INTERIM REPORT
2 QUARTER
NOT AUDITED
12

SPAREBANKEN MØRE

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Tourism is one of the fastest growing industries in the world. The industry is of great importance to the development of Norwegian regions. Many tourism companies have used the natural assets of our county to develop products composed of unique, high quality experiences. They have also developed forms of cooperation that increase productivity and value creation in the industry.

Financial highlights - Group

NOK million	Q2 2012	Q2 2011	30.06.12	30.06.11	2011
Result					
Result before losses	**162**	155	**297**	286	561
Result before losses 1)	**1.36**	1.35	**1.26**	1.27	1.21
Result before taxes	**153**	161	**278**	287	521
Result before taxes 1)	**1.28**	1.40	**1.18**	1.27	1.12
Result after taxes	**110**	117	**200**	207	377
Result after taxes 1)	**0.92**	1.01	**0.85**	0.93	0.81
Losses as a percentage of gross loans as at 1.1	**0.09**	-0.06	**0.09**	0.00	0.11
Return on equity, after tax 2)	**13.3**	15.7	**12.3**	13.8	12.2
Costs as a percentage of income	**47.9**	46.2	**49.8**	48.6	49.8
Balance sheet					
Total assets			**49 332**	46 825	48 406
Average assets			**47 560**	45 195	46 375
Net lending to customers			**41 733**	38 869	40 305
Deposits from customers			**26 164**	25 571	25 325
EC (Numbers refer to the Parent Bank)					
Profit per EC in NOK	**5.10**	6.40	**11.10**	14.40 [5)]	23.27
Diluted earnings per EC (NOK)	**5.10**	6.40	**11.10**	14.40 [5)]	23.27
EC fraction 01.01 as a percentage			**46.0**	46.0	46.0
Price at Oslo Stock Exchange (NOK)			**152.50**	189.00	178.00
Capital adequacy 3) 4)					
Capital adequacy ratio as a percentage			**12.80**	13.50	13.60
Core capital as a percentage			**11.90**	11.85	12.01
Pure core capital as a percentage			**10.33**	10.25	10,40
Overall manning levels					
Man-years			**419**	403	416

1) As a percentage of average assets
2) Result after tax as a percentage of average equity
3) According to the Standardised Approach in Basel II
4) Incl. 50 per cent of the result from ordinary operations after tax
5) Comprises NOK 1.17 for the recognition of previous years' retained profit/loss in subsidiary.

HIGHLIGHTS GROUP

INCREASES AND REDUCTIONS REFER TO H1 LAST YEAR

- Result before credit losses increased by NOK 11 million (-0.01 p.p). [6)]
- Net interest- and credit commission income increased by NOK 15 million (-0.03 p.p). [6)]
- Other (non-interest) income increased by NOK 14 million (0.03 p.p). [6)]
- Costs in relation to income increased from 48.6 to 49.8
- Losses and write-downs increased by NOK 20 million
- Total assets increased by NOK 2 507 million (5.4 %)
- Net loans increased by NOK 2 864 million (7.4 %)
- Deposits increased by NOK 593 million (2.3 %)
- Capital adequacy ratio is reduced from 13.15 per cent to 12.50 per cent
- Core capital ratio increased from 11.50 per cent to 11.57 per cent

[6)] Numbers in brackets refer to changes in percentage points when measured towards the average of total assets.

Interim Report from the Board of Directors

All figures relate to the Group. Amounts and percentages in brackets refer to the corresponding period last year.

The financial statements were prepared in accordance with IFRS.

RESULTS Q2 2012

The result after tax for Q2 2012 amounted to NOK 110 million or 0.92 per cent of average total assets, compared to NOK 117 million or 1.01 per cent in Q2 2011. The result for Q1 2012 amounted to NOK 90 million or 0.75 per cent of average total assets. The return on equity in Q2 2012 was 13.3 per cent, compared to 15.7 per cent in the same period last year and 11.3 per cent in Q1 2012.

Net interest income

Net interest income and credit commission income amounted to NOK 236 million (NOK 221 million). Net interest income amounted to 1.98 per cent (1.93 per cent) of average total assets. In Q1 2012, net interest income and credit commission income amounted to NOK 222 million or 1.87 per cent of average total assets.

Other operating income

Income from financial instruments, commissions and fees totalled NOK 76 million (NOK 74 million) and amounted to 0.64 per cent (0.65 per cent) of total assets. The increase was primarily due to capital gains of NOK 6 million from currency and interest transactions from customers and capital gains of NOK 17 million from bonds. The corresponding figures for Q1 2012 was NOK 61 million and 0.51 per cent.

Costs

Total costs in Q2 amounted to NOK 150 million (NOK 140 million). The NOK 10 million or 7.1 per cent increase in costs was due to NOK 4 million in higher payroll expenses and NOK 6 million in increased other costs. Total costs amounted to 1.26 per cent (1.17 per cent) of average total assets. The cost income ratio amounted in Q2 2012 to 47.9 per cent (46.2 per cent) compared to 51.6 per cent in Q1 2012.

Losses

NOK 9 million in loss provisions was charged to the profit and loss account in Q2 2012, while in the same period last year a loss of NOK 6 million was reversed. Losses amounted to 0.08 per cent (-0.05 per cent) of total assets in Q2 compared to NOK 10 million or 0.08 per cent in Q1 2012.

Lending

Lending increased by 3.3 per cent compared to the end of Q1 2012: lending to corporate customers increased by 4.5 per cent and lending to retail customers increased by 2.6 per cent.

Deposits

Deposits increased by 1.4 per cent in relation to Q1 2012: deposits from corporate customers decreased by 5.9 per cent, while deposits from public sector customers increased by 17.0 per cent and deposits from retail customers increased by 2.6 per cent.

RESULTS H1 2012

Sparebanken Møre's pre-tax profit for H1 2012 was NOK 278 million compared to NOK 289 million for H1 2011. Total income rose by NOK 29 million: net interest income was NOK 15 million higher and other income was NOK 14 million higher than in the same period last year. Costs increased by NOK 18 million, while loss provisions increased by NOK 20 million.

The cost income ratio amounted to 49.8 per cent (48.6 per cent). The Bank's target is a ratio less than 50 per cent.

The profit after tax of NOK 200 million gives a return on equity of 12.3 per cent on an annual basis. The Bank's goal is to achieve a minimum of 6 percentage points above the long-term government bond interest rate, which on average has been 2.24 per cent during the period since year end 2011.

The earnings per equity certificate for H1 2012 was NOK 11.10 compared to NOK 14.40 at the end of H1 2011. Last year's number however comprises NOK 1.17 for the recognition of previous years' retained profit/loss in subsidiary.

The Board of Directors is pleased with the result for H1 2012.

Net interest income

The net interest income and credit commission income of NOK 458 million was NOK 15 million higher than in the same period last year. This represents a reduction as a percentage of total assets in the preceding 12 months of 0.03 percentage points to 1.93 per cent of the average total assets.

The level of net interest income is being affected by a highly competitive market for traditional deposit funds and significant competition in the lending segment. In addition to this, a high level of cash and cash equivalents with paper of good quality will have a negative effect on the net interest income. The interest contribution from equity has also been persistently low due to the general low level of interest rates in the market.

Other operating income

Other operating income amounted to NOK 137 million, NOK 14 million higher than for the first 6 months of last year. Other operating income accounted for 0.58 per cent of average total assets, 0.03 percentage points higher than for the same period last year.

Income from payments transmission services accounted for the largest share of ordinary other income. Although transaction volumes in the area of payments transmission services are increasing, nominal income was down NOK 3 million compared to the same period last year. This was a result of lower unit prices.

In the foreign exchange area, which represented the second largest income area, earnings increased from NOK 11 million in 2011 to NOK 13 million in 2012. The level of currency income reflects currency transaction activities with the Bank's customers, since the Bank take no market risk in the currency market.

Income from interest transactions with customers increased from NOK 6 million in H1 2011 to NOK 10 million in H1 2012.

Income from real estate brokering increased by NOK 2 million, compared to the same period last year, to NOK 11 million.

Costs

Operating costs rose by NOK 18 million during the period. Personnel costs increased by NOK 10 million and other costs increased by NOK 8 million. Costs as a proportion of average total assets increased by 0.01 percentage points to 1.25 per cent.

