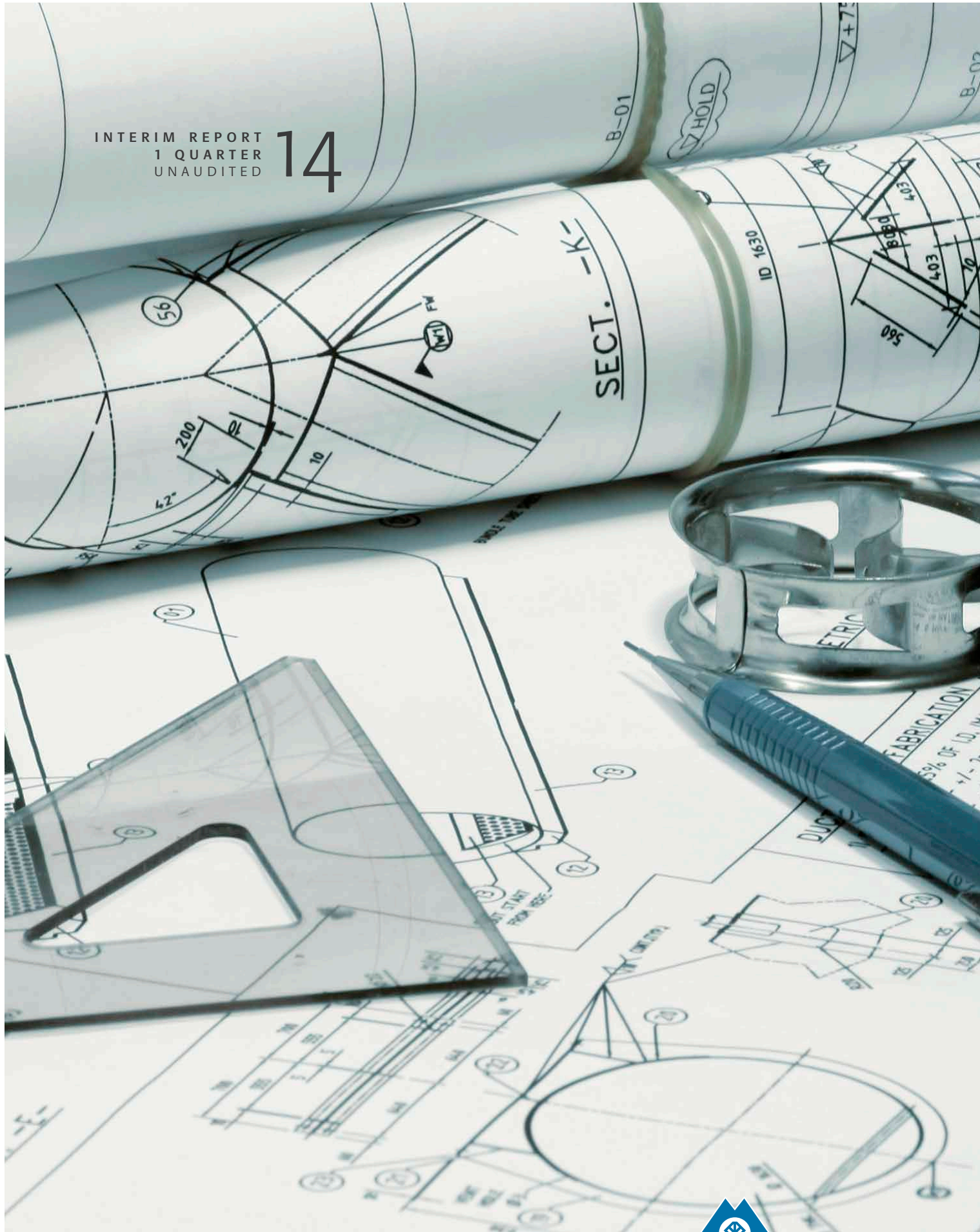


INTERIM REPORT
1 QUARTER
UNAUDITED

14



SPAREBANKEN MØRE

Contents

3	Financial highlights - Group
4	Interim report from the Board of Directors
	The Financial Statements - Group
7	Statement of income - Group
8	Statement of financial position - Group
9	Statement of equity - Group
11	Statement of cash flow - Group
12	Notes to the Accounts - Group
24	Statement of income - Parent Bank
25	Statement of financial position - Parent Bank
26	Profit performance - Group

Business-oriented design has become an increasingly important factor in boosting the competitiveness of business and industry and further developing the Norwegian private sector. Combining innovation and design is crucial in order to create products that will stand out from the competition. The Ulstein Group with its X-BOW, Jets Vacuum with its Jets Pearl and Stokke with its Stokke Crusi pram/push chair are examples of products from our region that have made a mark globally because of their innovative design.

Financial highlights - Group

Income statement

(NOK million)	Q1 2014	%	Q1 2013	%	2013	%
Net interest income	269	1.98	236	1.85	1 042	2.00
Other operating income	43	0.32	38	0.30	174	0.34
Net return from financial investments	17	0.12	5	0.04	28	0.05
Total income	329	2.42	279	2.19	1 244	2.39
Operating costs	143	1.05	155	1.21	569	1.09
Profit before losses	186	1.37	124	0.98	675	1.30
Losses on loans, guarantees etc.	6	0.04	7	0.05	54	0.10
Pre tax profit	180	1.33	117	0.93	621	1.20
Taxes	48	0.35	33	0.25	171	0.33
Profit after tax	132	0.98	84	0.68	450	0.87

Statement of financial position

(NOK million)	31.03.14	% change during Q1 2014	31.12.13	% change during last 12 months
Total assets	54 339	-0.5	54 627	3.8
Average assets	54 422	4.5	52 104	4.5
Loans to and receivables from customers	45 960	-0.4	46 122	2.9
Deposits from and liabilities to customers	28 284	0.8	28 056	1.5

