



INTERIM REPORT 1. QUARTER  
NOT AUDITED

10



SPAREBANKEN MØRE



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# Financial highlights - Group

NOK million	31.03.10	31.03.09	2009	2008
<b>Result</b>				
Result before losses	138	136	550	545
Result before losses 1)	1.33	1.35	1.35	1.44
Result before taxes	126	104	468	480
Result before taxes 1)	1.22	1.03	1.15	1.27
Result after taxes	90	73	335	338
Result after taxes 1)	0.88	0.73	0.82	0.90
Losses as a percentage of gross loans as at 01.01	0.13	0.36	0.23	0.21
Return on equity, after tax 2)	13.0	12.0	14.1	12.8
Costs as a percentage of income	48.9	47.9	46.7	46.4
<b>Balance sheet</b>				
Total assets	41 467	41 003	41 391	40 796
Average assets	41 800	40 303	40 680	37 820
Net lending to customers	35 681	34 630	35 851	35 298
Deposits from customers	21 868	20 664	21 793	20 672
<b>EC (Numbers refer to the Parent Bank)</b>				
Profit per EC in NOK	4.68	4.88	24.35	21.66
Diluted earnings per EC (NOK)	4.68	4.88	24.35	21.66
EC fraction 01.01 as a percentage (average 2009)	46.0	43.3	43.8	43.2
Price at Oslo Stock Exchange (NOK)	198.00	130.00	192.00	133.00
<b>Capital adequacy 3)</b>				
Capital adequacy ratio as a percentage	13.35	11.00	13.35	10.81
Core capital as a percentage	11.55	9.30	11.55	9.12
<b>Overall manning levels</b>				
Man-years	403	402	412	405

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

## Highlights Group

### Increases and reductions refer to last years corresponding period:

- :: Result before credit losses increased by NOK 2 million (-0.02 p.p). 4)
- :: Net interest- and credit commission income increased by NOK 27 million (0.19 p.p). 4)
- :: Other (non-interest) income is reduced by NOK 18 million (-0.19 p.p). 4)
- :: Costs in relation to income increased from 47.9 per cent to 48.9 per cent

- :: Losses and write-downs are reduced by NOK 20 million
- :: Total assets increased by NOK 464 million (1.1 per cent)
- :: Net loans increased by NOK 1 051 million (3.0 per cent)
- :: Deposits increased by NOK 1 204 million (5.8 per cent)
- :: Capital adequacy ratio increased from 11.00 per cent to 13.35 per cent

4) 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 accounts have been prepared in accordance with IFRS.

## Profit/loss before tax

Sparebanken Møre's pre-tax profit for Q1 was NOK 126 million compared to NOK 104 million in Q1 last year. Total income rose by NOK 9 million: other income was NOK 18 million lower and net interest income was NOK 27 higher than in the same period last year.

The costs ratio as a proportion of income amounted to 48.9 per cent (47.9 per cent). The Bank's target is less than 50 per cent.

The profit after tax of NOK 90 million results in a return on equity of 13.0 per cent when translated to an annual basis. The Bank's target is to achieve a minimum of 6 percentage points above the long-term government bond.

The Board of Directors is pleased with the result for Q1 2010.

## Net interest income

The net interest income and credit commission income of NOK 212 million was NOK 27 million higher than in the same period last year. This represents an improvement as a percentage of total assets in the preceding 12 months of 0.19 percentage points to 2.03 per cent of average total assets.

## Other operating income

Other operating income amounted to NOK 58 million, NOK 18 million lower than for the first 3 months of last year. This amounts to 0.56 per cent of average total assets; 0.19 percentage points less than Q1 last year.

## Costs

Operating costs rose by 5.6 per cent or NOK 7 million during the period. Costs increased as a proportion of average total assets by 0.02 percentage points to 1.26 percent.

In relation to the same period in 2009, costs increased as a proportion of income by 1.0 percentage point to 48.9 per cent.

The total workforce increased by one full time equivalent position to 403 full time equivalents. This figure includes an increase of 9 full time equivalents in connection with the takeover of Tingvoll Sparebank on 1 November 2009.

## Write-downs from losses and commitments in default

The financial statements were charged NOK 12 million due to write-downs from losses. This amounts to 0.11 per cent (0.32 per cent) of average total assets when translated to an annual basis.