The Group's total workforce increased by three full time equivalents during the period to 419 full time equivalents.

In relation to the same period in 2011, costs as a percentage of income increased by 1.2 percentage points to 49.8 per cent.

Losses and defaults

The financial statements were charged NOK 19 million due to loss provisions. This amounts to 0.08 per cent (0.00 per cent) of average total assets on an annual basis. NOK 13 million of the individual loss provisions were linked to the corporate customer portfolio and a reversal of NOK 3 million related to the retail customer portfolio. Group loss provisions rose by NOK 9 million.

Gross commitments in default decreased by NOK 2 million in the period to NOK 210 million. Net commitments in default at the end of the quarter amounted to NOK 131 million or 0.31 per cent of gross lending. At the end of last year the figures were NOK 163 million or 0.40 per cent of gross lending.

The proportion of problem loans after loss provisions remains low, 0.78 per cent compared to 1.37 per cent in Q2 2011.

The loss and default situation is specified in note 3.

LENDING AND DEPOSIT GROWTH

Total assets amounted to NOK 49 332 million at the end of the first half of the year. Growth in the preceding 12 months amounted to NOK 2 507 million or 5.4 per cent.

Net lending to customers amounted to NOK 41 733 million. This is an increase in the preceding 12 months of NOK 2 864 million or 7.4 per cent. Lending to retail customers increased by 7.8 per cent, and the percentage of total gross lending was 62.5 per cent. Lending to corporate customers increased by 5.7 per cent during the period and accounts for a relative percentage of 37.5 per cent.
Deposits at the end of the first half of the year were NOK 593 million higher than at the end of the same period last year, which represents growth in the period of 2.3 per cent. Of the total deposits of NOK 26 164 million, deposits from retail customers accounted for 58.3 per cent following growth of 7.6 per cent in the preceding 12 months. The percentage for corporate customers was 37.8 per cent, an increase of 3.1 per cent on an annual basis. Public sector deposits decreased by 43.8 per cent in the preceding 12 months, which gives a relative percentage of 3.9 per cent.

Deposits in relation to loans amounted to 62.7 per cent at the end of June.

CAPITAL ADEQUACY

The target for the Bank's capital composition is to maintain a minimum core (tier 1) capital of 11 per cent. The target has been set on the basis of a number of considerations, the most important of which are:

- The Bank's size
- The international-orientation of business and industry in Møre og Romsdal
- The need to be able to raise, in a stable manner, long-term external funding capital and core (tier 1) capital whenever necessary
- Covering the indicated requirements linked to Basel III

The requirement for capital strength takes precedence over lending growth targets. Core (tier 1) capital amounted to 11.57 per cent and primary capital 12.50 per cent at the end of Q2 2012, calculated using the standard method and without adding the result from H1 2012. Core (tier 1) capital amounted to 11.90 per cent and pure core (tier 1) capital amounted to 10.33 per cent including 50 per cent of the result from H1 2012. An application to use the basic IRB method was submitted to the FSA on 20 December 2011. With 10.02 per cent of pure core (tier 1) capital after Q2, Sparebanken Møre has satisfied the FSA's requirement that banks have a minimum of 9 per cent pure core (tier 1) capital as per 30 June 2012.

RISK MANAGEMENT

Risk-taking is a fundamental element of banking operations. Risk management and risk control are two of the Board's focus areas. The overall purpose of risk management and risk control is to ensure set targets are attained, effective operations, risks which may prevent the attainment of commercial targets are managed, high quality internal and external reporting, and that the Group's operations comply with all relevant laws, regulations and internal guidelines.

The stated goal of Sparebanken Møre's Board is to ensure the Group's operations maintain a low to moderate risk profile. Earnings should be a product of customer-related activities, not financial risk taking. Sparebanken Møre constantly strives to maintain control of the risks that exist. In those cases where the risk is deemed to exceed an acceptable level, immediate steps will be taken to reduce this risk.

The overall framework and limits for Sparebanken Møre's risk management are assessed annually by the Board in connection with the preparation of the Bank's strategic plan. The Board approves overarching management and control guidelines for the Group each year, and the parent bank and subsidiaries adopt individual risk policies tailored to their activities. Specific policies have been approved for each significant risk area, including credit risk (see below), counterparty risk, market risk, concentration risk and liquidity risk (see below). The risk strategies are approved by the Board and reassessed at least once a year, or when particular circumstances make it necessary. The various policies form the framework for the Group's ICAAP. The Board actively participates in the annual process and establishes ownership of the assessments and calculations made, including through ICAAP's key role in long-term strategic planning. The Group's annual ICAAP was carried out during Q2 2012.

Sparebanken Møre has established a monitoring and control structure that is intended to ensure compliance with the overall framework of the Bank's strategic plan. The Group's overall risk exposure and risk development is followed up via periodic reports submitted to the management team, Audit Committee and Board. One of the Audit Committee's primary purposes is to ensure that Sparebanken Møre's risk management is addressed satisfactorily.

The Board is of the opinion that Sparebanken Møre's aggregate risk exposures conform to the Group's approved risk profile. The Board considers the Group's and Bank's risk management to be good.

Credit risk

Credit risk is the risk of losses associated with customers or other counterparties being unable to fulfil their obligations at the agreed time and pursuant to written agreements, and the received collateral not covering outstanding claims. Included in this risk area are counterparty risk and concentration risk.

Credit risk represents Sparebanken Møre's biggest risk area. The Group has a moderate risk profile as far as credit risk is concerned, as this risk is defined by the Group's credit risk strategy. The strategy provides, for example, limits for concentration in industrial sectors and the size of commitments, geographic exposure, growth targets and risk levels.

Compliance with the Board's resolutions within the area of credit is monitored by a separate risk management department, which is independent of the customer units. The Board receives reports on credit risk trends throughout the year in monthly risk reports. The Board receives quarterly reports on mortgage lending, in line with the FSA's guidelines. Sparebanken Møre's internal guidelines conform to the FSA's latest guidelines for mortgage lending published in a circular in December 2011.

Sparebanken Møre has prepared its own classification models for classifying customers and these models make an important contribution to the in-house management of credit risk. The customers are scored on a monthly basis, and this provides the basis for ongoing monitoring of the development of Sparebanken Møre's credit risk. Specific application scoring models have also been implemented and are used in the credit approval process.

Each member of staff with customer responsibilities has access to reports via the Group's reporting portal which show the development of the credit risk in his or her portfolio. The portal has a hierarchical structure allowing managers in Sparebanken Møre to monitor performance within their respective area of responsibility. The reports are used to analyse customers, portfolios and segments, among other things. The portal also provides customer account managers with an overview of the customers' positions and limits in relation to exposure in financial instruments.

In the opinion of the Board, Sparebanken Møre's credit risk at the end of H1 2012 was within the risk tolerances approved for the Group.

Liquidity risk

The management of Sparebanken Møre's funding structure is incorporated into an overall funding strategy which is evaluated and approved by the Board at least once a year. The strategy reflects the moderate risk level that is accepted for this risk area. It describes Sparebanken Møre's targets for maintaining its financial strength, and defines specific limits for different areas of the Group's funding management. Sparebanken Møre's contingency plan for funding management includes a description of how the funding situation should be handled in turbulent financial markets. Stress test models have also been developed that deal with various scenarios other than a normal situation. The purpose of these models is to quantify the probability of obtaining funding from different sources within certain defined periods.

Basel III introduces two new separate and supplementary requirements in the area of liquidity. The first goal is to strengthen banks' short-term liquidity profiles by ensuring they have sufficient holdings of high quality liquid assets to cope with a stress scenario that lasts for one month (liquidity coverage ratio (LCR)). The second goal is to strengthen the liquidity profile over a longer period of time by motivating the banks to fund their activities through more stable funding sources on a lasting basis (net stable funding ratio (NSFR)). Sparebanken Møre is actively adapting to the new liquidity standards, both by modifying internal strategies and through internal adaptations. The Bank regularly reports trends associated with the new liquidity indicators to the supervisory authority pursuant to the reporting requirements.

