UNAUDITED INTERIM REPORT

4 QUARTER 2018

SPAREBANKEN MØRE

Financial highlights Group

Income statement

	Q4 2018		Q4 2017		2018		2017	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	309	1.76	290	1.76	1 179	1.70	1 100	1.72
Net commission and other operating income	52	0.29	51	0.31	207	0.30	194	0.30
Net return from financial investments	4	0.03	7	0.04	41	0.06	48	0.08
Total income	365	2.08	348	2.11	1 427	2.06	1 342	2.10
Total operating costs	152	0.86	144	0.88	603	0.87	590	0.92
Profit before impairment on loans	213	1.22	204	1.23	824	1.19	752	1.18
Impairment on loans, guarantees etc.	12	0.07	-1	-0.01	16	0.02	13	0.02
Pre-tax profit	201	1.15	205	1.24	808	1.17	739	1.16
Tax	60	0.34	48	0.29	203	0.29	182	0.28
Profit after tax	141	0.81	157	0.95	605	0.88	557	0.88

Statement of financial position

(NOK million)	31.12.2018	% change during last 12 months	31.12.2017
Total assets	71 074	6.9	66 491
Average assets	69 373	8.4	64 000
Loans to and receivables from customers	60 346	6.1	56 867
Gross loans to retail customers	41 917	5.3	39 817
Gross loans to corporate and public entities	18 616	8.4	17 168
Deposits from customers	34 414	4.9	32 803
Deposits from retail customers	20 624	4.8	19 688
Deposits from corporate and public entities	13 790	5.3	13 101

Key figures

	Q4 2018	Q4 2017	2018	2017
Return on equity (annualised) 4)	9.7	11.5	10.6	10.4
Cost income ratio	41.6	41.7	42.3	44.0
Losses as a percentage of loans (annualised)	0.08	-0.01	0.03	0.02
Gross problem loans as a percentage of loans	0.62	0.57	0.62	0.57
Net problem loans as a percentage of loans	0.46	0.40	0.46	0.40
Deposit-to-loan ratio	57.0	57.7	57.0	57.7
Liquidity Coverage Ratio (LCR)	158	159	158	159
Lending growth as a percentage	1.2	0.7	6.1	7.9
Deposit growth as a percentage	-0.8	-0.8	4.9	0.7
Capital adequacy ratio 1) 2)	19.6	18.4	19.6	18.4
Tier 1 capital ratio 1) 2)	17.6	16.8	17.6	16.8
Common Equity Tier 1 capital ratio (CET1) 1) 2)	16.0	15.0	16.0	15.0
Leverage Ratio (LR) 2)	8.1	8.2	8.1	8.2
Man-years	361	359	361	359

Equity Certificates (ECs)

	2018	2017	2016	2015	2014
Profit per EC (Group) (NOK) 3)	29.80	27.70	28.80	25.25	31.20
Profit per EC (Parent Bank) (NOK) 3)	28.35	27.00	29.85	25.70	29.10
EC fraction 1.1 as a percentage (Parent Bank)	49.6	49.6	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	283	262	254	188	216
Stock market value (NOK million)	2 798	2 590	2 511	1 859	2 136
Book value per EC (Group, incl. dividend) (NOK)	303	289	275	257	244
Dividend per EC (NOK)	15.50	14.00	14.00	11.50	13.50
Price/Earnings (Group, annualised)	9.5	9.4	8.8	7.3	7.4
Price/Book value (P/B) (Group) 3)	0.93	0.91	0.93	0.73	0.89

1) Calculated according to IRB in Basel II incl. transitional rule in Basel I. IRB for mass market from 31st March 2015 and IRB Foundation for corporate commitments from 30th June 2014.

2) Incl. proposed allocations

3) Calculated using the EC-holders' share (49.6 %) of the period's profit to be allocated to equity owners.

4) Calculated using the share of the profit to be allocated to equity owners.

Interim report from the Board of Directors

All figures relate to the Group. Figures in brackets refer to the corresponding period last year. The financial statements have been prepared in accordance with IFRS and the interim report has been prepared in conformity with IAS 34 Interim Financial Reporting.

RESULTS FOR Q4 2018

The profit after loss in the fourth quarter of 2018 amounted to NOK 201 million, or 1.15 per cent of average total assets, compared to NOK 205 million, or 1.24 per cent, for the corresponding quarter last year.