Gross commitments in default rose by NOK 17 million in the period to NOK 208 million. Net commitments in default at the end of the last quarter amounted to NOK 151 million, which represents 0.42 per cent of gross lending. At the end of last year the figures were NOK 161 million and 0.44 per cent of gross lending.

The loss and default situation is specified in note 2.

## Lending and deposit growth

Total assets amounted to NOK 41 467 million at the end of the quarter. The growth in the preceding 12 months amounts to NOK 464 million or 1.1 per cent.

Net lending to customers amounted to NOK 35 681 million. This is an increase in the preceding 12 months of NOK 1 051 million or 3.0 per cent. Lending to retail customers increased by 7.7 per cent, which represents 61.6 per cent of gross lending. Lending to corporate customers fell by 3.2 per cent during the period and represents 38.4 per cent of gross lending.

Deposits at the end of the quarter were NOK 1 204 million higher than at the end of the same period last year, which represents growth in the period of 5.8 per cent. Of the total deposits of NOK 21 868 million, deposits from retail customers accounted for 57.8 per cent following a growth of 6.5 per cent in the preceding 12 months. The proportion from corporate customers was 34.6 per cent, an increase of 1.6 percent on an annual basis. Public sector deposits increased by 20.0 per cent in the preceding 12 months, which represents a relative proportion of 7.6 per cent.

## Capital adequacy

Sparebanken Møre's target capital adequacy is a minimum 12 per cent and its target core (tier 1) capital ratio is a minimum 10 per cent.

The preliminary calculation of capital adequacy was carried out pursuant to the standard approach in Basel II and was 13.35 per cent as per 31 March 2010 (11.00 per cent). Core (tier 1) capital was 11.55 per cent (9.30 per cent). The year-to-date result for 2010 was not included in the capital adequacy at the end of the quarter. The Group's total risk-weighted balance sheet was NOK 27 390 million, a reduction of NOK 10 million since New Year.

## Subsidiaries

The Bank's six subsidiaries' aggregate result amounted to NOK 11 million after tax (NOK 6 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, of customers from all parts of Møre og Romsdal, amounting to about NOK 630 million. Møre Finans

AS made a NOK 2 million (NOK 3 million) contribution to the Group's result in Q1 2010. At the end of the quarter, the work done in the company was equivalent to eight full time equivalent positions.

Møre Eiendomsmegling AS provides services within the real estate brokerage area both to retail banking- and corporate customers. The company made a NOK -1 million contribution to the result in Q1 2010 (NOK -1 million). At the end of the quarter, the work done in the company was equivalent to 15 full time equivalent positions.

The purpose of Sparebankeiendom AS, Møre Bankbygg AS and Storgata 41-45 Molde AS is to own and manage the Bank's own buildings and other real estate. The companies have made no contribution to the overall result so far in 2010. The companies have no staff.

Møre Boligkreditt AS is 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 the company has obtained

NOK 3.75 billion in funding for the bank. The company has made a NOK 10 million contribution to the result so far in 2010 (NOK 4 million). The work done in the company was equivalent to two full time equivalent positions.

### **Sparebanken Møre's equity certificates**

The equity certificate capital increased by NOK 130.7 million in Q1 to NOK 784.1 million through a scrip issue with a par value of NOK 100 at the ratio of one new equity certificate per 5 existing certificates. The issue was carried out by transferring NOK 130.7 million from the equalisation fund. The equity certificates were distributed between 6 345 owners. Page 18 contains an overview of the 20 largest owners of the Bank's equity certificates.

### **Future prospects**

The Board expects the demand for lending to remain moderate and the Group's net result for 2010 to remain stable.

