

INTERIM REPORT 3. QUARTER
NOT AUDITED

10



SPAREBANKEN MØRE



Front page:

The maritime cluster represents the strongest industry in Møre og Romsdal. It consists of 12 design companies, 17 shipping companies, 12 shipyards and 161 equipment suppliers. Together these companies employ no less than 19 000 people. A number of interested parties are strongly focused on developing the maritime cluster into the world's leading and most innovative knowledge and competence cluster within advanced maritime operations.

Contents

4	Financial highlights
5	Third quarter report from the Board of Directors
	The Account
8	Profit and Loss Account
9	Balance Sheet
10	Equity capital
12	Cash Flow Statement
13	Accounting Principles
14	Notes to the Accounts
20	Highlights - development

Financial highlights - Group

NOK million	30.09.10	30.09.09	2009	2008
Result				
Result before losses	497	406	550	545
Result before losses 1)	1.57	1.35	1.35	1.44
Result before taxes	462	344	468	480
Result before taxes 1)	1.46	1.15	1.15	1.27
Result after taxes	352	243	335	338
Result after taxes 1)	1.11	0.82	0.82	0.90
Losses as a percentage of gross loans as at 01.01	0.13	0.23	0.23	0.21
Return on equity, after tax 2)	16.5	13.6	14.1	12.8
Costs as a percentage of income	44.3	47.3	46.7	46.4
Balance sheet				
Total assets	43 247	40 696	41 391	40 796
Average assets	42 030	40 385	40 680	37 820
Net lending to customers	37 115	34 846	35 851	35 298
Deposits from customers	23 290	20 101	21 793	20 672
EC (Numbers refer to the Parent Bank)				
Profit per EC in NOK	18.95	18.72	24.35	21.66
Diluted earnings per EC (NOK)	18.95	18.72	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)	190.00	200.00	192.00	133.00
Capital adequacy 3)				
Capital adequacy ratio as a percentage	12.85	12.10	13.35	10.81
Core capital as a percentage	11.05	10.20	11.55	9.12
Core capital as a percentage (incl. 50 per cent of result)	11.70	10.50	11.55	9.12
Overall manning levels				
Man-years	408	398	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 91 million (0.22 p.p). 4)
- :: Net interest- and credit commission income increased by NOK 51 million (0.07 p.p). 4)
- :: Other (non-interest) income increased by NOK 59 million (0.16 p.p). 4)
- :: Costs in relation to income is reduced from 47.3 per cent to 44.3 per cent
- :: Losses and write-downs are reduced by NOK 27 million
- :: Total assets increased by NOK 2 551 million (6.3 per cent)
- :: Net loans increased by NOK 2 269 million (6.5 per cent)
- :: Deposits increased by NOK 3 189 million (15.9 per cent)
- :: Capital adequacy ratio increased from 12.10 per cent to 12.85 per cent
- :: Core capital ratio increased from 10.50 per cent to 11.70 per cent (incl. 50 per cent of result)

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.

Operating result

Sparebanken Møre's pre-tax profit for Q3 was NOK 462 million, NOK 118 million higher than in the same period last year. Income rose by NOK 110 million, costs rose by NOK 19 million, and loss provisions were NOK 27 million lower than in the same period last year.

The cost income ratio amounted to 44.3 per cent (47.3 per cent). The Bank's target is a cost income ratio less than 50 per cent.

The profit after tax was NOK 352 million, NOK 109 million higher than for Q3 last year. The return on equity was 16.5 per cent when translated to an annual basis. The Bank's goal is to lie a minimum of 6 percentage points above the long-term risk free interest rate. The level of the 10 year government bond was on average 3.58 per cent in the first 9 months of 2010.

The Board of Directors is pleased with the result after the first three quarters of the year.

Net interest income

The net interest income and credit commission income of NOK 634 million was NOK 51 million higher than in the same period last year. This represents an increase as a percentage of average total assets in the preceding 12 months of 0.07 percentage points to 2.00 per cent.

Other operating income

Other operating income amounted to NOK 259 million, NOK 59 million higher than for the first 9 months of last year. This amounts to 0.82 per cent of average total assets, 0.16 percentage point higher than in the same period last year. The largest changes in other operating income compared to the same period last year were price gains on equities (plus NOK 81 million), dividends (plus NOK 22 million) and changes in the price of bonds (minus NOK 39 million).