The EU is planning to introduce LCR (see above) from 2015. Satisfying the proposed regulations will be demanding, which means that Sparebanken Møre will need to increase its liquidity portfolio while ensuring the investments are of higher quality. Part of the increase in the liquidity portfolio in recent years was due to the general development of the Bank's balance sheet. In the last five years the Bank's liquidity portfolio has increased by almost NOK 3 billion to NOK 4.8 billion. This is approaching the volume the reporting indicates Sparebanken Møre requires to cope with one month's market stress. A NOK 3 billion larger liquidity portfolio with LCR quality costs the Bank almost NOK 60 million in today's market. The Bank has adopted an escalation plan for LCR so it can fulfil the requirements from 1 January 2015 on a permanent basis.

It has been proposed that NSFR (see above) will be introduced from 2018. Reporting based on the proposed regulations shows that the Bank lies well within the requirement.

In order to ensure the Group's liquidity risk is kept at a low level, lending to customers must primarily be financed by customer deposits and long-term securities issued. There has been a strong focus on increasing ordinary deposits in recent years.

Møre Boligkreditt AS was established in 2008 and has a licence from the FSA to operate as a mortgage company. The mortgage company provides the Group with greater diversification of funding sources. The company issues covered bonds. The Bank transfers parts of the mortgage company's mortgage portfolio, which enables the Group to take advantage of the funding opportunities the establishment of the mortgage company facilitated. At H1 2012, around 22 per cent of the Group's total lending (35 per cent of lending to the retail market) had been transferred to the mortgage company. Sparebanken Møre will continue to transfer lending to Møre Boligkreditt AS, and the Bank's refinancing needs in 2012 can primarily met by issuing covered bonds.

In order to increase the access to new funding sources, and to seek stable access to funding from external sources, securities issued by both Sparebanken Møre and Møre Boligkreditt AS are rated by the rating agency Monody's. The Bank is rated A2 (neg.), while securities issued by the mortgage company have been assigned the highest possible rating, Aaa. In addition to issues in Norway, Møre Boligkreditt AS has also conducted issues in the Swedish market.

As far as the composition of the external funding is concerned, priority is given to having a relatively large share of funding with terms in excess of one year. NOK 12.2 billion of the external funding of NOK 17.7 billion is long-term funding (remaining term of more than 1 year), and is primarily covered by covered bonds and senior bonds. Around NOK 1.5 billion of the remaining and short-term funding of NOK 5.5. billion is separate funding of corporate lending, while almost NOK 4 billion is lending that will be refinanced. The Bank's outstanding senior bonds had at the end of H1 2012 a weighted remaining term of 1.84 years, while covered bonds funding correspondingly had a remaining term of 4.15 years.

The Board considers the Bank's liquidity situation at the end of H1 2012 to be good.

SUBSIDIARIES

The aggregate profit of the Bank's four subsidiaries amounted to NOK 40 million after tax (NOK 24 million).

Møre Finans AS sells leasing products, partly direct, but mostly through the Bank's distribution network. The company has built up a diversified portfolio, amounting to about

NOK 550 million, of customers from all parts of Møre og Romsdal. Møre Finans AS made a NOK 4 million (NOK 4 million) contribution to the Group's result in H1 2012. At the end of the first half of the year, the work done in the company was equivalent to 7 full time equivalents. Møre Finans AS will be merged with Sparebanken Møre with accounting effect from and including 1 September 2012 and cease to be a separate company from this date.

Møre Eiendomsmegling AS provides services within the real estate brokerage area to both retail and corporate customers. The company made a NOK 1 million contribution to the result in H1 2012 (NOK 1 million). At the end of the first half of the year, the work done in the company was equivalent to 14 full time equivalents.

The object of Sparebankeiendom AS is to own and manage the Bank's own commercial properties. The company has contributed NOK 4 million to the result in the year-to-date. The company has no staff.

Møre Boligkreditt AS was established as part of Sparebanken Møre's long-term funding strategy. The mortgage company's main purpose is to issue covered bonds for sale to Norwegian and international investors. So far this year the company has obtained NOK 7.9 billion in funding for the Bank. The company has made a NOK 31 million contribution to the result so far in 2012 (NOK 16 million). The work done in the company's was equivalent to two full time equivalents.

EQUITY CAPITAL CERTIFICATES

The equity capital amounts to NOK 784 million and is made up of 7.84 million equity certificates, each with a nominal value of NOK 100. The equity certificates were distributed between 6 116 owners as per the end of the first half of the year. Note 8 contains a list of the 20 largest owners of the Bank's equity certificates.

OUTLOOK

The Norwegian economy is solid and the trends in our county reflect this. A strong household sector, due to factors such as low interest rates and low unemployment, and a solid public sector will contribute to good levels of activity in several sectors.

The European debt crisis and international developments are sources of uncertainty in some local companies involved in competitive exports.

Nonetheless, orders received by shipyards and other companies in the maritime sector in Møre og Romsdal maintained at a high level during H1 2012. This is also producing positive ripple effects and stimulating growth in other parts of local business and industry. The unemployment rate is generally very low in the county and there is strong demand for employees.

The Board believes that the order situation in the maritime sector will strengthen and develop the companies' efficiency in production and thus strengthen their competitive capacity to bring further work to Møre og Romsdal.

Given the positive trends in business and industry in the county, the Board expects growth in business volumes and an improved contribution to the result for Sparebanken Møre in the future.

Ålesund, 30 June 2012
7 August 2012

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Leif-Arne Langøy
CHAIRMAN

Roy Reite
DEPUTY CHAIRMAN

Ragna Brenne Bjerkeset

Stig Remøy

Elisabeth Maråk Støle

Ingvild Vartdal

Turid Sylte

Olav Arne Fiskerstrand
CEO

STATEMENT OF INCOME

GROUP						PARENT BANK					
2011	Q2 11	**Q2 12**	30.06.11	**30.06.12**	Amounts in NOK million	Notes	**30.06.12**	30.06.11	**Q2 12**	Q2 11	2011
2 235	538	**562**	1 066	**1 130**	Interest and similar income		**977**	981	**479**	492	2 039
1 326	317	**326**	623	**672**	Interest and similar costs		**579**	574	**276**	288	1 202
909	221	**236**	443	**458**	Net interest and credit commission income	7	**398**	407	**203**	204	837
20	17	**6**	17	**6**	Dividends and other income from securities with variable yields	7	**34**	88	**6**	17	91
172	44	**39**	84	**77**	Commission income and revenues from banking services		**77**	84	**39**	44	171
33	8	**6**	17	**14**	Commission costs and expenditure in respect of banking services		**14**	17	**6**	8	33
23	13	**26**	25	**49**	Net gains/losses from securities and foreign exchange	4	**48**	25	**26**	13	25
32	8	**11**	14	**19**	Other operating income	7	**7**	5	**4**	2	12
214	74	**76**	123	**137**	Total other operating income		**152**	185	**69**	68	266
317	80	**84**	156	**166**	Wages, salaries etc.		**157**	147	**79**	75	296
129	31	**34**	67	**71**	Administration costs		**71**	67	**35**	31	129
26	6	**9**	11	**16**	Depreciation, write-downs and changes in value in non-financial assets		**10**	7	**6**	3	17
90	22	**23**	44	**45**	Other operating costs	7	**46**	42	**23**	23	88
562	139	**150**	278	**298**	Total operating costs		**284**	263	**143**	132	530
561	156	**162**	288	**297**	Result before credit losses		**266**	329	**129**	140	573
40	-6	**9**	-1	**19**	Losses on loans, guarantees etc.	3	**17**	-1	**8**	-6	37
521	162	**153**	289	**278**	Result from ordinary operations before tax		**249**	330	**121**	146	536
144	45	**43**	82	**78**	Tax payable on ordinary result		**62**	88	**34**	41	143
377	117	**110**	207	**200**	Result from ordinary operations after tax		**187**	242	**87**	105	393
22.10	7.12	**6.45**	12.36	**11.88**	Result per EC (NOK) 1)		**11.10**	14.40	**5.10**	6.40	23.27
22.10	7.12	**6.45**	12.36	**11.88**	Diluted earnings per EC (NOK) 1)		**11.10**	14.40	**5.10**	6.40	23.27
12	-	**8**	12	**8**	Distributed dividend per EC (NOK)		**8**	12	**8**	-	12

1) Comprises at 30.06.11, NOK 1.17 for the recognition of previous years' retained profit/loss in subsidiary.

