

INTERIM REPORT
1 QUARTER
NOT AUDITED

12



SPAREBANKEN MØRE

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There has been strong growth in petroleum-related sectors in Møre og Romsdal since 2003. These sectors employ around 21,500 full-time equivalents, divided between the maritime cluster, base functions, onshore facilities for gas and other petroleum-related enterprises. The activity level is also expected to be good in the time ahead. Oil and gas activities are an important driving force for large parts of the maritime industry, making it less vulnerable to international financial unrest.

Financial highlights - Group

NOK million	31.03.12	31.03.11	2011	2010
Result				
Result before losses	135	131	561	638
Result before losses 1)	1.13	1.18	1.21	1.51
Result before taxes	125	126	521	607
Result before taxes 1)	1.05	1.14	1.12	1.44
Result after taxes	90	90	377	458
Result after taxes 1)	0.75	0.82	0.81	1.09
Losses as a percentage of gross loans as at 01.01	0.10	0.05	0.11	0.08
Return on equity, after tax 2)	11.3	11.9	12.2	16.0
Costs as a percentage of income	51.6	51.7	49.8	45.3
Balance sheet				
Total assets	48 190	46 021	48 406	44 441
Average assets	47 400	44 640	46 375	42 400
Net lending to customers	40 380	37 937	40 305	37 676
Deposits from customers	25 815	25 199	25 325	24 551
EC (Numbers refer to the Parent Bank)				
Profit per EC in NOK	6.06	8.03	23.25	24.42
Diluted earnings per EC (NOK)	6.06	8.03	23.25	24.42
EC fraction 01.01 as a percentage	46.0	46.0	46.0	46.0
Price at Oslo Stock Exchange (NOK)	170.00	199.50	178.00	207.00
Capital adequacy 3)				
Capital adequacy ratio as a percentage	12.95	13.58	13.60	13.72
Core capital as a percentage	12.00	11.90	12.01	12.03
Core capital as a percentage (incl. 50 per cent of result)	12.15	12.05	-	-
Overall manning levels				
Man-years	410	400	416	401

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 4 million (-0.04 p.p). 4)
- :: Net interest- and credit commission income remained unchanged in NOK million (-0.12 p.p). 4)
- :: Other (non-interest) income increased by NOK 12 million (0.07 p.p). 4)
- :: Costs in relation to income is reduced from 51.7 to 51.6
- :: Losses and write-downs increased by NOK 5 million
- :: Total assets increased by NOK 2 169 million (4.7 %)
- :: Net loans increased by NOK 2 443 million (6.4 %)
- :: Deposits increased by NOK 616 million (2.4 %)
- :: Capital adequacy ratio is reduced from 13.58 per cent to 12.95 per cent
- :: Core capital ratio increased from 11.90 per cent to 12.00 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

Sparebanken Møre's pre-tax profit for Q1 was NOK 125 million compared to NOK 126 million in Q1 last year. Total income rose by NOK 12 million. Net interest income was unchanged, while other operating income was NOK 12 million higher than in the same quarter last year.

The profit after tax of NOK 90 million gives a return on equity of 11.3 per cent on an annual basis. The Bank's target is to achieve a minimum of 6 percentage points above the long-term government bond rate.

The Board of Directors is pleased with the results for the first quarter of 2012.

Net interest income

The net interest and credit commission income of NOK 222 million was on a par with the same period last year. This represents a reduction as a percentage of total assets in the preceding 12 months of 0.12 percentage points to 1.87 per cent of the average total assets. The relative fall in net interest income was primarily due to more expensive funding.

Other operating income

Other operating income amounted to NOK 61 million, NOK 12 million higher than for

the first 3 months of last year. This amounts to 0.51 per cent of average total assets; 0.07 percentage points higher than the first quarter last year.

Costs

Operating costs rose by 5.7 per cent or NOK 8 million during the period. In relation to average total assets, costs were unchanged at 1.25 per cent.

In relation to the same period in 2011, costs as a proportion of income fell by 0.1 percentage points to 51.6 per cent.

The workforce increased by 10 man-years to 410 man-years, which included 11 trainees.

Losses and defaults

The financial statements were charged NOK 10 million due to write-downs from losses. This amounts to 0.08 per cent (0.04 per cent) of average total assets on an annual basis.