Costs

Operating costs rose by 5.0 per cent or NOK 19 million during the period. In relation to average total assets, costs increased from 1.24 per cent to 1.25 per cent.

In relation to the same period in 2009, costs as a proportion of income fell by 3.0 percentage points to 44.3 per cent.

The total workforce has increased by ten man-years in the preceding 12 months to 408 man-years.

Write-downs from losses and commitments in default

The financial statements were charged NOK 35 million due to write-downs from losses. This amounts to 0.11 per cent (0.20 per cent) of average total assets when translated to an annual basis.

Gross commitments in default rose from NOK 224 million as per 30 September 2009 to NOK 253 million as per 30 September 2010. Net commitments in default at the end of the third quarter amounted to NOK 185 million, which represents 0.49 per cent of gross lending. At the same time last year the figures were NOK 181 million and 0.51 per cent of gross lending.

The loss and default situation is specified in note 2.

Balance Sheet

Total assets amounted to NOK 43 247 million at the end of Q3. The growth in the preceding 12 months amounts to NOK 2 551 million or 6.3 per cent.

Net lending to customers amounted to NOK 37 115 million. This is an increase in the preceding 12 months of NOK 2 268 million or 6.5 per cent. Lending to retail customers increased by 9.7 per cent, which represents 62.1 per cent of gross lending. Lending to corporate customers fell by 1.8 per cent during the period and represents 37.8 per cent of gross lending.

Deposits at the end of the period were NOK 3 189 million higher than at the end of the same period last year, which represents annual growth of 15.9 per cent. Of the total deposits of NOK 23 290 million, deposits from retail customers accounted for 56.2 per cent following growth of 8.4 per cent in the preceding 12 months. The proportion from corporate customers was 37.0 per cent, an increase of 29.1 percent on an annual basis. Public sector deposits have increased by 17.3 per cent in the preceding 12 months, which represents a relative proportion of 6.8 per cent.

The deposit to net lending ratio amounted to 62.8 per cent at the end of Q3.

Capital adequacy

With a capital adequacy ratio of 12.85 per cent and core (tier 1) capital of 11.05 per cent at end of Q3 2010, Sparebanken Møre is exceeding its target of maintaining a minimum 12 per cent primary capital, a minimum 10 per cent

of which is core (tier 1) capital. The capital adequacy ratio has been calculated according to the standard approach in the Basel II rules and regulations. The year-to-date result for 2010 is not included in the figures. Core (tier 1) capital including 50 per cent of the result amounts to 11.70 per cent (10.50 per cent).

Risk management

Risk-taking and risk management are fundamental elements of banking. Therefore, risk management and control is one of the Board of Directors' most important focus areas. The overall purpose of risk management and control is to ensure effective operations, handle various risks which may prevent the Bank from meeting its commercial targets, ensure high quality internal and external reporting, and ensure that the Group's operations comply with all relevant laws, regulations and internal guidelines.

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, which was last adopted by the Board in June 2010 for the period up to 2014. The Board of Directors adopts overall guidelines for management and control throughout the Group, including a separate risk policy. Overall, the Group shall have a low to moderate risk profile, according to which revenue generation shall be based on customer-related activities, and not on financial risk-taking. Separate policies have been adopted for each of the most important risk areas, including credit risk, counterparty risk, market risk and liquidity risk. The specific risk strategies are adopted by the Board and reassessed at least once a year, or when deemed necessary due to special circumstances. The Bank has established a monitoring and control structure designed 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 CEO and the Board.

The Board is of the opinion that Sparebanken Møre's aggregate risk exposures are within the Group's targeted risk profile. The Board considers the Group's and the Bank's risk management to be satisfactory.

Credit risk

Credit risk is the risk of losses associated with customers or other counterparties being unable to fulfill their obligations at the agreed time and pursuant to written agreements, and the received collateral not being sufficient to cover outstanding claims.