STATEMENT OF COMPREHENSIVE INCOME

GROUP						PARENT BANK				
2011	Q2 11	**Q2 12**	30.06.11	**30.06.12**	Amounts in NOK million	**30.06.12**	30.06.11	**Q2 12**	Q2 11	2011
377	117	**110**	207	**200**	Result from ordinary operations after tax	**187**	242	**87**	105	393
-1	7	**-6**	8	**-4**	Equities available for sale - changes in value	**-4**	8	**-6**	7	-1
376	124	**104**	215	**196**	Total comprehensive income from ordinary operations after tax	**183**	250	**81**	112	392

BALANCE SHEET

- STATEMENT OF FINANCIAL POSITION AS AT THE END OF THE PERIOD

GROUP					PARENT BANK		
30.06.11	31.12.11	**30.06.12**	Amounts in NOK million	Notes	**30.06.12**	31.12.11	30.06.11
			Assets				
730	814	**777**	Cash and claims on central banks		**777**	814	730
147	564	**410**	Loans to and deposits with credit institutions	7	**1 688**	1 567	1 252
38 869	40 305	**41 733**	Net loans to and claims on customers	2, 3, 7	**32 225**	31 800	31 342
5 433	5 226	**4 826**	Certificates, bonds and other interest-bearing securities assessed at market value through the profit and loss account	5, 7	**7 127**	7 528	8 263
285	437	**505**	Financial derivatives		**451**	393	285
215	201	**198**	Shares and other securities with a variable yield	5	**198**	201	215
-	-	**-**	Equity stakes in Group companies		**646**	646	544
10	14	**14**	Deferred tax benefit		**17**	17	13
19	17	**19**	Other intangible assets		**19**	17	19
277	316	**318**	Fixed assets		**55**	53	30
342	156	**144**	Other assets		**144**	144	341
498	356	**388**	Prepayments and accrued income		**339**	333	463
46 825	48 406	**49 332**	Total assets		**43 686**	43 513	43 497
			Liabilities and equity capital				
5 461	4 741	**3 839**	Liabilities to credit institutions	7	**3 946**	4 851	5 673
25 571	25 325	**26 164**	Deposits from and liabilities to customers	2, 7	**26 193**	25 338	25 586
10 273	12 799	**13 697**	Borrowings raised through the issue of securities		**8 100**	7 964	6 885
184	272	**322**	Financial derivatives		**322**	263	147
513	480	**402**	Other liabilities		**366**	427	489
553	317	**581**	Incurred costs and prepaid income		**538**	290	522
54	83	**57**	Other provisioning in respect of liabilities and costs	3	**57**	83	54
482	493	**497**	Perpetual Hybrid Tier 1 Capital		**497**	493	482
479	479	**299**	Subordinated loan capital		**299**	479	479
43 570	44 989	**45 858**	Total liabilities		**40 318**	40 188	40 316
784	784	**784**	EC capital	8	**784**	784	784
-3	-2	**-4**	ECs owned by the Bank	8	**-4**	-2	-3
186	186	**186**	Proceeds from EC issue, priced at a premium over par		**186**	186	186
967	968	**966**	Paid-in equity capital		**966**	968	967
1 558	1 698	**1 698**	Primary Capital Fund		**1 698**	1 698	1 558
362	482	**481**	Dividend Equalisation Fund		**481**	482	362
41	32	**28**	Value Adjustment Fund		**28**	32	41
11	8	**8**	Fund for Unrealised Gains		**8**	8	11
109	229	**93**	Other equity capital		**0**	137	0
207	-	**200**	Result from ordinary operations after tax		**187**	-	242
2 288	2 449	**2 508**	Equity capital accumulated through retained earnings		**2 402**	2 357	2 214
3 255	3 417	**3 474**	Total equity capital		**3 368**	3 325	3 181
46 825	48 406	**49 332**	Total liabilities and equity capital		**43 686**	43 513	43 497
			Transactions of an off-balance sheet nature:				
1 485	1 242	**1 663**	Guarantee liabilities		**1 663**	1 242	1 485

STATEMENT OF CHANGES IN EQUITY – GROUP

30.06.12

Amounts in NOK million	Equity capital	EC capital	Proceeds from EC issue, priced at a premium over par	Primary Capital Fund	Dividend Equalisa-tion Fund	Value Adjust-ment Fund	Fund for Unrealised Gains	Other equity capital
Equity capital as at 31.12.11	**3 417**	**782**	**186**	**1 698**	**482**	**32**	**8**	**229**
Changes in own Equity Certificates	**-3**	**-2**			**-1**			
Distributed dividend funds to the EC holders	**-63**							**-63**
Distributed dividend funds to the local community	**-74**							**-74**
Total result from ordinary operations after tax	**196**					**-4**		**200**
Equity capital as at 30.06.12	**3 474**	**780**	**186**	**1 698**	**481**	**28**	**8**	**292**

30.06.11

Amounts in NOK million	Equity capital	EC capital	Proceeds from EC issue, priced at a premium over par	Primary Capital Fund	Dividend Equali-sation Fund	Value Adjust-ment Fund	Fund for Unrealised Gains	Other equity capital
Equity capital as at 31.12.10	3 253	784	186	1 560	362	33	11	317
Changes in own Equity Certificates	-5	-3		-2				
Distributed dividend funds to the EC holders	-94							-94
Distributed dividend funds to the local community	-113							-113
Total result from ordinary operations after tax	215					8		207
Equity capital as at 30.06.11	3 255	781	186	1 558	362	41	11	317

2011	Equity capital	EC capital	Proceeds from EC issue, priced at a premium over par	Primary Capital Fund	Dividend Equalisa-tion Fund	Value Adjust-ment Fund	Fund for Unrealised Gains	Other equity capital
Equity capital as at 31.12.10	3 253	784	186	1 560	362	33	11	317
Changes in own Equity Certificates	-4	-2		-2				
Distributed dividend funds to the EC holders	-94							-94
Distributed dividend funds to the local community	-113							-113
Equity capital before allocation of profit for the year	3 042	782	186	1 558	362	33	11	110
Change in credit spread FVO	-3						-3	
Transferred to the Primary Capital Fund	140			140				
Transferred to the Dividend Equalisation Fund	120				120			
Transferred to other equity capital	-17							-17
Set aside dividend funds for the EC holders	63							63
Set aside dividend funds for the local community	74							74
Distributed result	377			140	120		-3	120
Equities available for sale - changes in value	-1					-1		
Total other income and costs from comprehensive income	-1					-1		
Total result from ordinary operations after tax	376			140	120	-1	-3	120
Equity capital as at 31.12.11	3 417	782	186	1 698	482	32	8	229

STATEMENT OF CHANGES IN EQUITY - PARENT BANK

30.06.12

Amounts in NOK million	Equity capital	EC capital	Proceeds from EC issue, priced at a premium over par	Primary Capital Fund	Dividend Equalisation Fund	Value Adjustment Fund	Fund for Unrealised Gains	Other equity capital
Equity capital as at 31.12.11	**3 325**	**782**	**186**	**1 698**	**482**	**32**	**8**	**137**
Changes in own Equity Certificates	**-3**	**-2**			**-1**			
Distributed dividend funds to the EC holders	**-63**							**-63**
Distributed dividend funds to the local community	**-74**							**-74**
Total result from ordinary operations after tax	**183**					**-4**		**187**
Equity capital as at 30.06.12	**3 368**	**780**	**186**	**1 698**	**481**	**28**	**8**	**187**

30.06.11

Amounts in NOK million	Equity capital	EC capital	Proceeds from EC issue, priced at a premium over par	Primary Capital Fund	Dividend Equalisation Fund	Value Adjustment Fund	Fund for Unrealised Gains	Other equity capital
Equity capital as at 31.12.10	3 143	784	186	1 560	362	33	11	207
Changes in own Equity Certificates	-5	-3		-2				
Distributed dividend funds to the EC holders	-94							-94
Distributed dividend funds to the local community	-113							-113
Total result from ordinary operations after tax	250					8		242
Equity capital as at 30.06.11	3 181	781	186	1 558	362	41	11	242