Gross commitments in default rose by NOK 33 million in the period to NOK 214 million. Net commitments in default at the end of the last quarter amounted to NOK 173 million or 0.43 per cent of gross lending. At the end of last year the figures were NOK 163 million and 0.40 per cent of gross lending.

The loss and default situation is specified in note 3.

LENDING AND DEPOSITS

Total assets amounted to NOK 48 190 million at the end of the quarter. Growth in the

preceding 12 months amounted to NOK 2 169 million or 4.7 per cent.

Net lending to customers amounted to NOK 40 380 million. This is an increase in the preceding 12 months of NOK 2 443 million or 6.4 per cent. Lending to retail customers increased by 7.3 per cent, and the percentage of total gross lending was 62.9 per cent. Lending to corporate customers increased by 4.0 per cent during the period and accounts for a relative percentage of 37.1 per cent.

Deposits at the end of the quarter were NOK 616 million higher than at the end of the corresponding period last year, which represents growth of 2.4 per cent for the period. Of the total deposits of NOK 25 815 million, deposits from retail customers accounted for 56.0 per cent following growth of 8.6 per cent in the preceding 12 months. The percentage for corporate customers was 40.6 per cent, an increase of 7.9 per cent on an annual basis. Public sector deposits decreased by 45.8 per cent in the preceding 12 months, which gives a relative percentage of 3.4 per cent.

CAPITAL ADEQUACY

The target for Sparebanken Møre's capital adequacy is to maintain a minimum core capital of 11 per cent.

Preliminary calculations based on the standard approach in Basel II as of 31 March 2012 indicate a core capital adequacy of 12.00 per cent (11.90 per cent). The year-to-date earnings for 2012 are not included in the capital adequacy ratio at the end of the quar-

ter. The Group's total risk-weighted balance sheet was NOK 30 775 million, an increase of NOK 25 million since year end 2011.

SUBSIDIARIES

The aggregate earnings of the Bank's four subsidiaries amounted to NOK 16 million after tax (NOK 11 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 630 million, of customers from all parts of Møre og Romsdal. Møre Finans AS made a NOK 2 million (NOK 2 million) contribution to the Group's result in Q1 2012. At the end of the quarter, the work done in the company was equivalent to 7 man-years. The Board of Directors decided on 13 March to propose to the Board of Trustees that Møre Finans AS be merged with Sparebanken Møre.

Møre Eiendomsmegling AS provides services within the real estate brokerage area both to retail and corporate customers. The company has made no contribution to earnings to date in 2012 (NOK -1 million). At the end of the quarter, the company employed 14 man-years.

The object of Sparebankeiendom AS is to own and manage the Bank's own commercial properties. The company has made no contribution to the overall result so far in 2012. 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. The company has so far raised NOK 8 billion in funding for the bank. The company has made a NOK 14 million contribution to the result so far in 2012 (NOK 10 million). The work done in the company is equivalent to two man-years.

SPAREBANKEN MØRE'S EQUITY CERTIFICATES

Page 17 contains an overview of the 20 largest owners of the Bank's equity certificates. The earnings per equity certificate at the end of Q1 2012 amounted to NOK 6.06.

FUTURE PROSPECTS

The positive situation for local business and industry and the low unemployment rate in Møre og Romsdal throughout 2011 continued throughout Q1 2012. The Board does not anticipate any major changes later in 2012, despite continuous moderate growth stimuli from the international economy in a number of areas. The positive trend within the maritime and marine industries, among others, is helping to sustain a good level of demand for goods and services from Møre og Romsdal. Sparebanken Møre therefore expects stable growth and a stable financial performance in 2012.