Key figures

	Q1 2014	Q1 2013	2013
Return on equity (annualised)	12.1	9.6	11.6
Cost as a percentage of income	43.5	55.5	45.7
Losses as a percentage of loans 1.1/start of the period	0.05	0.06	0.12
Problem loans as a percentage of loans (prior to impairment)	1.21	1.18	1.16
Problem loans as a percentage of loans (after impairment)	0.84	0.82	0.80
Deposits to lending ratio as a percentage	61.5	62.4	60.8
Core capital as a percentage ^{1) 2)}	15.80	13.40	15.48
Core tier 1 capital as a percentage ^{1) 2)}	12.80	10.40	12.50
Man-years	382	397	391
EC (numbers refer to the Parent Bank):			
Profit per EC (Parent Bank) (NOK)	11.77	8.30	18.45
EC fraction 1.1 as a percentage (Parent Bank)/average for 2013	49.6	46.0	47.7
Price at Oslo Stock Exchange (NOK)	196	185	198
Price/Book value (P/B) (Group) ³⁾	0.87	0.85	0.89

1) Standard method in Basel II

2) Incl. 50 per cent of profit after tax

3) Incl. 100 per cent of profit after tax

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.

Financial statements are prepared in accordance with IFRS and the interim report has been prepared in conformity with IAS 34 Interim Financial Reporting.

RESULTS Q1 2014

Sparebanken Møre's pre-tax profit for Q1 2014 was NOK 180 million, compared to NOK 117 million for Q1 2013. The profit after tax amounted to NOK 132 million, or 0.98 % of average total assets, compared to NOK 84 million, or 0.68 %, for the corresponding quarter last year.

The consolidated result represents an annualised return on equity of 12.1 %. This is an increase of 2.5 percentage points in relation to the corresponding quarter in 2013. The long-term yield on Norwegian Treasury Bonds averaged 2.87 % in Q1 2014. The bank's goal is to deliver a return on equity of at least 6 percentage points above this.

The earnings per equity certificate (Parent Bank) after the year's first quarter amounted to NOK 11.77, compared to NOK 8.30 for the same period last year.

Sparebanken Møre is one of the 186 Norwegian and Danish banks that have signed a contract to sell their stakes in Nets Holding AS to a consortium consisting of Advent

International, ATP and Bain Capital. Sparebanken Møre's stake amounts to 0.8567 % and the Bank's share of the proceeds from the sale will be about NOK 161.5 million. At the start of 2014, the book value of these shares was about NOK 81 million. At the end of Q1 2014, the value of these shares has been adjusted upwards by about NOK 80 million in line with the signed sales contract. The effect on the result of this change in value is recognised in other comprehensive income in the financial statements, see page 7. Total comprehensive income at the end of Q1 2014 is thus, isolated for this effect, NOK 80 million higher than the ordinary interim result. The transaction is expected to be completed in Q2 2014 and the effect on the result will be included the Group's ordinary result at that time. The transaction is contingent on the necessary approval of the authorities.

The Board of Directors is pleased with the results for Q1 2014.

Net interest income

The net interest and credit commission income of NOK 269 million was NOK 33 million higher than in the corresponding quarter last year. This represents 1.98 % of total assets, which is 0.13 percentage points higher than in Q1 2013.

Net interest income as a percentage of total assets decreased by 0.12 percentage points in relation to Q4 2013. One of the reasons

for this was that there were fewer interest days in Q1 2014, however at the same time it underscores the fact that the markets for both loan and deposit customers are highly competitive. The interest contribution from equity remains low due to the generally low level of interest rates in the market.

Other operating income

Other operating income amounted to NOK 60 million, which is NOK 17 million higher than in the first quarter of last year. Other operating income amounted to 0.44 % of average total assets, 0.10 percentage points higher than in the corresponding period in 2013. The change is primarily attributable to higher value of Sparebanken Møre's financial investments.

Costs

Operating costs in the quarter amounted to NOK 143 million, which is NOK 12 million lower than in the same quarter last year. The focus on rationalisation will continue in 2014. Personnel costs were NOK 2 million higher in 2014 than in 2013, while administration costs and other costs were reduced by NOK 14 million. The total workforce was reduced by 15 full time equivalent positions in the period to 382 full time equivalents.

The costs/income ratio for Q1 2014 was 43.5 %. This represents a decrease of 12 percentage points compared with the same quarter last year. Sparebanken Møre's target is to hold the costs/income ratio below 50%.

Losses and defaults

The quarter's accounts were charged NOK 6 million in losses on loans and guarantees. This amounts to 0.04 % of average total assets on an annual basis. The corresponding figures for Q1 2013 were NOK 7 million (0.05 %). All of the losses on loans and guarantees in Q1 2014 were in the corporate segment.

At the end of Q1 2014, total impairment for losses amounted to NOK 310 million, equivalent to 0.67 % of gross lending (NOK 303 million and 0.67 % of gross lending). NOK 29 million of the individual impairment involved commitments in default for more than 90 days (NOK 69 million), which amounts to 0.06 % of gross lending (0.15 %). NOK 141 million relates to other commitments (NOK 94 million), equivalent to 0.31 % of gross lending (0.21 %). Collective impairment have remained unchanged since Q4 2013 and amounted to NOK 140 million (NOK 140 million), or 0.30 % of gross lending (0.31 %).

Net impaired commitments (loans that have been in default for more than 90 days and loans that are not in default but which have been subject to an individual impairment for losses) show an increase over the last 12 months of NOK 22 million. At the end of Q1 2014, the corporate market accounted for NOK 307 million of net impaired commitments, and the retail market NOK 80 million. Net impaired com-

mitments thus amounted to NOK 387 million (NOK 365 million) or 0.84 % of gross lending (0.82 %).

Net commitments in default for more than 3 months at the end of Q1 2014 amounted to NOK 103 million (NOK 149 million), a reduction from 0.43 % to 0.22 % in the last 12 months.

Lending and deposit growth

At the end of Q1 2014, total assets amounted to NOK 54 339 million. Total assets have grown by 3.8 % in the last 12 months. Net lending to customers amounted to NOK 45 960 million, which represents an increase of 2.9 % in the last 12 months. Lending in the retail market has increased by 8.8 % and corporate lending decreased by 7.0 % in relation to Q1 2013. Retail lending accounted for 66.4 % of lending at the end of Q1 2014 (62.9 %).