The profit after tax for the fourth quarter of 2018 amounted to NOK 141 million, or 0.81 per cent of average total assets, compared to NOK 157 million, or 0.95 per cent, for the corresponding quarter last year.

The return on equity in the fourth quarter of 2018 was 9.7 per cent, compared to 11.5 per cent for the fourth quarter of 2017.

Earnings per equity certificate amounted to NOK 7.00 (NOK 7.70) for the Group and NOK 5.00 (NOK 4.80) for the Parent Bank.

Net interest income

The net interest income of NOK 309 million was NOK 19 million higher than in the corresponding quarter of last year. This represents 1.76 per cent of total assets, the same as in the fourth quarter of 2017.

A higher lending volume combined with increased contribution from deposits as well as the Bank's high CET1 level resulted in higher net interest income in Norwegian kroner compared to the same quarter last year. Strong competition on both lending and deposits and reduced risk have contributed to pressure on the net interest margin.

Other operating income

Other operating income amounted to NOK 56 million, which is NOK 2 million lower than in the fourth quarter of last year. The changes in value in the bond portfolio and equities constitute capital losses of NOK 14 million in the quarter, compared to capital losses of NOK 1 million in the fourth quarter of 2017. Other operating income apart from financial instruments was on a par with the fourth quarter of 2017.

Costs

Operating costs in the quarter amounted to NOK 152 million, which is NOK 8 million higher than in the same quarter last year. Personnel costs were NOK 4 million higher than in the corresponding period last year and amounted to NOK 86 million. Staffing has increased by two full-time equivalents in the last 12 months to 361 full-time equivalents. Other operating costs increased by NOK 4 million from the same period last year.

The cost income ratio was 41.6 per cent in the fourth quarter of 2018, which represents a reduction of 0.1 percentage points compared to the fourth quarter last year.

Problem loans

NOK 12 million was recognised as losses on loans and guarantees in the quarter. This amounts to 0.07 per cent of average total assets on an annualised basis. The corresponding figure for the fourth quarter of 2017 was reversals of NOK 1 million kroner (-0.01 per cent). Losses in the corporate segment increased by NOK 6 million in the quarter, and losses totalling NOK 6 million were recognised in the retail segment.

Lending and deposit Growth

In relation to the end of the third quarter of 2018, total assets grew by 1.7 per cent to NOK 71,074 million. Lending has increased by 1.2 per cent to NOK 60,346 million and deposits from customers has been reduced by 0.8 per cent to NOK 34,414 million. For further comments concerning volume trends in the last 12 months, please see the comments for the full year 2018.

PRELIMINARY FINANCIAL STATEMENTS FOR 2018

The profit before loss on loans and guarantees amounted to NOK 824 million, or 1.19 per cent of average total assets, compared to NOK 752 million, or 1.18 per cent, for 2017.

The profit before tax amounted to NOK 808 million, or 1.17 per cent of average total assets, compared to NOK 739 million, or 1.16 per cent, for 2017.

The profit after tax amounted to NOK 605 million, or 0.88 per cent of average total assets, compared to NOK 557 million and 0.88 per cent in 2017.

Earnings per equity certificate in 2018 amounted to NOK 29.80 (NOK 27.70) for the Group and NOK 28.35 (27.00) for the Parent Bank.

Net interest Income

Net interest income ended at NOK 1,179 million (1,100 million) or 1.70 per cent (1.72 per cent) of average total assets. Net interest income accounted for 82.6 per cent of total income in 2018.

A higher lending volume combined with increased contribution from deposits as well as the Bank's high CET1 level resulted in higher net interest income in Norwegian kroner compared to last year. Strong competition in both lending and deposits and reduced risk have contributed to pressure on the net interest margin.

Other operating income

Other operating income amounted to NOK 248 million (0.36 per cent of average total assets) in 2018. This is an increase of NOK 6 million compared to 2017.

The value of the bond portfolio was reduced by NOK 19 million in 2018, compared to a gain of NOK 23 million in 2017.

Capital gains from equities totalled NOK 10 million in 2018, compared to capital losses of NOK 10 million in 2017.

Costs

Total costs amounted to NOK 603 million, which is NOK 13 million higher than in 2017. Personnel costs increased by NOK 5 million compared to 2017 and amounted to NOK 340 million. Financial activity tax in the form of higher employers' National Insurance contributions amounted to NOK 14 million in 2018, the same as in 2017. Staffing has increased by two full-time equivalents in the last 12 months to 361 full-time equivalents. Other operating costs were NOK 8 million higher than in 2017.