Ålesund, 25 April 2012

The Board of Directors of Sparebanken Møre

Leif-Arne Langøy
CHAIRMAN

Roy Reite
DEPUTY CHAIRMAN

Ragna Brenne Bjerkeset

Ingvild Vartdal

Elisabeth Maråk Støle

Helge Karsten Knudsen

Stig Remøy

Olav Arne Fiskerstrand
CEO

STATEMENT OF INCOME

GROUP				PARENT BANK			
2011	1. q. 11	1. q. 12	Amounts in NOK million	Notes	1. q. 12	1. q. 11	2011
2 235	528	568	Interest and similar income		498	489	2 039
1 326	306	346	Interest and similar costs		303	286	1 202
909	222	222	Net interest and credit commission income	7	195	203	837
20	0	0	Dividends and other income from securities with variable yields	7	28	71	91
172	40	38	Commission income and revenues from banking services		38	40	171
33	8	8	Commission costs and expenditure in respect of banking services		8	8	33
23	12	23	Net gains/losses from securities and foreign exchange	4	22	12	25
32	5	8	Other operating income	7	3	2	12
214	49	61	Total other operating income		83	117	266
317	76	82	Wages, salaries etc.		78	72	296
129	36	37	Administration costs		36	36	129
26	5	7	Depreciation, write-downs and changes in value in non-financial assets		4	4	17
90	23	22	Other operating costs	7	23	21	88
562	140	148	Total operating costs		141	132	530
561	131	135	Result before credit losses		137	188	573
40	5	10	Losses on loans, guarantees etc.	3	9	5	37
521	126	125	Result from ordinary operations before tax		128	183	536
144	36	35	Tax payable on ordinary result		28	46	143
377	90	90	Result from ordinary operations after tax		100	137	393
22.10	5.27	5.40	Result per EC (NOK)		6.06	8.03	23.27
22.10	5.27	5.40	Diluted earnings per EC (NOK)		6.06	8.03	23.27
12	-	-	Distributed dividend per EC (NOK)		-	-	12

STATEMENT OF COMPREHENSIVE INCOME

GROUP				PARENT BANK		
2011	1. q. 11	1. q. 12	Amounts in NOK million	1. q. 12	1. q. 11	2011
377	90	90	Result from ordinary operations after tax	100	137	393
-1	1	2	Equities available for sale - changes in value	2	1	-1
376	91	92	Total comprehensive income from ordinary operations after tax	102	138	392

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

GROUP					PARENT BANK		
30.03.11	31.12.11	31.03.12	Amounts in NOK million	Notes	31.03.12	31.12.11	30.03.11
			Assets				
890	814	765	Cash and claims on central banks		765	814	890
143	564	257	Loans to and deposits with credit institutions	7	1 410	1 567	961
37 937	40 305	40 380	Net loans to and claims on customers	2, 3, 7	30 940	31 800	30 686
5 500	5 226	5 218	Certificates, bonds and other interest-bearing securities assessed at market value through the profit and loss account	5, 7	7 520	7 528	8 323
269	437	425	Financial derivatives		388	393	269
210	201	204	Shares and other securities with a variable yield	5	204	201	210
-	-	-	Equity stakes in Group companies		646	646	544
10	14	15	Deferred tax benefit		17	17	13
19	17	17	Other intangible assets		17	17	19
266	316	320	Fixed assets		60	53	31
234	156	161	Other assets		162	144	234
543	356	428	Prepayments and accrued income		395	333	455148
46 021	48 406	48 190	Total assets		42 524	43 513	42 694
			Liabilities and equity capital				
5 485	4 741	4 379	Liabilities to credit institutions	7	4 488	4 851	5 687
25 199	25 325	25 815	Deposits from and liabilities to customers	2, 7	25 845	25 338	25 210
9 971	12 799	12 454	Borrowings raised through the issue of securities		6 834	7 964	6 570
164	272	267	Financial derivatives		250	263	132
576	480	575	Other liabilities		526	427	553
466	317	466	Incurred costs and prepaid income		430	290	445
69	83	69	Other provisioning in respect of liabilities and costs	3	69	83	69
477	493	493	Perpetual Hybrid Tier 1 Capital		493	493	477
479	479	299	Subordinated loan capital		299	479	479
42 887	44 989	44 817	Total liabilities		39 234	40 188	39 622
784	784	784	EC capital	8	784	784	784
-1	-2	-2	ECs owned by the Bank	8	-2	-2	-1
186	186	186	Proceeds from EC issue, priced at a premium over par		186	186	186
969	968	968	Paid-in equity capital		968	968	969
1 559	1 698	1 698	Primary Capital Fund		1 698	1 698	1 559
362	482	482	Dividend Equalisation Fund		482	482	362
34	32	34	Value Adjustment Fund		34	32	34
11	8	8	Fund for Unrealised Gains		8	8	11
109	229	93	Other equity capital		0	137	0
90	-	90	Result from ordinary operations after tax		100	-	137
2 165	2 449	2 405	Equity capital accumulated through retained earnings		2 322	2 357	2 103
3 134	3 417	3 373	Total equity capital		3 290	3 325	3 072
46 021	48 406	48 190	Total liabilities and equity capital		42 524	43 513	42 694
			Transactions of an off-balance sheet nature:				
1 389	1 242	1 431	Guarantee liabilities		1 431	1 242	1 389