2011	Equity capital	EC capital	Proceeds from EC issue, priced at a premium over par	Primary Capital Fund	Dividend Equalisation Fund	Value Adjustment Fund	Fund for Unrealised Gains	Other equity capital
Equity capital as at 31.12.10	3 143	784	186	1 560	362	33	11	207
Changes in own Equity Certificates	-4	-2		-2				
Distributed dividend funds to the EC holders	-94							-94
Distributed dividend funds to the local community	-113							-113
Equity capital before allocation of profit for the year	2 932	782	186	1 558	362	33	11	0
Change in credit spread FVO	-3						-3	
Transferred to the Primary Capital Fund	140			140				
Transferred to the Dividend Equalisation Fund	120				120			
Set aside dividend funds for the EC holders	63							63
Set aside dividend funds for the local community	74							74
Distributed result	393			140	120		-3	137
Equities available for sale - changes in value	-1					-1		
Total other income and costs from comprehensive income	-1					-1		
Total result from ordinary operations after tax	392			140	120	-1	-3	137
Equity capital as at 31.12.11	3 325	782	186	1 698	482	32	8	137

CASH FLOW STATEMENT

GROUP				PARENT BANK		
2011	30.06.11	**30.06.12**		**30.06.12**	30.06.11	2011
			Cash flow from operational activities			
2 428	1 388	**1 490**	Interest, commission and fees received	**1 308**	1 263	2 183
-1 288	-669	**-737**	Interest, commission and fees paid	**-617**	-594	-1 147
20	17	**6**	Dividend and group contribution received	**34**	88	91
-508	-242	**-233**	Paid operating expenses	**-225**	-232	-483
-146	-155	**-162**	Payment of tax	**-146**	-147	-146
-394	22	**154**	Changes relating to loans to and claims on other financial institutions	**-121**	-436	-751
-2 297	-864	**-535**	Changes relating to repayment loans/leasing to customers	**349**	570	-267
-325	-303	**-809**	Changes in respect of utilised credit facilities	**-693**	-149	214
-2 510	-806	**-826**	Net cash flow from operational activities	**-111**	363	-306
			Cash flow from investment activities			
6 644	3 292	**3 820**	Payments from sale of certificates, bonds and other securities	**3 820**	3 292	7 170
-7 366	-4 153	**-3 415**	Purchases of certificates, bonds and other securities	**-3 415**	-4 153	-7 366
17	9	**11**	Payments from sale of fixed assets etc.	**0**	0	0
-100	-40	**-31**	Payments for purchase of fixed assets etc.	**-15**	-6	-36
-96	-203	**-64**	Changes of various assets etc.	**-64**	-214	-151
-901	-1 095	**321**	Netto kontantstrøm fra investeringsaktiviteter	**326**	-1 081	-383
			Cash flow from funding activities			
773	1 019	**839**	Changes relating to deposits from customers	**856**	1 010	762
-234	485	**-902**	Changes relating to deposits from Norges Bank and other financial institutions	**-905**	447	-375
5 476	1 359	**3 083**	Payments received in respect of proceeds from bond issues raised	**1 533**	200	2 327
-2 403	-701	**-2 386**	Payment on redemption of debt securities	**-1 585**	-701	-1 791
-94	-94	**-63**	Payment of dividend	**-63**	-94	-94
73	-71	**-103**	Changes of other debt	**-88**	-48	40
3 591	1 997	**468**	Net cash flow from funding activities	**-252**	814	869
180	96	**-37**	Net changes on cash holdings	**-37**	96	180
634	634	**814**	Holdings of cash 1.1	**814**	634	634
814	730	**777**	Holdings of cash 30.06/31.12	**777**	730	814

1 ACCOUNTING PRINCIPLES

General

The Group`s interim accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), implemented by the EU as at 30.06.2012. The interim report has been prepared in compliance with IAS 34 Interim Reporting.

The Group presents its accounts in Norwegian kroner (NOK), which is also the Group`s functional currency.

Please see the Annual report 2011 for further description of accounting principles.

This interim report has been produced in accordance with the accounting princples applied to the annual accounts.

Consolidation

There have been no changes in consolidation principles resulting from compliance with IFRS. All transactions and intra-group balances involving companies which form part of the Group have been netted when consolidating the Group accounts. In the accounts of the Parent Bank, investments in subsidiaries are valued at cost.

Balance

Assets and liabilities are entered into the Group`s accounts at the time when the Group obtains actual control of the rights to the asset or undertake an actual commitment. Loans being transferred to other institutions, but still guaranteed by the Bank, are booked in the Group`s accounts.

Financial instruments

The Group's portfolio of financial instruments is classified, when first included in the accounts according to IAS 39, in one of the following categories, dependent upon the purpose of the investment:

- Financial assets held for trading purposes (trading portfolio)
- Other financial assets and liabilities assessed at market value, any value changes to be included in the profit and loss account
- Financial instruments which are held as available for sale assessed at market value, any value changes to be adjusted against the equity capital
- Loans and claims carried in the balance sheet at amortised cost

Financial assets in the trading portfolio

The Group`s trading portfolio is assessed at market value through the profit and loss account. Please see the Annual Report 2011 for the Group`s definition of a trading portfolio.

Financial assets and liabilities assessed at market value, with any value changes being included in the profit and loss account

The Group's portfolio of interest-bearing securities, fixed interest rate loans and -deposits are classified at market value, with any value changes being included in the profit and loss account.

Financial derivatives are shown in the balance sheet at market value, on a per contract basis, as assets or liabilities respectively.

Fixed interest rate loans are assessed at market value based on contract related cash flows discounted at the market rate of interest at the balance sheet date.

Financial liabilities are classified as securitiesrelated debt. Any securities-related debt incurred before 31.12.2006 is assessed at market value through the profit and loss account. In the case of the Bank's securities-related debt incurred after 31.12.2006, actual valuerelated hedging is applied, with any value changes being included in the profit and loss account. The difference between the initial cost and the settlement amount at maturity is amortised over the life of the loan. The portfolio of own bonds is shown as a reduction of debt.

Instruments held as available for sale, assessed at market value, with any value changes shown against equity capital

The Group's portfolio of shares, which are considered to be long-term investments, is classified as available for sale, with any value changes shown against equity capital. Realised gains and losses as well as writedowns are included in the profit and loss account during the period in which they occur.

Loans and claims carried in the balance sheet at amortised cost

All loans, including leasing, but with the exception of fixed interest rate loans, are assessed at amortised cost, based on expected cash flows.

Write-down for credit losses is made when there are objective indications of a loan or a group of loans having been subject to impairment in value as a result of impaired creditworthiness. The write-down is calculated as the difference between the value as shown in the balance sheet and the present value of estimated future cash flows (including collateral), discounted at the original effective rate of interest for the loan in question (amortised cost).

Loans which have not been subject to specific assessment of impairment in value are assessed on a grouped basis.

The calculation of required write-down is made for customer groups with largely similar risk- and value characteristics and is based on risk classification and credit loss experience for the customer groups involved. Losses on loans are assessed in accordance with Norwegian regulations regarding loans and guarantees within credit institutions.

Pension commitments

The largest portion of the Group's pension scheme is defined-benefit, which entitles employees to agreed future pension benefits. This scheme was closed to new members beginning on 1 January 2010. (From 2010 new employees enter into the Group's defined contribution scheme). Otherwise see the Annual Report 2011 for a detailed description of the Group's pension schemes.

Fixed assets

The Group mainly owns its own buildings, and the main purpose of these buildings is to be used in connection with the operations of the Bank. These buildings are thus defined as fixed assets and not investment properties in the Group`s accounts. The buildings are evaluated at historical cost price, less accumulated depreciation and write-downs.

Other fixed assets are evaluated at historical cost price and depreciated according to their expected lifetime.

In case of indications of booked value being higher than retainable amount, fixed assets are assessed for write downs. Retainable amount is the larger of the assets utility value and the assets market value, less costs of sale.