Ålesund, 21 April 2010  
The Board of Directors of Sparebanken Møre

Helge Aarseth  
CHAIRMAN

Roy Reite  
DEPUTY CHAIRMAN

Toril Hovdenak

Ingvild Vartdal

Elisabeth Maråk Støle

Helge Karsten Knudsen

Stig Remøy

Olav Arne Fiskerstrand  
CEO

## Profit and Loss Account IFRS

Group					Parent Bank		
2009	1. q. 09	1. q. 10	Amounts in NOK million	Notes	1. q. 10	1. q. 09	2009
1 954	614	443	Interest and similar income		425	609	1 914
1 152	429	231	Interest and similar costs		229	433	1 159
802	185	212	Net interest and credit commission income	5	196	176	755
8	0	1	Dividends and other income from securities with variable yields	5	1	0	18
155	36	37	Commission income and revenues from banking services		37	36	154
29	7	8	Commission costs and expenditure in respect of banking services		8	7	29
94	43	21	Net gains/losses from securities and foreign exchange	3	21	43	94
28	4	7	Other operating income	5	1	0	4
256	76	58	Total other operating income		52	72	241
276	68	72	Wages, salaries etc.		68	64	259
128	33	27	Administration costs		27	33	128
23	5	5	Depreciation, write-downs and changes in value in non-financial assets		3	3	13
81	19	28	Other operating costs	5	27	20	81
508	125	132	Total operating costs		125	120	481
550	136	138	Result before credit losses		123	128	515
82	32	12	Losses on loans, guarantees etc.	2	11	32	80
468	104	126	Result from ordinary operations before tax		112	96	435
133	31	36	Tax payable on ordinary result		33	29	122
335	73	90	Result from ordinary operations after tax		79	67	313
25.95	5.28	5.26	Result per EC (NOK)		4.68	4.88	24.35
25.95	5.28	5.26	Diluted earnings per EC (NOK)		4.68	4.88	24.35
20	-	-	Distributed dividend per EC (NOK)		-	-	20

## Extended accounts according to IAS 1

Group					Parent Bank		
2009	1. q. 09	1. q. 10	Amounts in NOK million		1. q. 10	1. q. 09	2009
335	73	90	Result from ordinary operations after tax		79	67	313
13	3	3	Equities available for sale - changes in value		3	3	13
348	76	93	Total result from ordinary operations after tax		82	70	326

# Balance IFRS

Group					Parent Bank		
31.03.09	31.12.09	31.03.10	Amounts in NOK million	Notes	31.03.10	31.12.09	31.03.09
			Assets				
1 263	682	796	Cash and claims on central banks		796	682	1 263
53	83	59	Loans to and claims on credit institutions	5	487	677	516
34 630	35 851	35 681	Net loans to and claims on customers	1, 2, 5	31 347	31 858	31 702
2 860	3 381	3 546	Certificates, bonds and other interest-bearing securities assessed at market value through the profit and loss account	5	6 587	6 421	5 510
109	131	134	Shares and other securities with a variable yield		134	131	109
-	-	-	Equity stakes in Group companies		551	551	328
32	19	19	Deferred tax benefit		17	17	27
28	26	28	Goodwill and other intangible assets		15	13	15
235	242	229	Fixed assets		39	42	29
676	313	378	Financial derivatives		378	313	676
297	159	189	Other assets		188	155	293
820	504	408	Prepayments and accrued income		397	490	799
41 003	41 391	41 467	Total assets		40 936	41 350	41 267
			Liabilities and equity capital				
4 045	5 662	5 629	Debt owed to credit institutions	5	5 860	5 897	4 370
20 664	21 793	21 868	Deposits from and liabilities to customers	1, 5	21 922	21 820	20 669
11 657	9 086	8 930	Borrowings raised through the issue of securities		8 221	8 876	11 657
267	163	208	Financial derivatives		208	163	267
504	332	467	Other liabilities		446	308	490
507	347	450	Incurred costs and prepaid income		441	346	506
137	111	92	Other provisioning in respect of liabilities and costs	2	92	111	137
199	476	481	Perpetual Hybrid Tier 1 Capital		481	476	199
478	479	479	Subordinated loan capital		479	479	478
38 458	38 449	38 604	Total liabilities		38 150	38 476	38 773
595	653	784	EC capital	6	784	653	595
-6	-5	-9	ECs owned by the Bank	6	-9	-5	-6
123	187	187	Proceeds from EC issue, priced at a premium over par		187	187	123
712	835	962	Paid-in equity capital		962	835	712
1 348	1 443	1 442	Primary Capital Fund		1 442	1 443	1 348
317	393	263	Dividend Equalisation Fund		263	393	317
14	25	28	Value Adjustment Fund		28	25	14
35	12	12	Fund for Unrealised Gains		12	12	35
46	234	67	Other equity capital		0	166	0
73	-	90	Result from ordinary operations after tax		79	-	67
1 833	2 107	1 901	Equity capital accumulated through retained earnings		1 824	2 039	1 781
2 545	2 942	2 863	Total equity capital		2 786	2 874	2 494
41 003	41 391	41 467	Total liabilities and equity capital		40 936	41 350	41 267
			Transactions of an off-balance sheet nature:				
1 286	1 385	1 209	Guarantee liabilities		1 209	1 385	1 286