STATEMENT OF CHANGES IN EQUITY – GROUP

31.03.12

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	3 417	782	186	1 698	482	32	8	229
Changes in own Equity Certificates	0							
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	92					2		90
Equity capital as at 31.03.12	3 373	782	186	1 698	482	34	8	183

31.03.11

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	3 253	784	186	1 560	362	33	11	317
Changes in own Equity Certificates	-2	-1		-1				
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	91					1		90
Equity capital as at 31.03.11	3 134	783	186	1 559	362	34	11	199

2011

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	3 253	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

31.03.12

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	0							
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	102					2		100
Equity capital as at 31.03.12	3 290	782	186	1 698	482	34	8	100

31.03.11

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	-2	-1		-1				
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	138					1		137
Equity capital as at 31.03.11	3 072	783	186	1 559	362	34	11	137

2011

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	-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	1. q. 11	1. q. 12		1. q. 12	1. q. 11	2011
			Cash flow from operational activities			
2 428	710	763	Interest, commission and fees received	678	648	2 183
-1 288	-395	-435	Interest, commission and fees paid	-382	-355	-1 147
20	0	0	Dividend and group contribution received	28	71	91
-508	-121	-118	Paid operating expenses	-114	-116	-483
-146	-62	-73	Payment of tax	-73	-57	-146
-394	25	307	Changes relating to loans to and claims on other financial institutions	157	-145	-751
-2 297	-143	375	Changes relating to repayment loans/leasing to customers	1 108	911	-267
-325	-101	-369	Changes in respect of utilised credit facilities	-171	156	214
-2 510	-86	450	Net cash flow from operational activities	1 231	1 113	-306
			Cash flow from investment activities			
6 644	1 326	2 229	Payments from sale of certificates, bonds and other securities	2 229	1 326	7 170
-7 366	-2 392	-2 106	Purchases of certificates, bonds and other securities	-2 106	-2 392	-7 366
17	0	11	Payments from sale of fixed assets etc.	0	0	0
-100	-14	-23	Payments for purchase of fixed assets etc.	-11	-3	-36
-96	58	-109	Changes of various assets etc.	-128	54	-151
-901	-1 022	2	Net cash flow from investment activities	-16	-1 015	-383
			Cash flow from funding activities			
773	648	490	Changes relating to deposits from customers	508	635	762
-234	509	-362	Changes relating to deposits from Norges Bank and other financial institutions	-363	460	-375
5 476	1 159	849	Payments received in respect of proceeds from bond issues raised	49	0	2 327
-2 403	-700	-1 385	Payment on redemption of debt securities	-1 385	-700	-1 791
-94	0	0	Payment of dividend	0	0	-94
73	-252	-93	Changes of other debt	-73	-237	40
3 591	1 364	-501	Net cash flow from funding activities	-1 264	158	869
180	256	-49	Net changes on cash holdings	-49	256	180
634	634	814	Holdings of cash 01.01	814	634	634
814	890	765	Holdings of cash 31.03/31.12	765	890	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 31.03.2012. 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 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 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 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 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 31.03.2012, 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 accounts-related liabilities relating to bonuses, profit sharing, options, subscription rights or similar for the above-mentioned persons. Reference is made to the Annual Report 2011 for description of benefits-related 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		
	31.03.12	31.03.11	2011	31.03.12	31.03.11	2011
Broken down according to sectors						
Agriculture and forestry	458	460	472	179	182	160
Fisheries	2 884	3 297	3 126	532	378	572
Industry and mining	1 274	1 215	1 262	1 574	1 413	1 535
Building and construction	752	735	727	371	329	418
Wholesale and retail trade, hotel industry	799	829	773	676	646	817
Foreign shipping/supply	1 583	1 849	1 818	598	582	513
Property management	5 217	3 982	5 145	1 231	1 063	1 212
Professional/financial service	571	701	635	1 887	1 544	1 813
Transport and private/public service industry	1 421	1 350	1 299	1 884	1 760	1 528
Public entities	48	35	10	867	2 150	693
Non-Norwegian lending	7	11	8	5	1	2
Miscellaneous	91	16	130	1 562	1 845	1 755
Total Corporate/Public entities	15 105	14 480	15 405	11 366	11 893	11 018
Retail customers	25 590	23 844	25 296	14 449	13 306	14 307
Total Gross loans/Deposits	40 695	38 324	40 701	25 815	25 199	25 325
Specific loss provisions	-184	-261	-265			
Non-specific loss provisions	-131	-126	-131			
Net loans	40 380	37 937	40 305			