In the last 12 months, deposits have grown by 1.5 % and amounted at the end of Q1 2014 to NOK 28 284 million. Deposits from retail customers grew by 4.2 % in the last 12 months, deposits from corporate customers fell by 0.5 %, and deposits from the public sector fell by 20.3 %. The retail market's relative share of deposits amounted to 57.0 % (55.6 %), while deposits from corporate customers accounted for 40.0 % (40.7 %) and public sector customers 3.0 % (3.7 %).

Deposits as a percentage of loans amounted to 61.5 % at the end of Q1 2014.

CAPITAL ADEQUACY

Sparebanken Møre's core tier 1 capital must comply with the announced regulatory plan for the escalation of capital. The Group calculates capital adequacy using the standard approach in Basel II. There is no proposal to classify Sparebanken Møre as a systemically critical institution.

At the end of Q1 2014, with 50 % of the year-to-date accrued profit included, Sparebanken Møre exceeds the regulatory capital requirements by a good margin. The capital adequacy ratio is 17.35 % (14.90 %), core capital 15.80 % (13.40 %), of which core tier 1 capital amounts to 12.80 % (10.40 %).

SUBSIDIARIES

The aggregate profit of the Bank's three subsidiaries amounted to NOK 48 million after tax in Q1 2014 (NOK 28 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The mortgage company's main purpose is to issue covered bonds for sale to Norwegian and international investors. To date the company has raised NOK 13 billion in funding for the Group. The mortgage company's contribution to the result in Q1 2014 was NOK 48 million (NOK 29 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has made no contribution to the overall result to date in 2014 (NOK -1 million). At the end of the quarter, the work done in the company was equivalent to 18 full time equivalent positions.

Sparebankeiendom AS's purpose is to own and manage the Bank's business properties. The company made no contribution to the result in either Q1 2013 or 2014. The company has no employees.

EQUITY CERTIFICATES

At the end of the quarter, there were 6 019 owners of Sparebanken Møre's equity certificates. 9 886 954 equity certificates

have been issued. Equity capital accounts for 49.6 % of the Bank's total equity. Note 8 contains an overview of the 20 largest owners of the Bank's equity certificates. At the end of the quarter, the Bank owned 104 215 of its own equity certificates. These were procured via the Oslo Stock Exchange at market price.

FUTURE PROSPECTS

There has been no significant change in the outlook for the international economy in the last few months. The situation in the Norwegian economy is satisfactory. Unemployment is low and the level of activity in most sectors, including the public sector, is high. However, growth is currently low. GDP growth in mainland Norway, i.e. the Norwegian economy excluding oil activities

and international shipping, will probably be around 2 %, or slightly lower, this year. In 2015 however, growth is expected to be a bit higher. GDP growth in mainland Norway will probably rise to about 2.5 %, due to the better international economic situation. Household consumption may also increase in light of the expected development in disposable real incomes. Finally, a NOK exchange rate on a par with today's will contribute to higher exports by improving the competitiveness of the export industry. In light of this it is likely that output and demand in Møre og Romsdal will remain high. However, the growth is unlikely to be strong enough to prevent a slight increase in unemployment.

Ålesund 31 March 2014

6 May 2014

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Leif-Arne Langøy
CHAIRMAN

Roy Reite
DEPUTY CHAIRMAN

Ragna Brenne Bjerkeset

Henning Sundet

Elisabeth Maråk Støle

Ingvild Vartdal

Turid Håndlykken Sylte

Olav Arne Fiskerstrand
CEO

STATEMENT OF INCOME - GROUP

Amounts in NOK million	Notes	Q1 2014	Q1 2013	2013
Interest income		560	561	2 221
Interest costs		291	325	1 179
Net interest income	7	269	236	1 042
Commission income and revenues from banking services		44	40	174
Commission costs and expenditure from banking services		7	8	28
Other operating income		6	6	28
Net commission and other operating income		43	38	174
Dividends		4	0	10
Net gains/losses from financial instruments	4	13	5	18
Net return from financial instruments		17	5	28
Total income		329	279	1 244
Wages, salaries etc.		82	80	313
Administration costs		33	43	133
Depreciation, impairment and changes in value of non-financial assets		6	8	28
Other operating costs		22	24	95
Total operating costs		143	155	569
Profit before impairment on loans		186	124	675
Impairment on loans, guarantees etc.	3	6	7	54
Pre tax profit		180	117	621
Taxes		48	33	171
Profit after tax		132	84	450
Profit per EC (NOK)		6.62	4.95	21.65
Diluted earnings per EC (NOK)		6.62	4.95	21.65
Distributed dividend per EC (NOK)		0	0	12

STATEMENT OF COMPREHENSIVE INCOME - GROUP

Amounts in NOK million	Q1 2014	Q1 2013	2013
Profit after tax	132	84	450
Other income/costs reversed in ordinary profit:			
Equities available for sale - changes in value	77	4	7
Other income/costs not reversed in ordinary profit:			
Pension estimate deviations	0	0	-36
Tax effect of pension estimate deviations	0	0	9
Total comprehensive income after tax	209	88	431

