 | 6 | 27 |
| Basisswap spreads - changes in value 3) | 0 | | 0 | - | - |
| Tax effect of changes in value on basisswap 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 | 132 | 104 | 374 | 356 | 562 |
| Allocated to equity owners | 128 | 104 | 367 | 356 | 556 |
| Allocated to owners of Additional Tier 1 capital | 4 | 0 | 7 | 0 | 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 basisswaps 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 basisswaps due to changes in basisswap spreads, will be recognised in OCI as a cost of hedging.

Statement of financial position - Parent Bank

ASSETS

| (NOK million) | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|---|---------------|---------------|---------------|
| Cash and claims on Norges Bank | 75 | 1 174 | 637 |
| Loans to and receivables from credit institutions | 3 801 | 1 750 | 2 497 |
| Loans to and receivables from customers | 35 138 | 35 633 | 35 832 |
| Certificates, bonds and other interest-bearing securities | 8 532 | 6 134 | 6 461 |
| Financial derivatives | 514 | 622 | 564 |
| Shares and other securities | 203 | 153 | 188 |
| Equity stakes in Group companies | 1 621 | 1 521 | 1 521 |
| Deferred tax benefit | 59 | 49 | 62 |
| Intangible assets | 36 | 44 | 42 |
| Fixed assets | 35 | 39 | 37 |
| Other assets | 87 | 85 | 72 |
| Total assets | 50 101 | 47 204 | 47 913 |

LIABILITIES AND EQUITY

| (NOK million) | 30.06.2018 | 30.06.2017 | 31.12.2017 |
|---|---------------|---------------|---------------|
| Loans and deposits from credit institutions | 1 843 | 935 | 654 |
| Deposits from customers | 34 256 | 33 525 | 32 820 |
| Debt securities issued | 5 978 | 4 727 | 6 090 |
| Financial derivatives | 352 | 434 | 480 |
| Other liabilities | 507 | 419 | 500 |
| Incurred costs and prepaid income | 65 | 66 | 78 |
| Other provisions for incurred liabilities and costs | 131 | 84 | 96 |
| Perpetual Hybrid Tier 1 capital | 313 | 658 | 302 |
| Subordinated loan capital | 703 | 702 | 1 036 |
| Total liabilities | 44 148 | 41 550 | 42 056 |
| EC capital | 989 | 989 | 989 |
| ECs owned by the Bank | -5 | -5 | -5 |
| Share premium | 355 | 354 | 355 |
| Additional Tier 1 capital | 349 | 349 | 349 |
| Paid-in equity | 1 688 | 1 687 | 1 688 |
| Primary capital fund | 2 513 | 2 343 | 2 470 |
| Gift fund | 125 | 125 | 125 |
| Dividend equalisation fund | 1 260 | 1 092 | 1 216 |
| Value adjustment fund | | 51 | 78 |
| Other equity | -7 | 0 | 280 |
| Total comprehensive income after tax | 374 | 356 | 0 |
| Retained earnings | 4 265 | 3 967 | 4 169 |
| Total equity | 5 953 | 5 654 | 5 857 |
| Total liabilities and equity | 50 101 | 47 204 | 47 913 |

Statement

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

We hereby confirm that the half-yearly financial statements for the Group and the Bank for the period 1 January to 30 June 2018 to the best of our knowledge, have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by EU, and provides a true and fair view of the Group's and Bank's assets, liabilities, financial position and results as a whole.

We also hereby declare that the interim report provides a true and fair view of the financial performance and position of the Group and the Bank, a description of the principal risks and uncertainties facing the Group and the Bank as well as a description of major transactions with related parties.

Ålesund, 30 June 2018

14 August 2018

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman

ROY REITE, Deputy Chairman

RAGNA BRENNE BJERKESET

HENRIK GRUNG

JILL AASEN

ANN MAGRITT BJÅSTAD VIKERBAKK

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Profit performance - Group

QUARTERLY PROFIT

| (NOK million) | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 |
|--------------------------------------|---------|---------|---------|---------|---------|
| Net interest income | 291 | 289 | 290 | 281 | 268 |
| Other operating income | 78 | 53 | 58 | 55 | 63 |
| Total operating costs | 150 | 149 | 144 | 145 | 151 |
| Profit before impairment on loans | 219 | 193 | 204 | 191 | 180 |
| Impairment on loans, guarantees etc. | -5 | 2 | -1 | 6 | 6 |
| Pre tax profit | 224 | 191 | 205 | 185 | 174 |
| Tax | 50 | 50 | 48 | 46 | 44 |
| Profit after tax | 174 | 141 | 157 | 139 | 130 |

As a percentage of average assets

| | | | | | |
|--------------------------------------|-------|------|-------|------|------|
| Net interest income | 1.68 | 1.73 | 1.76 | 1.72 | 1.71 |
| Other operating income | 0.45 | 0.32 | 0.35 | 0.34 | 0.40 |
| Total operating costs | 0.87 | 0.89 | 0.88 | 0.89 | 0.96 |
| Profit before impairment on loans | 1.26 | 1.16 | 1.23 | 1.17 | 1.15 |
| Impairment on loans, guarantees etc. | -0.03 | 0.01 | -0.01 | 0.04 | 0.03 |
| Pre tax profit | 1.29 | 1.15 | 1.24 | 1.13 | 1.12 |
| Tax | 0.29 | 0.29 | 0.29 | 0.28 | 0.28 |
| Profit after tax | 1.00 | 0.86 | 0.95 | 0.85 | 0.84 |

COVER PHOTO

The TEFT-lab was officially opened May 29 2018. The TEFT-lab is a collaboration between Sparebanken Møre and NTNU in Ålesund. It will contribute to research on service innovation, entrepreneurship, finance and technology.

Photo: Tone Molnes