PARENT BANK	Gross loans			Deposits		
	31.03.12	31.03.11	2011	31.03.12	31.03.11	2011
Broken down according to sectors						
Agriculture and forestry	423	423	438	179	182	160
Fisheries	2 867	3 276	3 109	532	378	572
Industry and mining	1 075	1 008	1 053	1 574	1 413	1 535
Building and construction	626	610	602	371	329	418
Wholesale and retail trade, hotel industry	744	771	718	676	646	817
Foreign shipping/supply	1 559	1 833	1 794	598	582	513
Property management	5 244	3 971	5 154	1 254	1 067	1 217
Professional/financial service	550	677	612	1 887	1 544	1 813
Transport and private/public service industry	1 349	1 266	1 228	1 891	1 767	1 536
Public entities	40	11	2	867	2 150	693
Non-Norwegian lending	7	28	8	5	1	2
Miscellaneous	90	16	133	1 562	1 845	1 755
Total Corporate/Public entities	14 574	13 890	14 851	11 396	11 904	11 031
Retail customers	16 678	17 179	17 338	14 449	13 306	14 307
Total Gross loans/Deposits	31 252	31 069	32 189	25 845	25 210	25 338
Specific loss provisions	-182	-257	-259			
Non-specific loss provisions	-130	-126	-130			
Net loans	30 940	30 686	31 800			

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

GROUP				PARENT BANK		
2011	31.03.11	31.03.12	Losses on loans and guarantees	31.03.12	31.03.11	2011
-13	-21	-86	Changes in specific loss provisioning and guarantees during the period	-82	-21	-13
5	0	0	Changes in non-specific loss provisioning during the period	0	0	4
45	25	95	Confirmed losses during the period, where specific provisioning had previously been made	91	25	43
10	2	4	Confirmed losses during the period, where specific provisioning had previously not been made	3	2	10
7	1	3	Recoveries	3	1	7
40	5	10	Losses on loans, guarantees etc.	9	5	37
<hr/>						
2011	31.03.11	31.03.12	Specific provisions in respect of loans	31.03.12	31.03.11	2011
281	281	265	Specific loss provisions on loans at 01.01	259	276	276
45	25	95	Confirmed losses during the period, where specific provisioning had previously been made	91	25	43
64	25	12	Changes in specific provisioning during the period	12	25	63
41	10	6	New specific provisioning during the period	6	10	40
76	30	4	Recoveries on specific provisioning during the period	4	29	77
265	261	184	Specific provisions against losses on loans at the end of the period	182	257	259
<hr/>						
2011	31.03.11	31.03.12	Non-specific provisions on loans	31.03.12	31.03.11	2011
126	126	131	Non-specific provision on loans as at 01.01	130	126	126
5	0	0	Changes during the period	0	0	4
131	126	131	Non-specific provision on loans at the end of the period	130	126	130
<hr/>						
2011	31.03.11	31.03.12	Specific provisions in respect of guarantees	31.03.12	31.03.11	2011
12	12	14	Specific provisioning as at 01.01	14	12	12
2	0	0	Specific provisioning during the period	0	0	2
0	2	5	Recoveries on specific provisioning during the period	5	2	0
14	10	9	Specific provisions at the end of the period	9	10	14