STATEMENT OF FINANCIAL POSITION - GROUP

Amounts in NOK million	Notes	31.03.14	31.03.13	31.12.13
Assets				
Cash and claims on Norges Bank		822	603	1 281
Loans to and receivables from credit institutions	7	561	525	715
Net loans to and receivables from customers	2, 3, 7	45 960	44 647	46 122
Certificates and bonds	5, 7	5 583	4 896	5 073
Financial derivatives		245	558	404
Shares and other securities	5	292	211	215
Intangible assets		19	22	21
Fixed assets		268	291	268
Other assets		116	374	173
Prepayments and accrued income		473	216	355
Total assets		54 339	52 343	54 627
Liabilities and equity				
Loans and deposits from credit institutions	7	329	2 139	1 107
Deposits from customers	2, 7	28 284	27 868	28 056
Debt securities issued		18 446	15 432	18 334
Financial derivatives		209	436	354
Other liabilities		565	721	493
Incurred costs and prepaid income		451	505	262
Other provisions for incurred liabilities and costs		35	78	32
Perpetual Hybrid Tier 1 capital		1 000	1 002	999
Subordinated loan capital		499	500	499
Total liabilities		49 818	48 681	50 136
EC capital	8	989	784	989
ECs owned by the Bank		-10	0	-4
Share premium		353	189	353
Paid-in equity		1 332	973	1 338
Primary capital fund		1 931	1 839	1 935
Gift fund		125	0	125
Dividend equalisation fund		682	594	684
Value adjustment fund		47	40	47
Fund for unrealised gains		0	1	0
Other equity		196	128	362
Total comprehensive income after tax		209	88	-
Retained earnings		3 189	2 689	3 153
Total equity		4 521	3 662	4 491
Total liabilities and equity		54 339	52 343	54 627
Off-balance sheet items:				
Guarantees		1 292	1 681	1 433

STATEMENT OF EQUITY - GROUP

31.03.2014	Total equity	EC capital	Share premium	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Fund for unrealised gains	Other equity
Equity as at 31.12.13	4 491	985	353	1 935	125	684	47	0	362
Changes in own equity certificates	-12	-6		-4		-2			
Distributed dividend to the EC holders	-79								-79
Distributed dividend to the local community	-87								-87
Total comprehensive income after tax	209								209
Equity as at 31.03.14	4 521	979	353	1 931	125	682	47	0	405

31.03.2013	Total equity	EC capital	Share premium	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Fund for unrealised gains	Other equity
Equity as at 31.12.12	3 761	775	186	1 835	0	592	40	1	332
Changes in own equity certificates	18	9	3	4		2			
Distributed dividend to the EC holders	-94								-94
Distributed dividend to the local community	-110								-110
Total comprehensive income after tax	88								88
Equity as at 31.03.13	3 662	784	189	1 839	0	594	40	1	216

STATEMENT OF EQUITY - GROUP

31.12.2013	Total equity	EC capital	Share premium	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Fund for unrealised gains	Other equity
Equity as at 31.12.12	3 761	775	186	1 835	0	592	40	1	332
Changes in own equity certificates	10	5	3	1		1			
Distributed dividend to the EC holders	-94								-94
Distributed dividend to the local community	-110								-110
Issues	369	205	164						
Gift fund *)	125				125				
Equity before allocation of profit for the year	4 061	985	353	1 836	125	593	40	1	128
Change in value of debt securities through the income statement	-1							-1	
Allocated to the primary capital fund	113			113					
Allocated to the dividend equalisation fund	104					104			
Allocated to other equity	68								68
Proposed dividend allocated for the EC holders	79								79
Proposed dividend allocated for the local community	87								87
Distributed profit for the year	450			113		104		-1	234
Equities available for sale - changes in value	7						7		
Pension estimate deviations	-36			-19		-17			
Tax effect of pension estimate deviations	9			5		4			
Total other income and costs from comprehensive income	-20			-14		-13	7		
Total comprehensive income after tax	431			99		91	7	-1	234
Equity as at 31.12.13	4 491	985	353	1 935	125	684	47	0	362

*) According to resolution by the Board of Trustees on 4 July 2013.

STATEMENT OF CASH FLOW - GROUP

	31.03.14	31.03.13	31.12.13
Cash flow from operating activities			
Interest, commission and fees received	800	824	2 395
Interest, commission and fees paid	-423	-338	-1 239
Dividend and group contribution received	4	0	10
Operating expenses paid	-124	-144	-554
Income taxes paid	-79	-75	-158
Changes relating to loans to and claims on other financial institutions	154	-237	-428
Changes relating to repayment of loans/leasing to customers	119	-732	-2 176
Changes in utilised credit facilities	39	-470	-511
Net cash flow from operating activities	490	-1 172	-2 661
Cash flow from investing activities			
Proceeds from the sale of certificates, bonds and other securities	462	1 108	4 927
Purchases of certificates, bonds and other securities	-979	-1 049	-4 486
Proceeds from the sale of fixed assets etc.	0	0	16
Purchase of fixed assets etc.	-3	-19	-13
Changes in other assets	190	644	274
Net cash flow from investing activities	-330	684	718
Cash flow from financing activities			
Net change in deposits from customers	228	788	975
Net change in deposits from Norges Bank and other financial institutions	-778	-380	-1 412
Proceeds from bond issues raised	700	500	7 227
Redemption of debt securities	-561	-488	-4 219
Dividend paid	0	-94	-94
Changes in other debt	-208	96	-291
Issues	0	0	369
Net cash flow from financing activities	-619	422	2 555
Net change in cash and cash equivalents	-459	-66	612
Cash balance at 01.01	1 281	669	669
Cash balance at 31.03/31.12	822	603	1 281

Notes to the Accounts

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 March 2014. The interim report has been prepared in compliance with IAS 34 Interim Reporting.

The accounts are presented in Norwegian kroner (NOK), which is also the Parent Bank's and subsidiaries' functional currency.

The interim report is prepared in accordance with accounting principles and methods applied in the 2013 financial statements, taking into account the changes and new standards which came into force in 2014.

As of 1 January 2014 the Group applies IAS 27 Separate Financial Statements, IAS 32 Financial Instruments - Presentation, IAS 39 Financial

Instruments - classification and measurement, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, as well as IFRS 12 Disclosure of Interests in Other Entities. The implementation of these new standards has not had a significant effect for the Group, including the Bank's or the Groups' financial position or profit.

Please see the Annual report 2013 for further description of accounting principles.