## Equity capital - Group IFRS

31.03.10								
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 31.12.09	2 942	648	187	1 443	393	25	12	234
Changes in own Equity Certificates	-4	-4		-1	1			
Scrip issue	0	131			-131			
Distributed dividend	-72							-72
Distributed dividend funds for the local community	-94							-94
Total result from ordinary operations after tax	93					3		90
Equity capital 31.03.10	2 863	775	187	1 442	263	28	12	156
31.03.09								
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 31.12.08	2 625	587	123	1 347	317	11	35	204
Changes in own Equity Certificates	3	2		1	1			
Distributed dividend	-119							-119
Distributed dividend funds for the local community	-39							-39
Total result from ordinary operations after tax	76					3		73
Equity capital 31.03.09	2 545	589	123	1 348	317	14	35	119
2009								
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 31.12.08	2 625	587	123	1 347	317	11	35	204
Changes in own Equity Certificates	4	2		1	1			
Distributed dividend	-119							-119
Distributed dividend funds for the local community	-39							-39
Equity increase due to the acquisition of Tingvoll Sparebank	123	59	64					
Equity capital before allocation of profit for the year	2 594	648	187	1 348	318	11	35	46
Change in credit spread FVO	-23						-23	
Transferred to the Primary Capital Fund	95			95				
Transferred to the Dividend Equalisation Fund	75				75			
Transferred to other equity capital	22							22
Set aside for dividend	72							72
Set aside dividend funds for the local community	94							94
Equities available for sale - changes in value	13					13		
Total result from ordinary operations after tax	348			95	75	13	-23	188
Equity capital 31.12.09	2 942	648	187	1 443	393	25	12	234

## Equity capital - Parent Bank IFRS

### 31.03.10

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 31.12.09	2 874	648	187	1 443	393	25	12	166
Changes in own Equity Certificates	-4	-4		-1	1			
Scrip issue	0	131			-131			
Distributed dividend	-72							-72
Distributed dividend funds for the local community	-94							-94
Total result from ordinary operations after tax	82					3		79
Equity capital 31.03.10	2 786	775	187	1 442	263	28	12	79

### 31.03.09

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 31.12.08	2 578	587	123	1 347	317	11	35	158
Changes in own Equity Certificates	3	2		1				
Distributed dividend	-119							-119
Distributed dividend funds for the local community	-39							-39
Total result from ordinary operations after tax	70					3		67
Equity capital 31.03.09	2 494	589	123	1 348	317	14	35	67

### 2009

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 31.12.08	2 578	587	123	1 347	317	11	35	158
Changes in own Equity Certificates	4	2		1	1			
Distributed dividend	-119							-119
Distributed dividend funds for the local community	-39							-39
Equity increase due to the acquisition of Tingvoll Sparebank	123	59	64					
Equity capital before allocation of profit for the year	2 547	648	187	1 348	318	11	35	0
Change in credit spread FVO	-23						-23	
Transferred to the Primary Capital Fund	95			95				
Transferred to the Dividend Equalisation Fund	75				75			
Set aside for dividend	72							72
Set aside dividend funds for the local community	94							94
Equities available for sale - changes in value	13					13		
Total result from ordinary operations after tax	326			95	75	13	-23	166
Equity capital 31.12.09	2 874	648	187	1 443	393	25	12	166