GROUP	31.03.12			31.03.11			2011		
	Total	Retail	Corpo- rate	Total	Retail	Corpo- rate	Total	Retail	Corpo- rate
Problem loans prior to specific provisions:									
Commitments in default above 3 months	214	82	132	181	92	89	299	83	216
Other bad and doubtful commitments with loss provisions	492	63	429	597	76	521	488	75	413
Total problem loans	706	146	561	778	168	610	787	158	629
Specific provisions on problem loans:									
Commitments in default above 3 months	41	13	28	46	15	31	136	13	123
Other bad and doubtful commitments with loss provisions	143	19	124	211	21	190	136	13	123
Total specific provisions on doubtful commitments	184	32	152	257	36	221	163	70	93
Problem loans after specific provisions:									
Commitments in default above 3 months	173	69	104	135	77	58	163	70	93
Other bad and doubtful commitments with loss provisions	349	44	305	386	55	331	352	62	290
Total commitments after provisions	522	113	409	521	132	389	515	132	383
Total problem loans prior to specific provisions as a percentage of total loans	1,73	0,57	3,69	2,05	0,70	4,20	1,95	0,62	4,08
Total problem loans after specific provisions as a percentage of total loans	1,28	0,44	2,70	1,37	0,55	2,69	1,28	0,52	2,49

PARENT BANK	31.03.12			31.03.11			2011		
	Total	PM	Corpo- rate	Total	Retail	Corpo- rate	Total	Retail	Corpo- rate
Problem loans prior to specific provisions:									
Commitments in default above 3 months	214	82	132	181	92	89	293	83	210
Other bad and doubtful commitments with loss provisions	492	63	429	597	76	521	488	75	413
Total problem loans	706	145	561	778	168	610	781	158	623
Specific provisions on problem loans:									
Commitments in default above 3 months	41	13	28	46	15	31	131	13	118
Other bad and doubtful commitments with loss provisions	141	19	122	211	21	190	128	17	111
Total specific provisions on doubtful commitments	182	32	150	257	36	221	259	30	229
Problem loans after specific provisions:									
Commitments in default above 3 months	173	69	104	135	77	58	162	70	92
Other bad and doubtful commitments with loss provisions	351	44	307	386	55	331	360	58	302
Total commitments after provisions	524	113	411	521	132	389	522	128	394
Total problem loans prior to specific provisions as a percentage of total loans	2,28	0,87	3,85	2,54	0,98	4,40	2,46	0,90	4,20
Total problem loans after specific provisions as a percentage of total loans	1,69	0,68	2,82	1,70	0,77	2,80	1,64	0,74	2,65

4 NET GAINS/LOSSES FROM SECURITIES AND FOREIGN EXCHANGE

GROUP				PARENT BANK		
2011	31.03.11	31.03.12		31.03.12	31.03.11	2011
-17	5	21	Certificates and bonds	21	5	-18
-3	0	0	Securities	0	0	-3
28	6	7	Foreign exchange trading (for customers)	7	6	28
-5	0	-4	Charge in credit spread FVO - securities-based debt	-4	0	-5
20	1	-1	Financial derivatives	-2	1	23
23	12	23	Net gains/losses from securities and foreign exchange	22	12	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		
	31.03.12	31.03.11	2011
PARENT BANK	31.03.12	31.03.11	2011
Based on prices in an active market	1 401	2 836	1 352
Observed market information	6 122	5 490	6 178
Other than observed market information	0	0	0
Total financial instruments at actual value	7 523	8 326	7 530

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		
	31.03.12	31.03.11	2011
PARENT BANK	31.03.12	31.03.11	2011
Based on prices in an active market	26	27	24
Observed market information	0	0	0
Other than observed market information 1)	175	180	177
Total financial instruments available for sale	201	208	201

1) Changes through the year	31.03.12	31.03.11	2011
Balance 01.01	177	178	178
Purchased	0	2	2
Sale, including previously recognised changes in value	0	0	0
Increase in value	0	0	2
Written down	2	0	5
Balance 31.12	175	180	177

6 SEGMENTS

Result as at 31.03	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	222	222	0	14	99	102	119	102	0	0	4	4
Other operating income	61	49	12	4	20	17	23	23	5	4	1	1
Total income	283	271	12	18	119	119	142	125	5	4	5	5
Operating costs	148	140	31	29	29	27	81	78	5	4	2	2
Result before losses	135	131	-19	-11	90	92	61	47	0	0	3	3
Losses on loans, guarantees etc.	10	5	-6	-1	17	7	-2	-1	0	0	1	0
Result before tax	125	126	-13	-10	73	85	63	48	0	0	2	3
Tax payable on ordinary result	35	36										
Result from ordinary operations after tax	90	90										