2 LOANS AND DEPOSITS TO CUSTOMERS BY SECTOR AND INDUSTRY

	LOANS			DEPOSITS		
	31.03.14	31.03.13	31.12.13	31.03.14	31.03.13	31.12.13
Broken down according to sectors						
Agriculture and forestry	472	485	488	173	173	152
Fisheries	2 960	3 144	2 965	347	536	380
Manufacturing	1 293	1 458	1 353	1 255	1 404	1 194
Building and construction	685	817	797	583	532	667
Wholesale and retail trade, hotels	632	722	581	600	619	669
Foreign shipping/supply	1 120	1 612	1 568	673	971	923
Property management	5 690	5 917	5 597	1 449	1 345	1 437
Professional/financial services	719	704	707	1 767	2 041	1 463
Transport and private/public services	1 697	1 587	1 603	1 865	1 695	1 855
Public entities	52	32	32	826	1 036	853
Activities abroad	131	114	162	4	7	5
Miscellaneous	115	146	121	2 617	2 017	2 459
Total corporate/public entities	15 566	16 739	15 974	12 159	12 387	12 057
Retail customers	30 704	28 204	30 454	16 125	15 481	15 999
Total loans/deposits	46 270	44 943	46 428	28 284	27 868	28 056
Individual impairment	-170	-156	-166			
Collective impairment	-140	-140	-140			
Loans to and receivables from customers	45 960	44 647	46 122			

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

	31.03.14	31.03.13	31.12.13
Losses on loans and guarantees			
Changes in individual impairment of loans and guarantees during the period	4	-5	1
Changes in collective impairment during the period	0	0	0
Confirmed losses during the period, previously impaired individually	4	5	40
Confirmed losses during the period, previously impaired on a general basis	1	8	24
Recoveries	3	1	11
Losses on loans, guarantees etc.	6	7	54
Individual impairment of loans			
Individual impairment of loans at 01.01	166	166	166
Confirmed losses during the period, previously impaired individually	4	5	40
Changes in individual impairment during the period	1	2	37
Individual impairment of new commitments during the period	11	2	38
Recoveries on individual impairment during the period	4	9	35
Individual impairment of loans at the end of the period	170	156	166
Collective impairment of loans			
Collective impairment of loans as at 01.01	140	140	140
Changes during the period	0	0	0
Collective impairment of loans at the end of the period	140	140	140
Individual provisions in respect of guarantees			
Individual provisions as at 01.01	2	2	2
Individual provisions during the period	0	5	0
Recovered on individual provisions during the period	0	0	0
Individual provisions at the end of the period	2	7	2

PROBLEM LOANS	31.03.14			31.03.13			31.12.13		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Problem loans prior to individual impairment:									
Commitments in default in excess of 3 months	132	66	66	218	80	136	152	66	86
Other bad and doubtful commitments subject to impairment	425	35	390	310	46	264	382	38	344
Total problem loans prior to individual impairment	557	101	456	528	126	402	534	104	430
Individual impairment on:									
Commitments in default in excess of 3 months	29	9	20	69	9	60	35	6	29
Other bad and doubtful commitments subject to impairment	141	12	129	94	15	79	131	14	117
Total individual impairment	170	21	149	163	24	139	166	20	146
Problem loans after individual impairment:									
Commitments in default in excess of 3 months	103	57	46	149	71	78	117	60	57
Other bad and doubtful commitments subject to impairment	284	23	261	216	31	185	251	24	227
Total problem loans less individual impairment	387	80	307	365	102	263	368	84	284
Total problem loans prior to individual impairment as a percentage of loans	1.21	0.33	2.93	1.18	0.45	2.42	1.16	0.34	2.71
Total problem loans less individual impairment as a percentage of loans	0.84	0.26	1.97	0.82	0.36	1.58	0.80	0.28	1.79

4 NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS

	31.03.14	31.03.13	31.12.13
Certificates and bonds	4	-4	-24
Securities	0	0	4
Foreign exchange trading (for customers)	6	7	26
Fixed income trading (for customers)	2	3	16
Change in credit spread FVO - securities-based debt	0	-1	-1
Financial derivatives	1	0	-3
Net change in value and gains/losses from financial instruments	13	5	18

5 FINANCIAL ASSETS AND LIABILITIES

The market value of the instruments traded in an active market is based on the traded price on the balance sheet date. For financial instruments not

traded in an active market, separate valuations are used based on current market conditions or alternatively, other valuations from other market

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

FINANCIAL ASSETS	31.03.14		31.03.13		31.12.13	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial assets at fair value through profit or loss:						
Loans to and receivables from customers	4 315	4 315	4 185	4 185	4 438	4 438
Certificates	199	199	11	11	31	31
Bonds	5 384	5 384	4 885	4 885	5 042	5 042
Shares and other securities	2	2	2	2	2	2
Financial derivatives	245	245	558	558	404	404
Loans and receivables at amortised cost:						
Cash and claims on Norges Bank	822	822	603	603	1 281	1 281
Loans to and receivables from credit institutions	561	561	525	525	715	715
Loans to and receivables from customers	41 645	41 645	40 462	40 462	41 684	41 684
Bonds	0	0	0	0	0	0
Financial assets available for sale:						
Shares and other securities	290	290	209	209	213	213

FINANCIAL LIABILITIES	31.03.14		31.03.13		31.12.13	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial liabilities at fair value through profit or loss:						
Certificates issued	0	0	0	0	0	0
Bonds issued	405	405	416	416	408	408
Deposits from and liabilities to customers	464	464	813	813	526	526
Financial derivatives	209	209	436	436	354	354
Financial liabilities at amortised cost subject to hedge accounting:						
Bonds issued	3 554	3 511	4 053	4 044	3 110	3 092
Perpetual Hybrid Tier 1 capital	359	300	359	300	355	299
Financial liabilities at amortised cost:						
Loans and deposits from credit institutions	329	329	2 139	2 139	1 107	1 107
Deposits from and liabilities to customers	27 820	27 820	27 055	27 055	27 530	27 530
Certificates issued	1 870	1 870	1 880	1 880	1 870	1 870
Bonds issued	12 779	12 661	9 213	9 093	13 047	12 964
Subordinated loan capital	517	499	503	501	514	499
Perpetual Hybrid Tier 1 capital	720	700	702	700	716	700
Swap arrangement for securities	0	0	1 681	1 681	634	634