Credit risk represents Sparebanken Møre's biggest risk area. The Group has a moderate risk profile as far as credit risk is concerned, and this risk is defined through the Group's credit

risk strategy. The Board adopted a revised credit risk strategy for Sparebanken Møre in June 2010. The revised strategy takes into account the instability and uncertainty that characterises the current financial and credit markets, and particularly focuses on the importance of satisfactory risk management and risk control. The strategy provides limits for amongst other things concentration relating to commercial and industrial sectors and the size of commitments, geographic exposure, growth targets, risk levels etc. The revised strategy also deals with Finanstilsynet's new guidelines for lending practices for loans for housing purposes, including procedures, deviation management and reporting routines. Compliance with the Board of Directors' resolutions within the credit area is monitored by the Bank's risk management department, which is independent of the customer units. The Board regularly receives reports throughout the year on the development of the credit risk.

The Bank has prepared separate risk classification models according to which the Bank's customers are classified. The customers are scored on a monthly basis, and this provides the basis for ongoing monitoring of the development in the Bank's credit risk. A great deal of work has been done over several years to develop and improve these models further, and the Bank will make every effort to quality assure and validate these models going forward.

Through the Group's reporting portal, each member of staff with customer responsibility has access to reports which show the development of the credit risk in the customer portfolio for which he or she is responsible. The reports are used actively for analyses of customers, portfolios and various business sectors according to financial strength and the quality of collateral or other security provided.

Subsidiaries

The Bank's six subsidiaries' aggregate result amounted to NOK 27 million after tax (NOK 28 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 600 million, of customers from all parts of Møre og Romsdal. Møre Finans AS has made a NOK 5 million (NOK 7 million) contribution to the Group's result in the first three quarters of 2010. At the end of the quarter, the work done in the company was equivalent to 7 man-years.

Møre Eiendomsmegling AS provides services within the real estate brokerage area both to retail and corporate customers. The company has made no contribution to the overall result so far in 2010 (NOK -1 million). At the end of the quarter, the work done in the company was equivalent to 15 man-years.

The purpose of Sparebankeiendom AS, Møre Bankbygg AS and Storgata 41-45 Molde AS is to own and manage the Bank's own commercial properties. The companies have made no

contribution to the overall result so far in 2010. The companies have 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 the company has obtained NOK 4.25 billion in funding for the Bank. The company has made a NOK 22 million contribution to the result so far in 2010 (NOK 13 million). The work done in the company's was equivalent to two man-years.

Equity Certificates (ECs)

As per 30 September 2010, the equity certificates were owned by 6 264 owners and the total capital amounted to NOK 784.1 million. Note 6 contains an overview of the 20 largest owners of the Bank's equity certificates.

Future prospects

The Board expects stable financial performance for the rest of the year, and thus a good result for the 2010 accounting year.

Ålesund, 20 October 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	3. q. 09	3. q. 10	30.09.09	30.09.10	Amounts in NOK million	Notes	30.09.10	30.09.09	3. q. 10	3. q. 09	2009
1 954	427	590	1 529	1 491	Interest and similar income		1 428	1 504	566	416	1 914
1 152	228	378	946	857	Interest and similar costs		843	953	370	229	1 159
802	199	212	583	634	Net interest and credit commission income	5	585	551	196	187	755
8	0	5	1	23	Dividends and other income from securities with variable yields	5	23	11	5	0	18
155	40	42	115	122	Commission income and revenues from banking services		121	114	42	40	154
29	6	8	21	23	Commission costs and expenditure in respect of banking services		23	21	8	6	29
94	25	21	84	117	Net gains/losses from securities and foreign exchange	3	117	84	21	25	94
28	10	7	21	20	Other operating income	5	5	2	2	0	4
256	69	67	200	259	Total other operating income		243	190	62	59	241
276	73	73	211	221	Wages, salaries etc.		208	200	70	69	259
128	23	25	87	84	Administration costs		84	87	25	23	128
23	5	5	14	15	Depreciation, write-downs and changes in value in non-financial assets		10	9	3	3	13
81	22	27	65	76	Other operating costs	5	71	67	26	25	81
508	123	130	377	396	Total operating costs		373	363	124	120	481
550	145	149	406	497	Result before credit losses		455	378	134	126	515
82	9	8	62	35	Losses on loans, guarantees etc.	2	32	60	7	9	80
468	136	141	344	462	Result from ordinary operations before tax		423	318	127	117	435
133	40	37	101	110	Tax payable on ordinary result		100	93	34	36	122
335	96	104	243	352	Result from ordinary operations after tax		323	225	93	81	313
25.95	7.48	6.10	19.07	20.65	Result per EC (NOK)		18.95	18.72	5.45	6.40	24.35
25.95	7.48	6.10	19.07	20.65	Diluted earnings per EC (NOK)		18.95	18.72	5.45	6.40	24.35
20	-	-	20	12	Distributed dividend per EC (NOK)		12	20	-	-	20