Balance sheet	Group		Elimin./ Inv./Other		Corporate		Retail		Real estate brokerage		Leasing	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Loans to customers	40 380	35 681	701	558	14 153	13 512	24 967	23 282	-	-	559	585
Deposits from customers	25 815	21 868	230	762	10 048	10 210	15 537	14 227	-	-	-	-
Guarantee liabilities	1 431	1 389	150	100	1 272	1 278	9	11	-	-	-	-
The deposit-to-loan ratio	63.9	66.4	32.8	-	71.0	75.6	62.2	61.1	-	-	-	-
Man-years	410	400	142	125	61	60	186	195	14	15	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	31.03.12	31.03.11	2011
Result			
Interest and credit commission income from subsidiaries	30	28	117
Received dividend and group contribution from subsidiaries	28	71	71
Rent paid to Sparebankeiendom AS	4	3	13
Leasing rental paid to Møre Finans AS	2	2	6
Administration fee received from Møre Boligkreditt AS	3	2	10
Balance sheet			
Claims on subsidiaries	1 362	1 001	1 208
Covered bonds	2 302	2 823	2 302
Liabilities to subsidiaries	139	213	122
Transferred loan portfolio to Møre Boligkreditt AS during the period	1 839	1 821	5 703

8 EC-CAPITAL

The 20 largest EC-holders in Sparebanken Møre as at 31.03.12

	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	811 400	10.35
Pareto Aksje Norge	453 675	5.79
MP Pensjon	363 796	4.64
Wenaasgruppen AS	300 000	3.83
Pareto Aktiv	203 365	2.59
Beka Holding AS	133 462	1.70
Pareto Verdi VPF	117 741	1.50
Farstad Shipping ASA	112 909	1.44
Stiftelsen Kjell Holm	88 671	1.13
Odd Slyngstad	83 703	1.07
Fidelity Low-Priced	82 008	1.05
Terra utbytte VPF	64 667	0.82
Tonsenhagen Forretningssentrum AS	52 050	0.66
Nordea Bank Norge AS	50 972	0.65
Leif Arne Langøy	50 000	0.64
U Aandals Eftf AS	48 000	0.61
Forsvarets Personellservice	40 760	0.52
J E Devold AS	37 558	0.48
Sparebankstiftelsen DnB NOR	37 392	0.48
Pareto SICAV	30 502	0.39
Total 20 largest	3 162 631	40.33
Total	7 841 116	100.00

9 CAPITAL ADEQUACY

GROUP				PARENT BANK		
2011	31.03.11	31.03.12		31.03.12	31.03.11	2011
784	784	784	EC capital	784	784	784
-2	-1	-2	- ECs owned by the Bank	-2	-1	-2
186	186	186	Premium Fund	186	186	186
482	362	482	Dividend Equalisation Fund	482	362	482
1 698	1 559	1 698	Primary Capital Fund	1 698	1 559	1 698
32	34	34	Value Adjustment Fund	34	34	32
8	11	8	Fund for Unrealised Gains	8	11	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	199	183	Other equity capital/result from ordinary operations after tax	100	137	0
3 417	3 134	3 373	Total equity	3 290	3 072	3 325
-33	-31	-32	Deferred tax, goodwill and intangible assets, other	-34	-31	-33
-32	-34	-34	Value Adjustment Fund	-34	-34	-32
-8	-11	-8	Fund for Unrealised Gains	-8	-11	-8
-10	-11	-10	50 % deduction for equity capital in other financial institutions	-10	-12	-11
493	477	493	Capital bonds	493	477	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	-90	-90	Result from ordinary operations after tax	-100	-137	0
3 692	3 434	3 692	Total core capital	3 597	3 324	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	14	14	45 % addition for net unrealised gains on shares, unit trust certificates and ECs available for sale	14	15	14
-10	-10	-10	50 % deduction for equity capital in other financial institutions	-10	-10	-11
483	483	303	Total supplementary capital	303	484	483
4 175	3 917	3 995	Net equity and subordinated loan capital	3 900	3 808	4 081
1 717	1 608	1 533	Discrepancy relating to net equity and related capital - minimum requirement 8 per cent	1 583	1 615	1 728
			Capital adequacy as a percentage of the weighted asset calculation basis:			
13.60	13.60	12.95	Capital adequacy ratio	13.45	13.90	13.88
12.01	11.90	12.00	Core capital ratio	12.40	12.13	12.25
30 750	28 860	30 775	Risk-weighted assets (calculation basis for capital adequacy ratio)	28 990	27 400	29 400
			Minimum equity and related capital requirement according to Basel II calculated in accordance with the Standard Approach:			
2 289	2 309	2 462	Total minimum requirement (8 %) for equity and related capital	2 317	2 193	2 352