31.03.2014	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Loans to and receivables from customers	0	0	4 315	4 315
Certificates	199	0	0	199
Bonds	1 609	3 775	0	5 384
Financial derivatives	0	245	0	245
Shares and other securities	2	0	0	2
Loans and receivables at amortised cost:				
Cash and claims on Norges Bank	822	0	0	822
Loans to and receivables from credit institutions	0	561	0	561
Loans to and receivables from customers	0	0	41 645	41 645
Financial assets available for sale:				
Shares and other securities	18	0	272	290
Total financial assets	2 650	4 581	46 232	53 463
Financial liabilities at fair value through profit or loss:				
Deposits from and liabilities to customers	0	0	464	464
Bonds issued	0	405	0	405
Financial derivatives	0	209	0	209
Financial liabilities at amortised cost subject to hedge accounting:				
Bonds issued	0	3 511	0	3 511
Perpetual Hybrid Tier 1 capital	0	300	0	300
Financial liabilities at amortised cost:				
Loans and deposits from credit institutions	0	329	0	329
Deposits from and liabilities to customers	0	0	27 820	27 820
Certificates issued	0	1 870	0	1 870
Bonds issued	0	12 661	0	12 661
Subordinated loan capital	0	499	0	499
Perpetual Hybrid Tier 1 capital	0	700	0	700
Swap arrangement for securities	0	0	0	0
Total financial liabilities	0	20 484	28 284	48 768

A change in the discount rate of 10 basis points will give an impact of about NOK 12.3 million on fixed rate loans and about NOK 0.2 million on fixed rate deposits.

RECONCILIATION OF CHANGES IN LEVEL 3	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Recorded value as at 31.12.2013	4 438	194	526
Additions/purchases/new volume	58	1	14
Sales/amortisation	65	0	76
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses recorded in the period	-116	77	0
Recorded value as at 31.03.2014	4 315	272	464

Some items in Level 3 might be included in interest rate and currency hedging in accordance with the Bank's risk management framework. Any related hedging contracts are located in Level 2.

31.03.2013	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Loans to and receivables from customers	0	0	4 185	4 185
Certificates	11	0	0	11
Bonds	1 294	3 591	0	4 885
Financial derivatives	0	558	0	558
Shares and other securities	2	0	0	2
Loans and receivables at amortised cost:				
Cash and claims on Norges Bank	603	0	0	603
Loans to and receivables from credit institutions	0	525	0	525
Loans to and receivables from customers	0	0	40 462	40 462
Financial assets available for sale:				
Shares and other securities	19	0	190	209
Total financial assets	1 929	4 674	44 837	51 440
Financial liabilities at fair value through profit or loss:				
Deposits from and liabilities to customers	0	0	813	813
Bonds issued	0	416	0	416
Financial derivatives	0	436	0	436
Financial liabilities at amortised cost subject to hedge accounting:				
Bonds issued	0	4 044	0	4 044
Perpetual Hybrid Tier 1 capital	0	300	0	300
Financial liabilities at amortised cost:				
Loans and deposits from credit institutions	0	2 139	0	2 139
Deposits from and liabilities to customers	0	0	27 055	27 055
Certificates issued	0	1 880	0	1 880
Bonds issued	0	9 093	0	9 093
Subordinated loan capital	0	501	0	501
Perpetual Hybrid Tier 1 capital	0	700	0	700
Swap arrangement for securities	0	1 681	0	1 681
Total financial liabilities	0	21 190	27 868	49 058

RECONCILIATION OF CHANGES IN LEVEL 3	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Recorded value as at 31.12.2012	3 807	184	952
Additions/purchases/new volume	458	0	43
Sales/amortisation	85	0	182
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses recorded in the period	5	6	0
Recorded value as at 31.03.2013	4 185	190	813

Some items in Level 3 might be included in interest rate and currency hedging in accordance with the Bank's risk management framework. Any related hedging contracts are located in Level 2.

31.12.2013	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Loans to and receivables from customers	0	0	4 438	4 438
Certificates	0	31	0	31
Bonds	1 560	3 482	0	5 042
Financial derivatives	0	404	0	404
Shares and other securities	2	0	0	2
Loans and receivables at amortised cost:				
Cash and claims on Norges Bank	1 281	0	0	1 281
Loans to and receivables from credit institutions	0	715	0	715
Loans to and receivables from customers	0	0	41 684	41 684
Financial assets available for sale:				
Shares and other securities	19	0	194	213
Total financial assets	2 862	4 632	46 316	53 810
Financial liabilities at fair value through profit or loss:				
Deposits from and liabilities to customers	0	0	526	526
Bonds issued	0	408	0	408
Financial derivatives	0	354	0	354
Financial liabilities at amortised cost subject to hedge accounting:				
Bonds issued	0	3 092	0	3 092
Perpetual Hybrid Tier 1 capital	0	299	0	299
Financial liabilities at amortised cost:				
Loans and deposits from credit institutions	0	1 107	0	1 107
Deposits from and liabilities to customers	0	0	27 530	27 530
Certificates issued	0	1 870	0	1 870
Bonds issued	0	12 964	0	12 964
Subordinated loan capital	0	499	0	499
Perpetual Hybrid Tier 1 capital	0	700	0	700
Swap arrangement for securities	0	634	0	634
Total financial liabilities	0	21 927	28 056	49 983

RECONCILIATION OF CHANGES IN LEVEL 3	Loans to and receivables from customers	Shares and other securities	Deposits from and liabilities to customers
Recorded value as at 31.12.2012	3 807	184	952
Additions/purchases/new volume	942	2	178
Sales/amortisation	180	0	608
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses recorded in the period	-131	8	4
Recorded value as at 31.12.2013	4 438	194	526

Some items in Level 3 might be included in interest rate and currency hedging in accordance with the Bank's risk management framework. Any related hedging contracts are located in Level 2.