Tax

Taxation cost throughout the year is being periodised in line with the estimate of the Group`s yearly taxation cost. The Group`s taxation cost in relation to the pre-tax result amounts to 28 per cent for 2012.

Equity and capital adequacy ratio

Dividend and donations confirmed after the balance sheet date are shown as equity capital until approved by the Board of Trustees. The amounts are thereafter shown as debt in the balance sheet until being distributed.

Amounts set aside for dividend and donations are not included in the calculation of the capital adequacy ratio. Capital adequacy calculations are carried out according to the Standardised Approach in Basel II.

Staff benefits

All wages, salaries and other remuneration to employees in the Group and other appropriate parties have been charged to the profit and loss account as costs and have been paid at the end of the accounting period. As at 30.06.2012, the Bank had no liabilities relating to the Bank`s CEO, members of the Board of Directors or other employees involving special compensation on termination of employment or changes in employment or the jobs and positions in question. Furthermore, there are no arrangements or accountsrelated liabilities relating to bonuses, profit sharing, options, subscription rights or similar for the abovementioned persons. Reference is made to the Annual Report 2011 for description of benefitsrelated pension schemes for the Bank`s CEO and other employees.

2 GROSS LOANS AND DEPOSITS TO CUSTOMERS BY SECTOR AND INDUSTRY

Group	Gross loans			Deposits		
Broken down according to sectors	**30.06.12**	30.06.11	2011	**30.06.12**	30.06.11	2011
Agriculture and forestry	**468**	467	471	**184**	192	160
Fisheries	**2 944**	3 380	3 127	**480**	365	571
Industry and mining	**1 214**	1 348	1 251	**1 311**	1 239	1 536
Building and construction	**745**	749	726	**385**	316	418
Wholesale and retail trade, hotel industry	**729**	795	773	**662**	692	817
Foreign shipping/supply	**1 700**	1 667	1 817	**570**	453	513
Property management	**5 673**	4 213	5 144	**1 172**	1 134	1 213
Professional/financial service	**592**	760	634	**1 537**	1 681	1 813
Transport and private/public service industry	**1 612**	1 466	1 371	**1 857**	1 717	1 762
Public entities	**11**	13	11	**1 016**	1 811	693
Non-Norwegian lending	**7**	10	8	**5**	2	2
Miscellaneous	**85**	24	73	**1 720**	1 788	1 520
Total Corporate/Public entities	**15 780**	14 892	15 406	**10 899**	11 390	11 018
Retail customers	**26 264**	24 355	25 295	**15 265**	14 181	14 307
Total Gross loans/Deposits	**42 044**	39 247	40 701	**26 164**	25 571	25 325
Specific loss provisions	**-171**	-252	-265			
Non-specific loss provisions	**-140**	-126	-131			
Net loans	**41 733**	38 869	40 305			

Parent Bank	Gross loans			Deposits		
Broken down according to sectors	**30.06.12**	30.06.11	2011	**30.06.12**	30.06.11	2011
Agriculture and forestry	**429**	429	438	**184**	192	160
Fisheries	**2 930**	3 359	3 110	**480**	365	571
Industry and mining	**1 015**	1 140	1 043	**1 311**	1 239	1 536
Building and construction	**620**	624	602	**385**	316	418
Wholesale and retail trade, hotel industry	**678**	738	718	**662**	692	817
Foreign shipping/supply	**1 677**	1 642	1 794	**570**	453	513
Property management	**5 709**	4 209	5 154	**1 197**	1 142	1 217
Professional/financial service	**571**	736	612	**1 537**	1 681	1 813
Transport and private/public service industry	**1 533**	1 394	1 228	**1 861**	1 724	1 771
Public entities	**2**	5	2	**1 016**	1 811	693
Non-Norwegian lending	**7**	10	8	**5**	2	2
Miscellaneous	**85**	24	73	**1 720**	1 788	1 520
Total Corporate/Public entities	**15 256**	14 310	14 851	**10 928**	11 405	11 031
Retail customers	**17 277**	17 405	17 338	**15 265**	14 181	14 307
Total Gross loans/Deposits	**32 533**	31 715	32 189	**26 193**	25 586	25 338
Specific loss provisions	**-169**	-247	-259			
Non-specific loss provisions	**-139**	-126	-130			
Net loans	**32 225**	31 342	31 800			

3 LOSSES ON LOANS AND GUARANTEES/COMMITMENTS IN DEFAULT/ OTHER BAD AND DOUBTFUL COMMITMENTS

GROUP						PARENT BANK				
2011	Q2 11	**Q2 12**	30.06.11	**30.06.12**	Losses on loans and guarantees	**30.06.12**	30.06.11	**Q2 12**	Q2 11	2011
-13	-12	**-11**	-33	**-97**	Changes in specific loss provisioning and guarantees during the period	**-94**	-33	**-12**	-12	-13
5	0	**9**	0	**9**	Changes in non-specific loss provisioning during the period	**9**	0	**9**	0	4
45	6	**17**	31	**112**	Confirmed losses during the period, where specific provisioning had previously been made	**107**	31	**16**	6	43
10	2	**4**	4	**8**	Confirmed losses during the period, where specific provisioning had previously not been made	**8**	4	**5**	2	10
7	2	**10**	3	**13**	Recoveries	**13**	3	**10**	2	7
40	-6	**9**	-1	**19**	Losses on loans, guarantees etc.	**17**	-1	**8**	-6	37

2011	Q2 11	**Q2 12**	30.06.11	**30.06.12**	Specific provisions in respect of loans	**30.06.12**	30.06.11	**Q2 12**	Q2 11	2011
281	261	**184**	281	**265**	Specific loss provisions on loans at 01.01	**259**	276	**182**	265	276
45	6	**17**	31	**112**	Confirmed losses during the period, where specific provisioning had previously been made	**107**	31	**16**	6	43
64	16	**4**	41	**16**	Changes in specific provisioning during the period	**16**	41	**4**	29	63
41	2	**30**	12	**36**	New specific provisioning during the period	**36**	12	**30**	6	40
76	21	**30**	51	**34**	Recoveries on specific provisioning during the period	**35**	51	**31**	47	77
265	252	**171**	252	**171**	Specific provisions against losses on loans at the end of the period	**169**	247	**169**	247	259

2011	Q2 11	**Q2 12**	30.06.11	**30.06.12**	Non-specific provisions on loans	**30.06.12**	30.06.11	**Q2 12**	Q2 11	2011
126	126	**131**	126	**131**	Non-specific provision on loans as at 01.01	**130**	126	**130**	126	126
5	0	**9**	0	**9**	Changes during the period	**9**	0	**9**	0	4
131	126	**140**	126	**140**	Non-specific provision on loans at the end of the period	**139**	126	**139**	126	130

2011	Q2 11	**Q2 12**	30.06.11	**30.06.12**	Specific provisions in respect of guarantees	**30.06.12**	30.06.11	**Q2 12**	Q2 11	2011
12	10	**11**	12	**14**	Specific provisioning as at 01.01	**14**	12	**11**	10	12
2	0	**0**	0	**2**	Specific provisioning during the period	**2**	0	**0**	0	2
0	0	**0**	-5	**5**	Recoveries on specific provisioning during the period	**5**	-5	**0**	0	0
14	10	**11**	7	**11**	Specific provisions at the end of the period	**11**	7	**11**	10	14

GROUP	30.06.12			30.06.11			2011		
Problem loans	Total	Retail	Corpo-rate	Total	Retail	Corpo-rate	Total	Retail	Corpo-rate
Problem loans prior to specific provisions:									
Commitments in default above 3 months	**210**	**74**	**136**	212	112	100	299	83	216
Other bad and doubtful commitments with loss provisions	**286**	**50**	**236**	572	69	503	488	75	413
Total problem loans prior to specific provisions	**496**	**124**	**372**	784	181	603	787	158	629
Specific provisjons on:									
Commitments in default above 3 months	**79**	**11**	**68**	41	15	26	136	13	123
Other bad and doubtful commitments with loss provisions	**92**	**16**	**76**	211	19	192	136	13	123
Total specific provisions	**171**	**27**	**144**	252	34	218	163	70	93
Problem loans after specific provisions:									
Commitments in default above 3 months	**131**	**63**	**68**	171	97	74	163	70	93
Other bad and doubtful commitments with loss provisions	**194**	**34**	**160**	361	50	311	352	62	290
Total problem loans after specific provisions	**325**	**97**	**228**	532	147	385	515	132	383
Total problem loans prior to spesific provisions as a percentage of total loans	**1.19**	**0.47**	**2.36**	2.02	0.74	4.05	1.95	0.62	4.08
Total problem loans after spesific provisions as a percentage of total loans	**0.78**	**0.37**	**1.44**	1.37	0.60	2.59	1.28	0.52	2.49