GROUP				PARENT BANK		
2011	31.03.11	31.03.12		31.03.12	31.03.11	2011
0	0	0	Commitments involving states and central banks	0	0	0
1	3	2	Commitments involving local and regional authorities	2	3	1
16	15	16	Commitments involving public sector companies	19	15	16
35	55	37	Commitments involving institutions (banks etc.)	170	45	150
871	803	892	Commitments involving companies (corporate customers)	836	773	845
321	310	258	Commitments involving mass market (retail banking customers)	272	310	292
672	573	591	Commitments involving mortgage on residential property	315	436	444
261	267	375	Commitments involving mortgage on commercial property	375	267	261
18	8	18	Commitments due for payment	18	8	18
0	0	0	Commitments involving high risk (investment funds)	0	0	0
13	9	15	Commitments involving covered bonds	31	32	34
96	108	105	Other commitments	133	152	137
2 304	2 155	2 309	Capital requirement – credit-/counterpart- and impairment risk	2 171	2 041	2 198
0	0	0	Debt	0	0	0
0	0	0	Equity	0	0	0
0	5	0	Foreign exchange	0	5	0
0	0	0	Goods	0	0	0
0	5	0	Capital requirement – position-/foreign exchange- and commercial risk	0	5	0
167	162	167	Operational risk (basis method)	160	160	160
-13	-13	-13	Deductions from the capital requirement	-13	-13	-13

Highlights - Development - Group

QUARTERLY RESULTS

NOK million	1. q. 2012	4. q. 2011	3. q. 2011	2. q. 2011	1. q. 2011
Net interest and credit commission income	222	231	235	221	222
Total other operating income	61	54	37	74	49
Total operating costs	148	145	137	140	140
Result before losses	135	140	135	155	131
Losses on loans, guarantees etc.	10	27	14	-6	5
Result before tax	125	113	121	161	126
Tax payable on ordinary result	35	30	34	44	36
Result from ordinary operations after tax	90	83	87	117	90

As a percentage of average assets	1. q. 2012	4. q. 2011	3. q. 2011	2. q. 2011	1. q. 2011
Net interest and credit commission income	1.87	1.90	2.02	1.93	1.99
Total other operating income	0.51	0.45	0.32	0.65	0.44
Total operating costs	1.25	1.19	1.18	1.23	1.25
Result before losses	1.13	1.16	1.16	1.35	1.18
Losses on loans, guarantees etc.	0.08	0.22	0.12	-0.05	0.04
Result before tax	1.05	0.94	1.04	1.40	1.14
Tax payable on ordinary result	0.30	0.26	0.29	0.39	0.32
Result from ordinary operations after tax	0.75	0.68	0.75	1.01	0.82

RESULT

NOK million	31.03.12	31.03.11	2011
Net interest and credit commission income	222	222	909
Total other operating income	61	49	214
Total operating costs	148	140	562
Result before losses	135	131	561
Losses on loans, guarantees etc.	10	5	40
Result before tax	125	126	521
Tax payable on ordinary result	30	36	144
Result from ordinary operations after tax	90	90	377

As a percentage of average assets	31.03.12	31.03.11	2011
Net interest and credit commission income	1.87	1.99	1.96
Total other operating income	0.51	0.44	0.46
Total operating costs	1.25	1.25	1.21
Result before losses	1.13	1.18	1.21
Losses on loans, guarantees etc.	0.08	0.04	0.09
Result before tax	1.05	1.14	1.12
Tax payable on ordinary result	0.30	0.32	0.31
Result from ordinary operations after tax	0.75	0.82	0.81

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