6 OPERATING SEGMENTS

PROFIT Q1	Group		Eliminations/other		Corporate		Retail 1)		Real estate brokerage	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income	269	236	1	9	116	104	152	123	0	0
Other operating income	60	43	16	-1	18	18	21	22	5	4
Total income	329	279	17	8	134	122	173	145	5	4
Operating costs	143	155	23	39	28	27	87	84	5	5
Profit before impairment	186	124	-6	-31	106	95	86	61	0	-1
Impairment on loans, guarantees etc.	6	7	0	0	7	7	-1	0	0	0
Pre tax profit	180	117	-6	-31	99	88	87	61	0	-1
Taxes	48	33								
Profit after tax	132	84								

STATEMENT OF FINANCIAL POSITION	Group		Eliminations/other		Corporate		Retail 1)		Real estate brokerage	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Loans to customers	45 960	44 647	905	850	15 127	16 175	29 928	27 622	0	0
Deposits from customers	28 284	27 868	739	484	10 404	10 846	17 141	16 538	0	0
Guarantee liabilities	1 292	1 681	0	0	1 283	1 672	9	9	0	0
The deposit-to-loan ratio	61.5	62.4	0	0	68.8	67.1	57.3	59.9	0	0
Man-years	382	397	148	147	57	60	161	173	18	17

1) The subsidiary, Møre Boligkreditt AS, is part of the Bank's Retail segment. The mortgage company's main objective is to issue covered bonds for both national and international investors, and the company is part of Sparebanken Møre's long-term financing strategy. Key figures for Møre Boligkreditt AS are displayed in a separate table.

PROFIT Q1	Møre Boligkreditt AS	
	2014	2013
Net interest income	76	46
Other operating income	-4	0
Total income	72	46
Operating costs	7	6
Profit before impairment on loans	65	40
Impairment on loans, guarantees etc.	0	0
Pre tax profit	65	40
Taxes	17	11
Profit after tax	48	29

STATEMENT OF FINANCIAL POSITION	Møre Boligkreditt AS	
	31.03.14	31.03.13
Loans to and receivables from customers	14 700	11 554

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:

	31.03.14	31.03.13	31.12.13
Statement of income			
Interest and credit commission income from subsidiaries	10	9	64
Received dividend and group contribution from subsidiaries	152	87	87
Rent paid to Sparebankeiendom AS	4	4	17
Administration fee received from Møre Boligkreditt AS	5	4	19
Statement of financial position			
Claims on subsidiaries	1 324	1 429	1 292
Covered bonds	10	1 776	673
Liabilities to subsidiaries	121	240	550
Accumulated loan portfolio transferred to Møre Boligkreditt AS	14 701	11 555	14 864

8 EC CAPITAL

THE 20 LARGEST EC HOLDERS IN SPAREBANKEN MØRE AS AT 31.03.14	NUMBER OF ECS	PERCENTAGE SHARE OF EC CAPITAL
Sparebankstiftelsen Tingvoll	925 315	9.36
Verdipapirfond Pareto Aksje Norge	533 388	5.39
MP Pensjon	478 282	4.84
VPF Nordea Norge Verdi	251 973	2.55
Wenaasgruppen AS	250 000	2.53
Pareto AS	229 189	2.32
Verdipapirfond Pareto Aktiv	225 341	2.28
FLPS - Princ All Sec	196 992	1.99
VPF Fondsinans Spar	170 000	1.72
Beka Holding AS	150 100	1.52
Bergen Kommunale Pensjonskasse	150 000	1.52
Farstad Shipping ASA	126 909	1.28
Lapas AS (Leif-Arne Langøy)	105 500	1.07
Atlantis Vest AS	104 744	1.06
Sparebanken Møre	104 215	1.05
Pareto Verdi Verdipapirfond	101 377	1.03
Odd Slyngstad	84 773	0.86
Sparebankstiftelsen Helgeland	80 000	0.81
Stiftelsen Kjell Holm	60 474	0.61
Forsvarets Personellservice	57 760	0.58
Total 20 largest	4 386 332	44.36
Total	9 886 954	100.00

9 CAPITAL ADEQUACY

	31.03.14	31.03.13	31.12.13
EC capital	989	784	989
- ECs owned by the Bank	-10	0	-4
Share premium	353	189	353
Dividend equalisation fund	682	594	684
Gift fund	125	0	125
Primary capital fund	1 931	1 839	1 935
Value adjustment fund	47	40	47
Fund for unrealised gains	0	1	0
Proposed dividend for the EC holders	0	0	79
Proposed dividend for the local community	0	0	87
Other equity/accumulated profit for the period	404	212	196
Total equity	4 521	3 659	4 491
Deferred tax, goodwill and intangible assets	-19	-22	-41
Value adjustment fund	-47	-40	-47
Fund for unrealised gains	0	-1	0
50 % deduction for equity in other financial institutions	-14	-11	-10
Perpetual Hybrid Tier 1 capital	1 000	1 002	999
Surplus financing of pension	-70	-83	-55
Proposed dividend for the EC holders	0	0	-79
Proposed dividend for the local community	0	0	-87
Accumulated profit for the period	-209	-84	0
Total core capital	5 163	4 420	5 171
Supplementary capital:			
Subordinated loan capital of limited duration	499	500	499
45 % addition for net unrealised gains on shares, unit trust certificates and ECs available for sale	20	18	20
50 % deduction for equity in other financial institutions	-14	-11	-10
Total supplementary capital	505	507	509
Net equity and subordinated loan capital	5 668	4 927	5 680
Capital adequacy as a percentage of the weighted asset calculation basis:			
Capital adequacy ratio	17.03	14.80	17.02
Capital adequacy ratio incl. 50 per cent of the profit for the period	17.35	14.90	-
Core capital ratio	15.51	13.30	15.48
Core capital ratio incl. 50 per cent of the profit for the period	15.80	13.40	-
Core tier 1 capital	12.51	10.28	12.50
Core tier 1 capital incl. 50 per cent of the profit for the period	12.80	10.40	-
Risk-weighted assets (calculation basis for capital adequacy ratio)	33 280	33 260	33 410