Extended accounts according to IAS 1

Group						Parent Bank				
2009	3. q. 09	3. q. 10	30.09.09	30.09.10	Amounts in NOK million	30.09.10	30.09.09	3. q. 10	3. q. 09	2009
335	96	104	243	352	Result from ordinary operations after tax	323	225	93	81	313
13	1	-10	9	-11	Equities available for sale - changes in value	-11	9	-10	1	13
348	97	94	252	341	Total result from ordinary operations after tax	312	234	83	82	326

Balance IFRS

Group					Parent Bank		
30.09.09	31.12.2009	30.09.10	Amounts in NOK million	Notes	30.09.10	31.12.09	30.09.09
			Assets				
810	682	868	Cash and claims on central banks		868	682	810
88	83	91	Loans to and claims on credit institutions	5	1 187	677	780
34 846	35 851	37 115	Net loans to and claims on customers	1, 2, 5	31 368	31 858	30 763
3 076	3 381	3 607	Certificates, bonds and other interest-bearing securities assessed at market value through the profit and loss account	5	6 432	6 421	6 115
114	131	187	Shares and other securities with a variable yield		187	131	114
-	-	-	Equity stakes in Group companies		551	551	328
32	19	19	Deferred tax benefit		17	17	27
29	26	32	Goodwill and other intangible assets		19	13	16
227	242	237	Fixed assets		33	42	30
613	313	389	Financial derivatives		389	313	613
218	159	189	Other assets		189	155	207
643	504	513	Prepayments and accrued income		477	490	643
40 696	41 391	43 247	Total assets		41 717	41 350	40 446
			Liabilities and equity capital				
5 771	5 662	5 234	Debt owed to credit institutions	5	5 334	5 897	5 793
20 101	21 793	23 290	Deposits from and liabilities to customers	1, 5	23 307	21 820	20 129
9 584	9 086	8 959	Borrowings raised through the issue of securities		7 436	8 876	9 374
179	163	214	Financial derivatives		214	163	179
539	332	746	Other liabilities		725	308	516
737	347	660	Incurred costs and prepaid income		654	346	735
106	111	65	Other provisioning in respect of liabilities and costs	2	65	111	106
477	476	488	Perpetual Hybrid Tier 1 Capital		488	476	477
479	479	479	Subordinated loan capital		479	479	479
37 973	38 449	40 135	Total liabilities		38 702	38 476	37 788
595	653	784	EC capital	6	74	653	595
-6	-5	-9	ECs owned by the Bank	6	-9	-5	-6
123	187	186	Proceeds from EC issue, priced at a premium over par		186	187	123
712	835	961	Paid-in equity capital		961	835	712
1 348	1 443	1 442	Primary Capital Fund		1 442	1 443	1 348
318	393	263	Dividend Equalisation Fund		263	393	318
20	25	14	Value Adjustment Fund		14	25	20
35	12	12	Fund for Unrealised Gains		12	12	35
46	234	68	Other equity capital		0	166	0
241	-	352	Result from ordinary operations after tax		323	-	225
2 011	2 107	2 151	Equity capital accumulated through retained earnings		2 054	2 039	1 946
2 723	2 942	3 112	Total equity capital		3 015	2 874	2 658
40 696	41 391	43 247	Total liabilities and equity capital		41 717	41 350	40 446
			Transactions of an off-balance sheet nature:				
1 335	1 385	1 363	Guarantee liabilities		1 363	1 385	1 335

Equity capital - Group IFRS

30.09.10								
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	-1	131	-1		-131			
Distributed dividend	-72							-72
Distributed dividend funds for the local community	-94							-94
Total result from ordinary operations after tax	341					-11		352
Equity capital 30.09.10	3 112	775	186	1 442	263	14	12	420