## Cash Flow Statement IFRS

Group				Parent Bank		
2009	31.03.09	31.03.10	Amounts in NOK million	31.03.10	31.03.09	2009
			Cash flow from operational activities			
2 139	815	590	Interest, commission and fees received	559	805	2 072
-1 096	-618	-154	Interest, commission and fees paid	-155	-624	-1 112
8	0	1	Dividend	1	0	18
-391	-77	-106	Outgoings relating to operations	-101	-73	-374
-131	-63	-67	Payment of tax	-64	-63	-123
14	45	25	Changes relating to loans to and claims on other financial institutions	190	73	-89
-752	492	29	Changes relating to repayment loans/leasing to customers	260	2 455	2 024
160	174	116	Changes in respect of utilised credit facilities	226	703	933
-49	768	434	Net cashflow from operational activities	916	3 276	3 349
			Cash flow from investment activities			
-11	0	0	Changes in respect of investment in other securities with short maturities	0	0	-11
-1 193	-672	-166	Changes in respect of sale of certificates and bonds	-165	-3 322	-4 234
-26	-3	6	Changes in respect of additions of fixed assets	-2	-2	-22
291	-211	-99	Changes of various assets etc.	-99	-208	77
-939	-885	-259	Net cash flow from investment activities	-266	-3 531	-4 190
			Cash flow from funding activities			
1 121	-8	74	Changes relating to deposits from customers	101	-12	1 140
2 346	729	-34	Changes relating to deposits from Norges Bank and other financial institutions	-38	875	2 403
-3 341	-770	-155	Payments received in respect of proceeds from bond issues raised	-654	-770	-3 551
-119	0	0	Payments made in connection with the repayment of outstanding bond borrowings	0	0	-119
160	53	54	Changes of other debt	55	47	147
122	-	-	Changes in equity due to the acquisition of Tingvoll Sparebank	-	-	122
289	3	-61	Net cash flow from funding activities	-536	140	142
-699	-115	114	Net changes on cash holdings	114	-115	-699
1 378	1 378	682	Holdings of cash 01.01	682	1 378	1 378
3	-	-	Increase of cash due to the acquisition of Tingvoll Sparebank	-	-	3
682	1 263	796	Holdings of cash 31.03/31.12	796	1 263	682

## Accounting Principles Group/Parent Bank

### General

The Group's interim accounts have been prepared in accordance with International accounting standards, IFRS, implemented by the EU as at 31 March 2010. 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 2009 for further description of accounting principles. This interim report has been produced in accordance with the accounting principles 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 2009 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 securities-related 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 value-related 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 write-downs 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 costs

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 2009 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. Estimated taxation cost for the Group is amounted to 29 per cent of pre-tax result.

### 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 31.03.2010, 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 accounts-related liabilities relating to bonuses, profit sharing, options, subscription rights or similar for the abovementioned persons. Reference is made to the Annual Report 2009 for description of benefits-related pension schemes for the Bank's CEO and other employees.

## 1 - Gross loans and deposits

Group	Gross loans			Deposits		
Broken down according to sectors	31.03.10	31.03.09	2009	31.03.10	31.03.09	2009
Agriculture and forestry	447	333	477	163	155	140
Fisheries	2 865	2 891	2 844	355	462	353
Industry and mining	1 336	1 420	1 454	1 114	965	1 082
Building and construction	733	767	698	312	385	369
Wholesale and retail trade, hotel industry	751	1 000	765	604	572	697
Foreign shipping/supply	2 071	2 329	2 097	476	439	375
Property management	3 663	3 756	3 756	960	1 155	1 015
Transport and private/public service industry	1 920	1 729	1 949	2 845	2 978	2 845
Public entities	15	22	14	1 671	1 356	1 650
Non-Norwegian lending	21	58	22	2	2	2
Miscellaneous	46	33	21	720	318	645
Total Corporate/Public entities	13 868	14 338	14 097	9 222	8 788	9 173
Retail customers	22 238	20 656	22 155	12 646	11 876	12 620
Total Gross loans/Deposits	36 106	34 994	36 252	21 868	20 664	21 793
Specific loss provisions	-288	-214	-264			
Non-specific loss provisions	-137	-150	-137			
Net loans	35 681	34 630	35 851			

Parent Bank	Gross loans			Deposits		
Broken down according to sectors	31.03.10	31.03.09	2009	31.03.10	31.03.09	2009
Agriculture and forestry	411	293	439	163	155	140
Fisheries	2 837	2 841	2 815	355	462	353
Industry and mining	1 159	1 267	1 268	1 114	965	1 082
Building and construction	593	605	558	312	385	369
Wholesale and retail trade, hotel industry	697	943	711	604	572	697
Foreign shipping/supply	2 046	2 304	2 070	476	439	375
Property management	3 712	3 850	3 801	1 008	1 160	1 037
Transport and private/public service industry	1 838	1 678	1 863	2 852	2 978	2 850
Public entities	8	14	6	1 671	1 356	1 650
Non-Norwegian lending	20	58	22	2	3	2
Miscellaneous	46	33	21	719	318	645
Total Corporate/Public entities	13 366	13 886	13 574	9 276	8 793	9 200
Retail customers	18 401	18 176	18 680	12 646	11 876	12 620
Total Gross loans/Deposits	31 767	32 062	32 254	21 922	20 669	21 820
Specific loss provisions	-284	-211	-260			
Non-specific loss provisions	-136	-149	-136			
Net loans	31 347	31 702	31 858			