Capital requirement – credit-/counterpart- and impairment risk	31.03.14	31.03.13	31.12.13
Commitments involving states and central banks	0	0	0
Commitments involving local and regional authorities	5	13	6
Commitments involving public sector companies	22	18	22
Commitments involving institutions (banks etc.)	36	27	37
Commitments involving companies (corporate customers)	786	879	832
Commitments involving mass market (retail banking customers)	271	278	272
Commitments involving mortgage on residential property	1 245	1 141	1 222
Commitments due for payment	11	17	13
Commitments involving covered bonds	19	15	15
Other commitments	103	107	92
Capital requirement – credit-/counterpart- and impairment risk	2 498	2 495	2 511
Debt	0	0	0
Equity	0	0	0
Foreign exchange	0	0	0
Goods	0	0	0
Capital requirement – position-/foreign exchange- and commercial risk	0	0	0
Operational risk (basis method)	179	176	176
Deductions from the capital requirement	-14	-10	-14

STATEMENT OF INCOME - PARENT BANK

Amounts in NOK million	Q1 2014	Q1 2013	2013
Interest income	419	465	1 768
Interest costs	225	274	961
Net interest income	194	191	807
Commission income and revenues from banking services	44	41	175
Commission costs and expenditure from banking services	7	8	29
Other operating income	6	6	23
Net commission and other operating income	43	39	169
Dividends	155	87	96
Net gains/losses from financial instruments	17	5	22
Net return from financial instruments	172	92	118
Total income	409	322	1 094
Wages, salaries etc.	78	77	297
Administration costs	32	43	133
Depreciation, impairment and changes in value of non-financial assets	5	6	24
Other operating costs	23	26	92
Total operating costs	138	152	546
Profit before impairment on loans	271	170	548
Impairment on loans, guarantees etc.	6	7	54
Pre tax profit	265	163	494
Taxes	30	21	112
Profit after tax	235	142	382
Profit per EC (NOK)	11.77	8.30	18.45
Diluted earnings per EC (NOK)	11.77	8.30	18.45
Distributed dividend per EC (NOK)	0	0	12

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK

Amounts in NOK million	Q1 2014	Q1 2013	2013
Profit after tax	235	142	382
Other income/costs reversed in ordinary profit:			
Equities available for sale - changes in value	77	4	7
Other income/costs not reversed in ordinary profit:			
Pension estimate deviations	0	0	-36
Tax effect of pension estimate deviations	0	0	9
Total comprehensive income after tax	312	146	362

STATEMENT OF FINANCIAL POSITION - PARENT BANK

Amounts in NOK million	31.03.14	31.03.13	31.12.13
Assets			
Cash and claims on Norges Bank	822	603	1 281
Loans to and receivables from credit institutions	1 728	1 786	1 846
Net loans to and receivables from customers	31 417	33 253	31 416
Certificates and bonds	5 187	6 673	5 540
Financial derivatives	95	463	246
Shares and other securities	292	211	215
Equity stakes in group companies	1 071	521	721
Intangible assets	25	21	27
Fixed assets	56	77	56
Other assets	116	339	177
Prepayments and accrued income	416	215	318
Total assets	41 225	44 162	41 843
Liabilities and equity			
Loans and deposits from credit institutions	432	2 365	1 637
Deposits from customers	28 301	27 882	28 076
Debt securities issued	5 435	7 173	5 309
Financial derivatives	209	436	351
Other liabilities	497	678	426
Incurring costs and prepaid income	392	468	219
Other provisions for incurred liabilities and costs	32	65	32
Perpetual Hybrid Tier 1 capital	1 000	1 002	999
Subordinated loan capital	499	500	499
Total liabilities	36 797	40 569	37 548
EC capital	989	784	989
ECs owned by the Bank	-10	0	-4
Share premium	353	189	353
Paid-in equity	1 332	973	1 338
Primary capital fund	1 931	1 839	1 935
Gift fund	125	0	125
Dividend equalisation fund	682	594	684
Value adjustment fund	47	40	47
Fund for unrealised gains	0	1	0
Other equity	0	0	166
Total comprehensive income after tax	312	146	-
Retained earnings	3 096	2 620	2 957
Total equity	4 428	3 593	4 295
Total liabilities and equity	41 225	44 162	41 843
Off-balance sheet items:			
Guarantees	1 292	1 681	1 433

Profit performance - Group

QUARTERLY PROFIT

Amounts in NOK million	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	269	281	267	258	236
Other operating income	60	56	52	51	43
Total operating costs	143	127	143	145	155
Profit before impairment on loans	186	210	176	164	124
Impairment on loans, guarantees etc.	6	26	15	6	7
Pre tax profit	180	184	161	158	117
Taxes	48	53	42	42	33
Profit after tax	132	131	119	116	84

As a percentage of average assets

Net interest income	1.98	2.10	2.04	2.00	1.85
Other operating income	0.44	0.42	0.40	0.40	0.34
Total operating costs	1.05	0.95	1.09	1.13	1.21
Profit before impairment on loans	1.37	1.57	1.35	1.27	0.98
Impairment on loans, guarantees etc.	0.04	0.19	0.11	0.05	0.05
Pre tax profit	1.33	1.38	1.24	1.22	0.93
Taxes	0.35	0.40	0.33	0.32	0.25
Profit after tax	0.98	0.98	0.91	0.90	0.68

ACCUMULATED PROFIT

Amounts in NOK million	31.03.14	31.03.13	31.12.13
Net interest income	269	236	1 042
Other operating income	60	43	202
Total operating costs	143	155	569
Profit before impairment on loans	186	124	675
Impairment on loans, guarantees etc.	6	7	54
Pre tax profit	180	117	621
Taxes	48	33	171
Profit after tax	132	84	450

As a percentage of average assets

Net interest income	1.98	1.85	2.00
Other operating income	0.44	0.34	0.39
Total operating costs	1.05	1.21	1.09
Profit before impairment on loans	1.37	0.98	1.30
Impairment on loans, guarantees etc.	0.04	0.05	0.10
Pre tax profit	1.33	0.93	1.20
Taxes	0.35	0.25	0.33
Profit after tax	0.98	0.68	0.87



SPAREBANKEN MØRE

Keiser Wilhelms gate 29/33

P.O.Box 121 Sentrum, NO-6001 Ålesund

Telephone +47 70 11 30 00

Telefax +47 70 12 26 70

Design: Havnevik AS

Photo: iStock

sbm.no