30.09.09								
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	4	2		1	1			
Distributed dividend	-119							-119
Distributed dividend funds for the local community	-39							-39
Total result from ordinary operations after tax	252					9		243
Equity capital 30.09.09	2 723	589	123	1 348	318	20	35	289

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

30.09.10								
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	-1	131	-1		-131			
Distributed dividend	-72							-72
Distributed dividend funds for the local community	-94							-94
Total result from ordinary operations after tax	312					-11		323
Equity capital 30.09.10	3 015	775	186	1 442	263	14	12	323

30.09.09								
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	4	2		1	1			
Distributed dividend	-119							-119
Distributed dividend funds for the local community	-39							-39
Total result from ordinary operations after tax	234					9		225
Equity capital 30.09.09	2 658	589	123	1 348	318	20	35	225

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	30.09.09	30.09.10	Amounts in NOK million	30.09.10	30.09.09	2009
			Cash flow from operational activities			
2 139	2 057	1 947	Interest, commission and fees received	1 861	2 010	2 072
-1 096	-1 001	-924	Interest, commission and fees paid	-885	-1 020	-1 112
8	1	23	Dividend	23	11	18
-391	-279	-264	Outgoings relating to operations	-245	-270	-374
-131	-127	-136	Payment of tax	-128	-126	-123
14	10	-8	Changes relating to loans to and claims on other financial institutions	-510	-192	-89
-752	352	-1 054	Changes relating to repayment loans/leasing to customers	272	3 197	2 024
160	71	-255	Changes in respect of utilised credit facilities	174	866	933
-49	1 084	-671	Net cashflow from operational activities	562	4 476	3 349
			Cash flow from investment activities			
-11	2	-67	Changes in respect of investment in other securities with short maturities	-67	2	-11
-1 193	-888	-226	Changes in respect of sale of certificates and bonds	-11	-3 927	-4 234
-26	-5	-16	Changes in respect of additions of fixed assets	-7	-9	-22
291	-68	-110	Changes of various assets etc.	-110	-59	77
-939	-959	-419	Net cash flow from investment activities	-195	-3 993	-4 190
			Cash flow from funding activities			
1 121	-572	1 496	Changes relating to deposits from customers	1 486	-552	1 140
2 346	2 455	-428	Changes relating to deposits from Norges Bank and other financial institutions	-563	2 298	2 403
-3 341	-2 843	-126	Payments received in respect of proceeds from bond issues raised	-1 440	-3 053	-3 551
-119	-119	-73	Payments made in connection with the repayment of outstanding bond borrowings	-73	-119	-119
160	386	407	Changes of other debt	409	375	147
122	0	0	Changes in equity due to the acquisition of Tingvoll Sparebank	0	0	122
289	-693	1 276	Net cash flow from funding activities	-181	-1 051	142
-699	-568	186	Net changes on cash holdings	186	-568	-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	810	868	Holdings of cash 30.09/31.12	868	810	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 30 September 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 30.09.2010, 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	30.09.10	30.09.09	2009	30.09.10	30.09.09	2009
Agriculture and forestry	478	340	477	168	144	140
Fisheries	3 005	2 846	2 844	324	298	353
Industry and mining	1 284	1 431	1 454	1 234	702	1 082
Building and construction	751	685	698	319	324	369
Wholesale and retail trade, hotel industry	783	801	765	589	569	697
Foreign shipping/supply	1 929	2 199	2 097	589	333	375
Property management	3 969	4 167	3 756	1 019	1 394	1 015
Transport and private/public service industry	1 914	1 444	1 949	2 725	2 638	2 845
Public entities	60	12	14	1 571	1 339	1 650
Non-Norwegian lending	12	55	22	1	2	2
Miscellaneous	58	7	21	1 662	282	645
Total Corporate/Public entities	14 243	13 987	14 097	10 201	8 025	9 173
Retail customers	23 317	21 249	22 155	13 089	12 076	12 620
Total Gross loans/Deposits	37 560	35 236	36 252	23 290	20 101	21 793
Specific loss provisions	-308	-245	-264			
Non-specific loss provisions	-137	-145	-137			
Net loans	37 115	34 846	35 851			