## 2 - Losses on loans and guarantees

## Losses on loans and guarantees

Group				Parent Bank		
2009	31.03.09	31.03.10		31.03.10	31.03.09	2009
46	13	10	Changes in specific loss provisioning and guarantees during the period	9	13	44
-8	5	0	Changes in non-specific loss provisioning during the period	0	5	-8
31	11	3	Confirmed losses during the period, where specific provisioning had previously been made	3	11	31
20	4	0	Confirmed losses during the period, where specific provisioning had previously not been made	0	4	20
7	1	1	Recoveries	1	1	7
82	32	12	Losses on loans, guarantees etc.	11	32	80

## Specific provisions in respect of loans

Group				Parent Bank		
2009	31.03.09	31.03.10		31.03.10	31.03.09	2009
217	217	264	Specific loss provisions on loans at 01.01	260	215	215
31	11	3	Confirmed losses during the period, where specific provisioning had previously been made	3	11	31
29	4	11	Changes in specific provisioning during the period	11	3	27
109	15	26	New specific provisioning during the period	26	15	109
1	-	-	Specific provision from acquisition	-	-	1
61	11	10	Recoveries on specific provisioning during the period	10	11	61
264	214	288	Specific provisions against losses on loans at the end of the period	284	211	260

## Non-specific provisions on loans

Group				Parent Bank		
2009	31.03.09	31.03.10		31.03.10	31.03.09	2009
145	145	137	Non-specific provision on loans as at 01.01	136	144	144
1	-	-	Non-specific provision from acquisition	-	-	1
-9	5	0	Changes during the period	0	5	-9
137	150	137	Non-specific provision on loans at the end of the period	136	149	136

## Specific provisions in respect of guarantees

Group				Parent Bank		
2009	31.03.09	31.03.10		31.03.10	31.03.09	2009
46	46	46	Specific provisioning as at 01.01	46	46	46
23	20	0	Specific provisioning during the period	0	20	23
23	3	19	Recoveries on specific provisioning during the period	19	3	23
46	63	27	Specific provisions at the end of the period	27	63	46

Commitments in default (total of all of a customer's outstanding commitments) in excess of 3 months

Group	31.03.10			31.03.09			2009		
Intervals	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
3-6 months	47	35	12	100	53	47	101	43	58
6-12 months	100	29	71	55	30	25	56	15	41
Over 12 months	61	35	26	36	28	8	56	38	18
Gross loans in default	208	99	109	191	111	80	213	96	117
Specific provisions	57	17	40	27	11	16	52	13	39
Net loans in default	151	82	69	164	100	64	161	83	78

Commitments in default (total of all of a customer's outstanding commitments) in excess of 3 months

Parent Bank	31.03.10			31.03.09			2009		
Intervals	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
3-6 months	39	35	4	93	53	40	93	43	50
6-12 months	100	29	71	55	30	25	56	15	41
Over 12 months	61	35	26	36	28	8	56	38	18
Gross loans in default	200	99	101	184	111	73	205	96	109
Specific provisions	57	17	40	27	11	16	52	13	39
Net loans in default	143	82	61	157	100	57	153	83	70

Other bad and doubtful commitments (with specific provisions)

Group	31.03.10			31.03.09			2009		
Intervals	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross lending volume	640	94	546	796	92	704	857	106	751
Specific provisions	255	22	233	217	25	192	258	25	233
Net lending volume	385	72	313	579	67	512	599	81	518

Other bad and doubtful commitments (with specific provisions)

Parent Bank	31.03.10			31.03.09			2009		
Intervals	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross lending volume	640	94	546	796	92	704	857	106	751
Specific provisions	255	22	233	215	25	190	254	25	229
Net lending volume	385	72	313	581	67	514	603	81	522