PARENT BANK	30.06.12			30.06.11			2011		
Problem loans	Total	Retail	Corpo-rate	Total	Retail	Corpo-rate	Total	Retail	Corpo-rate
Problem loans prior to specific provisions:									
Commitments in default above 3 months	**210**	**74**	**136**	212	112	100	293	83	210
Other bad and doubtful commitments with loss provisions	**286**	**50**	**236**	572	69	503	488	75	413
Total problem loans prior to specific provisions	**496**	**124**	**372**	784	181	603	781	158	623
Specific provisjons on:									
Commitments in default above 3 months	**79**	**11**	**68**	41	15	26	131	13	118
Other bad and doubtful commitments with loss provisions	**90**	**16**	**74**	206	19	187	128	17	111
Total specific provisions	**169**	**27**	**142**	247	34	233	259	30	229
Problem loans after specific provisions:									
Commitments in default above 3 months	**131**	**63**	**68**	171	97	74	162	70	92
Other bad and doubtful commitments with loss provisions	**196**	**34**	**162**	366	50	316	360	58	302
Total problem loans after specific provisions	**327**	**97**	**230**	537	147	390	522	128	394
Total problem loans prior to spesific provisions as a percentage of total loans	**1.54**	**0.72**	**2.45**	2.47	1.04	4.21	2.46	0.90	4.20
Total problem loans after spesific provisions as a percentage of total loans	**1.01**	**0.56**	**1.52**	1.69	0.84	2.73	1.64	0.74	2.65

4 NET GAINS/LOSSES FROM SECURITIES AND FOREIGN EXCHANGE

GROUP						PARENT BANK				
2011	Q2 11	**Q2 12**	30.06.11	**30.06.12**		**30.06.12**	30.06.11	**Q2 12**	Q2 11	2011
-17	12	**13**	17	**34**	Sertificates and bonds	**34**	17	**13**	12	-18
-3	0	**0**	0	**0**	Securities	**0**	0	**0**	0	-3
28	5	**6**	11	**13**	Foreign exchange trading (for customers)	**13**	11	**6**	5	28
-5	-6	**-1**	-6	**-5**	Change in credit spread FVO - securities-based debt	**-5**	-6	**-1**	-6	-5
20	2	**8**	3	**7**	Financial derivatives	**6**	3	**8**	2	23
23	13	**26**	25	**49**	Net gains/losses from securities and foreign exchange	**48**	25	**26**	13	25

5 FINANCIAL ASSETS

The market value of the instruments traded on an active exchange are based on traded price on the balance sheet date. In the case of the financial instruments that are not traded on an active exchange, own valuations are used which are based on current market conditions or alternatively other valuations from another market player. In the case of unlisted equities where one cannot adequately reliably measure fair value, the acquisition cost or written-down book value shall be used.

Financial instruments assessed at actual value, changes shown through the Result	Market value		
PARENT BANK	**30.06.12**	30.06.11	2011
Based on prices in an active market	**1 138**	1 213	1 352
Observed market information	**5 991**	7 053	6 167
Other than observed market information	**0**	0	0
Total financial instruments at actual value	**7 129**	8 266	7 519

There have been no movements of financial instruments between the three levels of valuation groups.

Financial instruments available for sale, changes in value shown through comprehensive income	Market value		
PARENT BANK	**30.06.12**	30.06.11	2011
Based on prices in an active market	**20**	25	24
Observed market information	**0**	0	0
Other than observed market information 1)	**176**	187	175
Total financial instruments available for sale	**196**	212	199

1) Changes through the year	**30.06.12**	30.06.11	2011
Balance 01.01	**175**	178	178
Purchased	**2**	2	2
Sale, including previously recognised changes in value	**0**	0	0
Increase in value	**0**	7	9
Written down	**1**	0	8
Repayment of equity	**0**	0	6
Balance 30.06/31.12	**176**	187	175

6 SEGMENTS

Result Q2	Group		Elimin./ Inv./Other		Corporate		Retail		Real estate brokerage		Leasing	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest and credit commission income	236	221	5	6	103	106	123	105	0	0	5	4
Other operating income	76	74	27	25	21	19	22	24	6	5	0	1
Total income	312	295	32	31	124	125	145	129	6	5	5	5
Operating costs	150	139	32	26	28	28	85	80	4	4	1	1
Result before losses	162	156	0	5	96	97	60	49	2	1	4	4
Losses on loans, guarantees etc.	9	-6	9	-4	0	-2	-1	0	0	0	1	0
Result before tax	153	162	-9	9	96	99	61	49	2	1	3	4
Tax payable on ordinary result	43	45										
Result from ordinary operations after tax	110	117										

Result as at 30.06	Group		Elimin./ Inv./Other		Corporate		Retail		Real estate brokerage		Leasing	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest and credit commission income	458	443	5	20	202	208	242	207	0	0	9	8
Other operating income	137	123	39	29	41	36	45	47	11	9	1	2
Total income	595	566	44	49	243	244	287	254	11	9	10	10
Operating costs	298	278	63	54	57	55	166	158	9	8	3	3
Result before losses	297	288	-19	-5	186	189	121	96	2	1	7	7
Losses on loans, guarantees etc.	19	-1	3	-5	17	5	-3	-1	0	0	2	0
Result before tax	278	289	-22	0	169	184	124	97	2	1	5	7
Tax payable on ordinary result	78	82										
Result from ordinary operations after tax	200	207										

Balance sheet	Group		Elimin./ Inv./Other		Corporate		Retail		Real estate brokerage		Leasing	
	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11
Loans to customers	41 733	38 869	722	589	14 784	13 903	25 666	23 797	-	-	561	580
Deposits from customers	26 164	25 571	283	354	9 545	10 090	16 336	15 127	-	-	-	-
Guarantee liabilities	1 663	1 485	100	100	1 551	1 374	12	11	-	-	-	-
The deposit-to-loan ratio	62.7	65.8	39.2	58.5	64.6	72.6	63.6	63.6	-	-	-	-
Man-years	419	403	164	148	59	60	175	174	14	14	7	7

7 TRANSACTIONS WITH RELATED PARTIES

These are transactions between the Parent Bank and wholly-owned subsidiaries which have been done at arm`s length and at arm`s length`s prices. The most important transactions which have been done and netted out in the Group accounts are as follows:

PARENT BANK	30.06.12	30.06.11	2011
Result			
Interest and credit commission income from subsidiaries	**55**	56	117
Received dividend and group contribution from subsidiaries	**28**	71	71
Rent paid to Sparebankeiendom AS	**9**	6	13
Leasing rental paid to Møre Finans AS	**3**	3	6
Administration fee received from Møre Boligkreditt AS	**7**	5	10
Balance sheet			
Claims on subsidiaries	**1 487**	1 295	1 208
Covered bonds	**2 302**	2 830	2 302
Liabilities to subsidiaries	**136**	227	122
Accumulated loan portfolio transferred to Møre Boligkreditt AS	**9 170**	7 146	8 149

8 EC-CAPITAL

The 20 largest EC-holders in Sparebanken Møre as at 30.06.12	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	819 000	10.44
Pareto Aksje Norge	434 144	5.54
MP Pensjon	363 796	4.64
Wenaasgruppen AS	300 000	3.83
Pareto Aktiv	202 365	2.58
Beka Holding AS	133 462	1.70
Pareto Verdi VPF	113 429	1.45
Farstad Shipping ASA	112 909	1.44
FLPS - Princ All Sec Stock Sub	92 008	1.17
Stiftelsen Kjell Holm	88 671	1.13
Odd Slyngstad	83 703	1.07
Leif Arne Langøy	70 000	0.89
Tonsenhagen Forretningssentrum AS	52 050	0.66
Nordea Bank Norge AS	50 972	0.65
U Aandals Eftf AS	48 000	0.61
Terra utbytte VPF	41 638	0.53
Forsvarets Personellservice	40 760	0.52
J E Devold AS	37 558	0.48
Sparebankstiftelsen DnB NOR	37 392	0.48
Sparebanken Møre	36 747	0.47
Total 20 largest	3 158 604	40.28
Total	7 841 116	100.00