Parent Bank	Gross loans			Deposits		
Broken down according to sectors	30.09.10	30.09.09	2009	30.09.10	30.09.09	2009
Agriculture and forestry	441	303	439	168	144	140
Fisheries	2 983	2 814	2 815	324	298	353
Industry and mining	1 117	1 235	1 268	1 234	702	1 082
Building and construction	615	843	558	319	324	369
Wholesale and retail trade, hotel industry	735	749	711	589	569	697
Foreign shipping/supply	1 904	2 174	2 070	589	333	375
Property management	4 000	4 185	3 801	1 031	1 422	1 037
Transport and private/public service industry	1 816	1 181	1 863	2 730	2 638	2 850
Public entities	52	9	6	1 571	1 339	1 650
Non-Norwegian lending	12	24	22	1	2	2
Miscellaneous	58	7	21	1 662	282	645
Total Corporate/Public entities	13 733	13 524	13 574	10 218	8 053	9 200
Retail customers	18 074	17 624	18 680	13 089	12 076	12 620
Total Gross loans/Deposits	31 807	31 148	32 254	23 307	20 129	21 820
Specific loss provisions	-303	-241	-260			
Non-specific loss provisions	-136	-144	-136			
Net loans	31 368	30 763	31 858			

2 - Losses on loans and guarantees

Losses on loans and guarantees

Group				Parent Bank		
2009	30.09.09	30.09.10		30.09.10	30.09.09	2009
46	36	17	Changes in specific loss provisioning and guarantees during the period	14	34	44
-8	0	0	Changes in non-specific loss provisioning during the period	0	0	-8
31	22	14	Confirmed losses during the period, where specific provisioning had previously been made	14	22	31
20	8	9	Confirmed losses during the period, where specific provisioning had previously not been made	9	8	20
7	4	5	Recoveries	5	4	7
82	62	35	Losses on loans, guarantees etc.	32	60	80

Specific provisions in respect of loans

Group				Parent Bank		
2009	30.09.09	30.09.10		30.09.10	30.09.09	2009
217	217	264	Specific loss provisions on loans at 01.01	260	215	215
31	22	14	Confirmed losses during the period, where specific provisioning had previously been made	14	22	31
29	31	28	Changes in specific provisioning during the period	27	29	27
109	72	99	New specific provisioning during the period	99	72	109
1	-	-	Specific provision from acquisition	-	-	1
61	53	69	Recoveries on specific provisioning during the period	69	53	61
264	245	308	Specific provisions against losses on loans at the end of the period	303	241	260

Non-specific provisions on loans

Group				Parent Bank		
2009	30.09.09	30.09.10		30.09.10	30.09.09	2009
145	145	137	Non-specific provision on loans as at 01.01	136	144	144
1	-	-	Non-specific provision from acquisition	-	-	1
-9	0	0	Changes during the period	0	0	-9
137	145	137	Non-specific provision on loans at the end of the period	136	144	136

Specific provisions in respect of guarantees

Group				Parent Bank		
2009	30.09.09	30.09.10		30.09.10	30.09.09	2009
46	46	46	Specific provisioning as at 01.01	46	46	46
23	23	0	Specific provisioning during the period	0	23	23
23	18	33	Recoveries on specific provisioning during the period	33	18	23
46	51	13	Specific provisions at the end of the period	13	51	46

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

Group	30.09.10			30.09.09			2009		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Intervals									
3-6 months	103	44	59	113	45	68	101	43	58
6-12 months	70	26	44	66	36	30	56	15	41
Over 12 months	80	39	41	45	34	11	56	38	18
Gross loans in default	253	109	144	224	115	109	213	96	117
Specific provisions	68	16	52	43	15	28	52	13	39
Net loans in default	185	93	92	181	100	81	161	83	78

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

Parent Bank	30.09.10			30.09.09			2009		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Intervals									
3-6 months	103	44	59	113	45	68	93	43	50
6-12 months	70	26	44	66	36	30	56	15	41
Over 12 months	80	39	41	45	34	11	56	38	18
Gross loans in default	253	109	144	224	115	109	205	96	109
Specific provisions	68	16	52	43	15	28	52	13	39
Net loans in default	185	93	92	181	100	81	153	83	70

Other bad and doubtful commitments (with specific provisions)

Group	30.09.10			30.09.09			2009		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Intervals									
Gross lending volume	682	86	596	788	90	698	857	106	751
Specific provisions	241	20	221	253	25	228	258	25	233
Net lending volume	441	66	375	535	65	470	599	81	518