### 3 - Net gains/losses from securities and foreign exchange

Group				Parent Bank		
2009	31.03.09	31.03.10		31.03.10	31.03.09	2009
43	13	5	Certificates and bonds	5	13	43
5	0	5	Securities	5	0	5
28	12	5	Foreign exchange trading (for customers)	5	12	28
-33	0	0	Change in credit spread FVO - securities-based debt	0	0	-33
51	18	6	Financial derivatives trading	6	18	51
94	43	21	Net gains/losses from securities and foreign exchange	21	43	94

## 4 - Segments

31.03.10						
Result	Group	Elimin./ Inv./ Other	Corporate	Retail	Real estate brokerage	Leasing
Net interest	212	6	99	103	0	4
Net income from commission and other banking services	34	0	14	20	0	0
Other income	24	18	1	0	4	1
Total income	270	24	114	123	4	5
Total income from other segments	0	-1	1	0	0	0
Total income from external customers	270	25	113	123	4	5
Operating costs	132	22	27	76	5	2
Result before losses	138	2	87	47	-1	3
Losses on loans	12	-1	12	0	0	1
Result before taxes	126	3	75	47	-1	2
Tax payable	36					
Result	90					
Balance sheet						
Loans to customers	35 681	510	12 830	21 768	0	573
Other assets	5 746	3 636	857	1 264	14	15
Total assets	41 467	4 146	13 687	23 032	14	588
Deposits from customers	21 867	252	8 103	13 512	0	0
Other liabilities	16 737	1 194	5 584	9 520	7	432
Total liabilities	38 604	1 446	13 687	23 032	7	432
Guarantee liabilities	1 209	100	1 098	11	0	0

31.03.09						
Result	Group	Elimin./ Inv./ Other	Corporate	Retail	Real estate brokerage	Leasing
Net interest	185	11	72	93	0	6
Net income from commission and other banking services	45	0	19	26	0	0
Other income	31	25	1	0	4	1
Total income	261	36	92	119	4	7
Total income from other segments	0	-3	3	0	0	0
Total income from external customers	261	39	89	119	4	7
Operating costs	125	20	26	72	5	2
Result before losses	136	16	66	47	-1	5
Losses on loans	32	2	29	1	0	0
Result before taxes	104	14	37	46	-1	5
Tax payable	31					
Result	73					
Balance sheet						
Loans to customers	34 630	460	13 352	20 194	0	624
Other assets	6 373	4 015	918	1 406	16	18
Total assets	41 003	4 475	14 270	21 600	16	642
Deposits from customers	20 664	768	7 272	12 624	0	0
Other liabilities	17 794	1 323	6 998	8 976	7	490
Total liabilities	38 458	2 091	14 270	21 600	7	490
Guarantee liabilities	1 286	100	1 168	18	0	0



2009						
Result	Group	Elimin./ Inv./ Other	Corporate	Retail	Real estate brokerage	Leasing
Net interest	802	24	347	410	0	21
Net income from commission and other banking services	126	9	30	85	0	2
Other income	130	67	37	9	17	0
Total income	1 058	100	414	504	17	23
Total income from other segments	0	-15	13	0	0	2
Total income from external customers	1 058	115	401	504	17	21
Operating costs	508	79	105	298	19	7
Result before losses	550	21	309	206	-2	16
Losses on loans	82	-28	99	8	0	3
Result before taxes	468	49	210	198	-2	13
Tax payable	133					
Result	335					
Balance sheet						
Loans to customers	35 851	483	13 115	21 662	0	591
Other assets	5 540	3 444	866	1 198	14	18
Total assets	41 391	3 927	13 981	22 860	14	609
Deposits from customers	21 793	285	8 062	13 446	0	0
Other liabilities	16 656	876	5 919	9 414	7	440
Total liabilities	38 449	1 161	13 981	22 860	7	440
Guarantee liabilities	1 374	100	1 264	10	0	0

## 5 - Transactions with close 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	31.03.10	31.03.09	2009
Result			
Interest and credit commission income from subsidiaries	25	11	84
Received dividend from Møre Finans AS	0	0	10
Rent paid to Sparebankeiendom AS	2	2	9
Rent paid to Møre Bankbygg AS	3	3	10
Leasing rental paid to Møre Finans AS	2	2	6
Administration fee received from Møre Boligkreditt AS	1	1	4
Balance sheet			
Claims on subsidiaries	612	642	786
Covered bonds	3 040	2 650	3 040
Liabilities to subsidiaries	285	339	262