9 CAPITAL ADEQUACY

GROUP				PARENT BANK		
2011	30.06.11	30.06.12		30.06.12	30.06.11	2011
784	784	784	EC capital	784	784	784
-2	-3	-4	- ECs owned by the Bank	-4	-3	-2
186	186	186	Premium Fund	186	186	186
482	362	481	Dividend Equalisation Fund	481	362	482
1 698	1 558	1 698	Primary Capital Fund	1 698	1 558	1 698
32	42	28	Value Adjustment Fund	28	42	32
8	10	8	Fund for Unrealised Gains	8	10	8
63	0	0	Set aside for dividend for the EC holders	0	0	63
74	0	0	Set aside for dividend funds for the local community	0	0	74
92	316	293	Other equity capital/result from ordinary operations after tax	187	241	0
3 417	3 215	3 474	Total equity	3 368	3 181	3 325
-33	-31	-32	Deferred tax, goodwill and intangible assets, other	-34	-32	-33
-32	-42	-28	Value Adjustment Fund	-28	-42	-32
-8	-10	-8	Fund for Unrealised Gains	-8	-10	-8
-10	-10	-10	50 % deduction for equity capital in other financial institutions	-10	-10	-10
493	482	496	Capital bonds	496	482	493
0	0	0	Deduction bonds (beyond 15 per cent of core capital)	0	0	0
-63	0	0	Set aside for dividend for the EC holders	0	0	-63
-74	0	0	Set aside for dividend funds for the local community	0	0	-74
0	-207	-200	Result from ordinary operations after tax	-187	-242	0
3 690	3 437	3 692	Total core capital	3 597	3 327	3 598
			Supplementary capital:			
479	479	299	Subordinated loan capital of limited duration	299	479	479
0	0	0	Addition bonds (beyond 15 per cent of core capital)	0	0	0
14	19	12	45 % addition for net unrealised gains on shares, unit trust certificates and ECs available for sale	12	19	14
-10	-10	-10	50 % deduction for equity capital in other financial institutions	-10	-10	-10
483	488	301	Total supplementary capital	301	488	483
4 173	3 925	3 993	Net equity and subordinated loan capital	3 898	3 815	4 081
1 714	1 533	1 440	Discrepancy relating to net equity and related capital - minimum requirement 8 per cent	1 468	1 482	1 718
			Capital adequacy as a percentage of the weighted asset calculation basis:			
13.57	13.15	12.50	Capital adequacy ratio	12.83	13.08	13.82
-	13.50	12.80	Capital adequacy ratio incl. 50 per cent of the result from ordinary operations after tax	13.15	13.50	-
12.00	11.50	11.57	Core capital ratio	11.85	11.40	12.18
-	11.85	11.90	Core capital ratio incl. 50 per cent of the result from ordinary operations after tax	12.15	11.80	-
10.40	9.90	10.02	Pure core capital ratio	10.20	9.75	10.50
-	10.25	10.33	Pure core capital ratio incl. 50 per cent of the result from ordinary operations after tax	10.50	10.15	-
30 750	29 870	31 920	Risk-weighted assets (calculation basis for capital adequacy ratio)	30 375	29 177	29 540
			Minimum equity and related capital requirement according to Basel II calculated in accordance with the Standard Approach:			
2 460	2 392	2 553	Total minimum requirement (8 %) for equity and related capital	2 430	2 334	2 363

GROUP				PARENT BANK		
2011	30.06.11	**30.06.12**		**30.06.12**	30.06.11	2011
0	0	**0**	Commitments involving states and central banks	**0**	0	0
3	3	**3**	Commitments involving local and regional authorities	**3**	2	3
16	16	**19**	Commitments involving public sector companies	**19**	16	16
35	57	**36**	Commitments involving institutions (banks etc.)	**183**	150	165
892	854	**844**	Commitments involving companies (corporate customers)	**819**	824	864
287	300	**329**	Commitments involving mass market (retail banking customers)	**318**	292	301
947	860	**1 046**	Commitments involving mortgage on properties	**776**	705	697
18	19	**14**	Commitments due for payment	**14**	19	18
0	0	**0**	Commitments involving high risk (investment funds)	**0**	0	0
13	11	**14**	Commitments involving covered bonds	**32**	34	31
95	116	**95**	Other commitments	**121**	137	122
2 306	2 236	**2 400**	Capital requirement – credit-/counterpart- and impairment risk	**2 285**	2 179	2 217
0	0	**0**	Debt	**0**	0	0
0	0	**0**	Equity	**0**	0	0
0	7	**0**	Foreign exchange	**0**	7	0
0	0	**0**	Goods	**0**	0	0
0	7	**0**	Capital requirement – position-/foreign exchange- and commercial risk	**0**	7	0
167	162	**167**	Operational risk (basis method)	**159**	160	159
-14	-13	**-14**	Deductions from the capital requirement	**-14**	-13	-13

STATEMENT PURSUANT TO SECTION 5-6 OF THE SECURITIES TRADING ACT

We confirm, to the best of our knowledge, that the financial statements for the Group and the Bank for the period 1 January to 30 June 2012 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and give a true and fair view of the Group's and the Bank's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes:

- a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements

- a description of the principal risks and uncertainties for the remaining six months of the financial year

- a description of major related parties transactions.

Ålesund, 30 June 2012
7 August 2012

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Leif-Arne Langøy
CHAIRMAN

Roy Reite
DEPUTY CHAIRMAN

Ragna Brenne Bjerkeset

Stig Remøy

Elisabeth Maråk Støle

Ingvild Vartdal

Turid Sylte

Olav Arne Fiskerstrand
CEO

Highlights - Development Group

QUARTERLY RESULTS

NOK million	**Q2 2012**	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Net interest and credit commission income	**236**	222	231	235	221
Total other operating income	**76**	61	54	37	74
Total operating costs	**150**	148	145	137	140
Result before losses	**162**	135	140	135	155
Losses on loans, guarantees etc.	**9**	10	27	14	-6
Result before tax	**153**	125	113	121	161
Tax payable on ordinary result	**43**	35	30	34	44
Result from ordinary operations after tax	**110**	90	83	87	117

As a percentage of average assets	**Q2 2012**	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Net interest and credit commission income	**1.98**	1.87	1.90	2.02	1.93
Total other operating income	**0.64**	0.51	0.45	0.32	0.65
Total operating costs	**1.26**	1.25	1.19	1.18	1.23
Result before losses	**1.36**	1.13	1.16	1.16	1.35
Losses on loans, guarantees etc.	**0.08**	0.08	0.22	0.12	-0.05
Result before tax	**1.28**	1.05	0.94	1.04	1.40
Tax payable on ordinary result	**0.36**	0.30	0.26	0.29	0.39
Result from ordinary operations after tax	**0.92**	0.75	0.68	0.75	1.01

RESULT

NOK million	**30.06.12**	30.06.11	2011
Net interest and credit commission income	**458**	443	909
Total other operating income	**137**	123	214
Total operating costs	**298**	280	562
Result before losses	**297**	286	561
Losses on loans, guarantees etc.	**19**	-1	40
Result before tax	**278**	287	521
Tax payable on ordinary result	**78**	80	144
Result from ordinary operations after tax	**200**	207	377

As a percentage of average assets	**30.06.12**	30.06.11	2011
Net interest and credit commission income	**1.93**	1.96	1.96
Total other operating income	**0.58**	0.55	0.46
Total operating costs	**1.25**	1.24	1.21
Result before losses	**1.26**	1.27	1.21
Losses on loans, guarantees etc.	**0.08**	0.00	0.09
Result before tax	**1.18**	1.27	1.12
Tax payable on ordinary result	**0.33**	0.34	0.31
Result from ordinary operations after tax	**0.85**	0.93	0.81

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