Other bad and doubtful commitments (with specific provisions)

Parent Bank	30.09.10			30.09.09			2009		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Intervals									
Gross lending volume	682	86	596	788	90	698	857	106	751
Specific provisions	236	20	216	249	25	224	254	25	229
Net lending volume	446	66	380	539	65	474	603	81	522

3 - Net gains/losses from securities and foreign exchange

Group				Parent Bank		
2009	30.09.09	30.09.10		30.09.10	30.09.09	2009
43	35	-4	Certificates and bonds	-4	35	43
5	0	81	Securities	81	0	5
28	24	15	Foreign exchange trading (for customers)	15	24	28
-33	-19	0	Change in credit spread FVO - securities-based debt	0	-19	-33
51	44	25	Financial derivatives trading	25	44	51
94	84	117	Net gains/losses from securities and foreign exchange	117	84	94

4 - Segments

Result Q3	Group		Elimin./ Inv./ Other		Corporate		Retail		Real estate brokerage		Leasing	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest and credit commission income	212	199	2	-4	103	94	103	104	0	0	4	5
Other operating income	67	69	20	28	17	12	24	25	5	4	1	0
Total income	279	268	22	24	120	106	127	129	5	4	5	5
Operating costs	130	123	24	17	26	25	75	75	4	4	1	2
Result before losses	149	145	-2	7	94	81	52	54	1	0	4	3
Losses on loans, guarantees etc.	8	9	-3	-10	10	16	0	2	0	0	1	1
Result before tax	141	136	1	17	84	65	52	52	1	0	3	2
Tax payable on ordinary result	37	40										
Result from ordinary operations after tax	104	96										

Result 30.09	Group		Elimin./ Inv./ Other		Corporate		Retail		Real estate brokerage		Leasing	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest and credit commission income	634	583	12	15	304	251	306	300	0	0	12	17
Other operating income	259	200	125	63	50	50	68	74	14	12	2	1
Total income	893	783	137	78	354	301	374	374	14	12	14	18
Operating costs	396	377	71	63	78	76	229	220	14	13	4	5
Result before losses	497	406	66	15	276	225	145	154	0	-1	10	13
Losses on loans, guarantees etc.	35	62	0	-18	32	71	0	6	0	0	3	3
Result before tax	462	344	66	33	244	154	145	148	0	-1	7	10
Tax payable on ordinary result	110	101										
Result from ordinary operations after tax	352	243										

Balance sheet	Group		Elimin./ Inv./ Other		Corporate		Retail		Real estate brokerage		Leasing	
	30.9.10	30.9.09	30.9.10	30.9.09	30.9.10	30.9.09	30.9.10	30.9.09	30.9.10	30.9.09	30.9.10	30.9.09
Loans to customers	37 115	34 846	560	436	13 188	13 032	22 805	20 772	0	0	561	606
Deposits from customers	23 290	20 101	212	578	9 083	6 678	13 995	12 845	0	0	0	0
Guarantee liabilities	1 363	1 335	100	100	1 252	1 223	11	12	0	0	0	0
The deposit-to-loan ratio	62.8	57.7	37.9	132.6	68.9	51.2	61.4	61.8	0	0	0	0
Man-years	408	398	129	128	58	58	199	191	15	13	7	8

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	30.09.10	30.09.09	2009
Result			
Interest and credit commission income from subsidiaries	80	61	84
Received dividend from Møre Finans AS	0	10	10
Rent paid to Sparebankeiendom AS	5	7	9
Rent paid to Møre Bankbygg AS	8	8	10
Leasing rental paid to Møre Finans AS	4	4	6
Administration fee received from Møre Boligkreditt AS	5	2	4
Balance sheet			
Claims on subsidiaries	1 274	879	786
Covered bonds	2 825	3 040	3 040
Liabilities to subsidiaries	116	42	262