## 6 - EC-capital

### The 20 largest EC-holders in Sparebanken Møre as at 31.03.10

	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	787 213	10.04
Verdipapirfond Pareto Aksje Norge	409 148	5.22
MP Pensjon	338 796	4.32
Verdipapirfond Pareto Aktiv	199 975	2.55
Grunnfond Invest AS	189 448	2.42
Beka Holding AS	133 462	1.70
Farstad Shipping ASA	112 909	1.44
Brown Brothers Harriman & Co	92 008	1.17
Stiftelsen Kjell Holm	89 468	1.14
Sparebanken Møre	86 858	1.11
Odd Slyngstad	84 703	1.08
Verdipapirfond Pareto Verdi	64 467	0.82
Tonsenhagen Forretningssentrum AS	52 050	0.66
Aandahls U Eftf. AS	48 000	0.61
Forsvarets Personellservice	40 560	0.52
J.E. Devold AS	37 558	0.48
Sparebankstiftelsen DnBNOR	37 392	0.48
Leif Arne Langøy	36 897	0.47
Sparebanken Hedmark	36 538	0.47
Euroclear Bank	30 000	0.38
Total 20 largest	2 907 450	37.08
Total	7 841 116	100.00

## 7 - Capital adequacy

Group				Parent Bank		
31.12.09	31.03.09	31.03.10	The Standardised Approach in Basel II	31.03.10	31.03.09	31.12.09
3 168	2 562	3 170	Core capital	3 100	2 528	3 100
490	476	490	Supplementary capital	490	473	490
3 658	3 035	3 660	Net equity and subordinated loan capital	3 590	3 001	3 590
27 400	27 530	27 390	Risk-weighted assets (calculation basis for capital adequacy ratio)	26 300	26 620	26 355
13.35	11.00	13.35	Capital adequacy ratio	13.65	11.27	13.62
11.55	9.30	11.55	Core capital ratio	11.80	9.50	11.76

# Highlights - Development - Group IFRS

## Quarterly results

NOK million	1. q. 2010	4. q. 2009	3. q. 2009	2. q. 2009	1. q. 2009
Net interest and credit commission income	212	219	199	199	185
Total other operating income	58	56	69	55	76
Total operating costs	132	131	123	129	125
Result before losses	138	144	145	125	136
Losses on loans, guarantees etc.	12	20	9	21	32
Result before tax	126	124	136	104	104
Tax payable on ordinary result	36	32	40	30	31
Result from ordinary operations after tax	90	92	96	74	73

As a percentage of average assets	1. q. 2010	4. q. 2009	3. q. 2009	2. q. 2009	1. q. 2009
Net interest and credit commission income	2.03	2.11	1.96	1.98	1.84
Total other operating income	0.56	0.54	0.68	0.55	0.76
Total operating costs	1.26	1.26	1.21	1.28	1.24
Result before losses	1.33	1.39	1.43	1.25	1.35
Losses on loans, guarantees etc.	0.11	0.19	0.09	0.21	0.32
Result before tax	1.22	1.20	1.34	1.04	1.03
Tax payable on ordinary result	0.34	0.31	0.39	0.30	0.30
Result from ordinary operations after tax	0.88	0.89	0.95	0.74	0.73

## Rersult

NOK million	31.03.10	31.03.09	2009
Net interest and credit commission income	212	185	802
Total other operating income	58	76	256
Total operating costs	132	125	508
Result before losses	138	136	550
Losses on loans, guarantees etc.	12	32	82
Result before tax	126	104	468
Tax payable on ordinary result	36	31	133
Result from ordinary operations after tax	90	73	335

As a percentage of average assets	31.03.10	31.03.09	2009
Net interest and credit commission income	2.03	1.84	1.97
Total other operating income	0.56	0.76	0.63
Total operating costs	1.26	1.24	1.25
Result before losses	1.33	1.35	1.35
Losses on loans, guarantees etc.	0.11	0.32	0.20
Result before tax	1.22	1.03	1.15
Tax payable on ordinary result	0.34	0.30	0.33
Result from ordinary operations after tax	0.88	0.73	0.82



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