The cost income ratio was 42.3 per cent in 2018. This represents a decrease of 1.7 percentage points compared to 2017. In the strategic plan for 2019-2022, the Board has decided to change the Group's maximum target for the cost income ratio from 45 per cent to 40 per cent.

Problem loans

In 2018, NOK 16 million (NOK 13 million) in losses on loans and guarantees was recognised in the income statement. This represents 0.02 per cent (0.02 per cent) of average total assets.

At the end of 2018, total expected losses amounted to NOK 338 million, equivalent to 0.55 per cent of loans and guarantees (NOK 336 million and 0.57 per cent). Of the individually assessed commitments, NOK 11 million of the impairments were related to commitments in default for more than 90 days (NOK 4 million), which amounts to 0.02 per cent of loans and guarantees (0.01 per cent). NOK 327 million relates to other commitments (NOK 332 million), equivalent to 0.53 per cent of gross loans and guarantees (0.56 per cent).

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) have in the last 12 months increased by NOK 47 million. By the end of 2018, the corporate market accounted for NOK 220 million of the net impaired commitments and the retail market NOK 63 million. In total this represents 0.46 per cent of gross loans and guarantees (0.40 per cent).

Lending to customers

At year-end 2018, lending to customers amounted to NOK 60,346 million (NOK 56,867 million). Customer lending has increased by a total of NOK 3,479 million, or 6.1 per cent, over the last 12 months. Retail lending has increased by 5.3 per cent, while lending to corporate customers has increased by 8.4 per cent in the last 12 months. Retail lending accounted for 69.2 per cent of the lending by the end of 2018 (70.0 per cent).

Deposits from customers

Customer deposits have increased by 4.9 per cent over the last 12 months. At year-end 2018, deposits amounted to NOK 34,414 million (NOK 32,803 million). Retail deposits have increased by 4.8 per cent in the last 12 months, while corporate deposits have increased by 5.1 per cent, and public sector deposits have increased by 7.9 per cent. The retail market's relative share of deposits amounted to 59.9 per cent (60.0 per cent), while deposits from corporate customers accounted for 37.9 per cent (37.8 per cent) and from public sector customers 2.2 per cent (2.2 per cent).

The deposit-to-loan ratio was 57.0 per cent by the end of 2018 (57.7 per cent).

CAPITAL ADEQUACY

At the end of 2018, the Group's capital adequacy was above the regulatory capital requirements and the internally set minimum target for CET1 capital. The primary capital ratio amounts to 19.6 per cent (18.4 per cent), the Tier 1 capital ratio 17.6 per cent (16.8 per cent), and the CET1 ratio was 16.0 per cent (15.0 per cent).

Sparebanken Møre has a capital requirement linked to the transitional scheme associated with the Basel I floor amounting to NOK 37 million at the end of 2018, corresponding to a basis for calculation of NOK 460 million.

SUBSIDIARIES

The aggregate profit of the Bank's three subsidiaries amounted to NOK 177 million after tax in 2018 (NOK 166 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. At the end of 2018, the company had net outstanding bonds of NOK 22.4 billion in the market. About 25 per cent of the borrowing was in a currency other than NOK. The company contributed NOK 174 million to the result in 2018 (NOK 165 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 1 million to the result in 2018 (NOK 0 million in 2017). At year end, the company employed 13 full-time equivalents.

Sparebankeiendom AS's purpose is to own and manage the Bank's commercial properties. The company contributed NOK 2 million to the result in 2018 (NOK 1 million in 2017). The company has no employees.

EQUITY CERTIFICATES

At year-end 2018, there were 5,402 holders of Sparebanken Møre's equity certificates. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.6 per cent of the Bank's total equity. Note 10 includes a list of the 20 largest holders of the Bank's equity certificates.

As at 31 December 2018, the Bank owned 28,183 of its own equity certificates. These were purchased on the Oslo Stock Exchange at market price.

DIVIDEND POLICY

The aim of Sparebanken Møre is to achieve financial results which provide a good and stable return on the Bank's equity. The results shall ensure that the owners of the equity receive a competitive long-term return in the form of cash dividends and capital appreciation on their equity.

Dividends consist of cash dividends for equity certificate holders and dividends to the local community. The proportion of profits allocated to dividends is adapted to the Bank's capital strength. Unless the capital strength dictates otherwise it will be aimed at distributing about 50 per cent of the profit.