6 - EC-capital

The 20 largest EC-holders in Sparebanken Møre as at 30.09.10

	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	796 400	10.19
Pareto Aksje Norge	415 728	5.30
MP Pensjon	338 796	4.32
Pareto Aktiv	197 475	2.52
Nordea Bank Norge AS	156 448	2.00
Beka Holding AS	133 462	1.70
Farstad Shipping ASA	112 909	1.44
Brown Brothers Harriman & Co	92 008	1.17
Sparebanken Møre	86 858	1.11
Stiftelsen Kjell Holm	86 829	1.11
Odd Slyngstad	84 703	1.08
Pareto Verdi	70 407	0.90
Nordisk Finans Invest AS	57 837	0.74
Tonsenhagen Forretningsentrum AS	52 050	0.66
U Aandals Eftf AS	48 000	0.61
Forsvarets Personellservice	40 560	0.52
J E Devold AS	37 558	0.48
Sparebankstiftelsen DnB NOR	37 392	0.48
Leif Arne Langøy	36 897	0.47
Sparebanken Hedmark	36 538	0.47
Total 20 largest	2 918 855	37.23
Total	7 841 116	100.00

7 - Capital adequacy

Group				Parent Bank		
31.12.09	30.09.09	30.09.10	The Standardised Approach in Basel II	30.09.10	30.09.09	31.12.09
3 168	2 756	3 140	Core capital	3 087	2 736	3 100
490	544	490	Supplementary capital	490	544	490
3 658	3 300	3 630	Net equity and subordinated loan capital	3 577	3 280	3 590
27 400	27 300	28 270	Risk-weighted assets (calculation basis for capital adequacy ratio)	26 990	26 010	26 355
13.35	12.10	12.85	Capital adequacy ratio	13.30	12.61	13.62
11.55	10.20	11.05	Core capital ratio	11.45	10.52	11.76
13.35	12.40	13.50	Capital adequacy ratio (incl. 50 per cent of result)	13.85	13.05	13.62
11.55	10.50	11.70	Core capital ratio (incl. 50 per cent of result)	12.00	10.95	11.76

Highlights - Development - Group IFRS

Quarterly results

NOK million	3. q. 2010	2. q. 2010	1. q. 2010	4. q. 2009	3. q. 2009
Net interest and credit commission income	212	210	212	219	199
Total other operating income	67	134	58	56	69
Total operating costs	130	134	132	131	123
Result before losses	149	210	138	144	145
Losses on loans, guarantees etc.	8	15	12	20	9
Result before tax	141	195	126	124	136
Tax payable on ordinary result	37	38	36	32	40
Result from ordinary operations after tax	104	157	90	92	96

As a percentage of average assets	3. q. 2010	2. q. 2010	1. q. 2010	4. q. 2009	3. q. 2009
Net interest and credit commission income	2.01	1.99	2.03	2.11	1.96
Total other operating income	0.64	1.27	0.56	0.54	0.68
Total operating costs	1.23	1.27	1.26	1.26	1.21
Result before losses	1.42	1.99	1.33	1.39	1.43
Losses on loans, guarantees etc.	0.08	0.14	0.11	0.19	0.09
Result before tax	1.34	1.85	1.22	1.20	1.34
Tax payable on ordinary result	0.35	0.35	0.34	0.31	0.39
Result from ordinary operations after tax	0.99	1.50	0.88	0.89	0.95

Result

NOK million	30.09.10	30.09.09	2009
Net interest and credit commission income	634	583	802
Total other operating income	259	200	256
Total operating costs	396	377	508
Result before losses	497	406	550
Losses on loans, guarantees etc.	35	62	82
Result before tax	462	344	468
Tax payable on ordinary result	110	101	133
Result from ordinary operations after tax	352	243	335

As a percentage of average assets	30.09.10	30.09.09	2009
Net interest and credit commission income	2.00	1.93	1.97
Total other operating income	0.82	0.66	0.63
Total operating costs	1.25	1.24	1.25
Result before losses	1.57	1.35	1.35
Losses on loans, guarantees etc.	0.11	0.20	0.20
Result before tax	1.46	1.15	1.15
Tax payable on ordinary result	0.35	0.33	0.33
Result from ordinary operations after tax	1.11	0.82	0.82

Design: Havnevik as

Photo: Farstad Shipping ASA, Fred Jonny Hammerø



SPAREBANKEN MØRE

Keiser Wilhelms gate 29/33

P.O.Box 121 Sentrum, 6001 Ålesund

Telefon +47 70 11 30 00

Telefax +47 70 12 26 70

sbm.no