Sparebanken Møre's allocation of earnings shall ensure that all equity owners are guaranteed equal treatment.

PROPOSED ALLOCATION OF PROFIT FOR THE YEAR

In line with the rules for equity certificates etc., and in accordance with Sparebanken Møre's dividend policy, it is proposed that 52 per cent of the Group's profit should be allocated to cash dividends and dividends to the local community. Based on the accounting breakdown of equity between equity certificate capital and the primary capital fund, 49.6 per cent of the profit will be allocated to equity certificate holders and 50.4 per cent to the primary capital fund. Earnings per equity certificate in the Group amounted to NOK 29.80 in 2018. The recommendation to the General Meeting is that the cash dividend per equity certificate for the 2018 financial year should be set at NOK 15.50.

Proposed allocation of profit (figures in NOK million):

Profit for the year		605
Allocated to holders of Additional Tier 1 capital		11
Dividend funds (50.6 %):		
To cash dividends	153	
Dividends to the local community	156	309
Retained earnings (49.4 %):		
To the dividend equalisation fund	127	
To the primary capital fund	129	
To other funds	29	285
Total allocated		**605**

FUTURE PROSPECTS

Production and demand remain high in the county. This is due to low interest rates, a weak NOK, high activity levels in the public sector and continued growth in our export markets. In addition to this, there has been an upturn in important oil-related industries. The level of activity in the housing market is also satisfactory. Nevertheless, the uncertainty has increased somewhat due to unease in the financial markets and the prospects of lower growth in the global economy than previously anticipated.

The upturn in the level of activity, together with significant restructuring in the labour market in recent years, has resulted in low unemployment. At the end of December, registered unemployment in Møre og Romsdal was 2.3 per cent according to the Norwegian Labour and Welfare Administration (NAV), the same as the national unemployment rate. Given the prospect of moderate production growth in the county, unemployment will probably stabilise at today's level over the year.

Credit growth in Norway, both in households and the corporate sector, slowed throughout 2018 and the annual percentage growth figure at year-end 2018 was around 1.0 percentage point lower than at year-end 2017.

Competition in the market remains strong, both for lending and deposits. The Bank is competitive and recorded a good, but somewhat lower, growth rate in lending to the retail market. An increase in the growth rate for lending to the corporate market was registered in the last quarter. Deposit growth in the retail market is good and the deposit-to-loan ratio is high, especially in the corporate market. Lending growth within both the retail market and the corporate market in 2019 is expected to be on a par with the growth rate in 2018. This implies growth on a par with or above market growth. There is a constant focus on effective operations and increased profitability.

The Bank will remain strong and committed in supporting businesses and industries in our region, Nordvestlandet.

Sparebanken Møre's target for cost-effective operations for the strategy period 2019-2022 is a cost income ratio target of less than 40 per cent.

Sparebanken Møre's losses are expected to be low also in 2019. Overall, a good result is expected for 2019. The Bank's strategic target is that a return on equity above 11 per cent will be achieved in the strategy period 2019-2022.

Ålesund, 31 December 2018
23 January 2019

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman
ROY REITE, Deputy Chairman
RAGNA BRENNE BJERKESET
HENRIK GRUNG
JILL AASEN
ANN MAGRITT BJÅSTAD VIKEBAKK
HELGE KARSTEN KNUDSEN
MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q4 2018	Q4 2017	2018	2017
Interest income from assets at amortised cost		468	418	1 769	1 623
Interest income from assets at fair value		46	37	171	164
Interest expenses		205	165	761	687
Net interest income	9	309	290	1 179	1 100
Commission income and revenues from banking services		50	50	208	196
Commission costs and charges from banking services		5	6	25	26
Other operating income		7	7	24	24
Net commission and other operating income		52	51	207	194
Dividends		0	0	3	2
Net gains/losses from financial instruments	5	4	7	38	46
Net return from financial instruments		4	7	41	48
Total income		365	348	1 427	1 342
Wages, salaries etc.		86	82	340	335
Administration costs		34	30	133	128
Depreciation and impairment		8	7	31	31
Other operating costs		24	25	99	96
Total operating costs		152	144	603	590
Profit before impairment on loans		213	204	824	752
Impairment on loans, guarantees etc.	3	12	-1	16	13
Pre-tax profit		201	205	808	739
Taxes		60	48	203	182
Profit after tax		141	157	605	557
Allocated to equity owners		139	154	594	551
Allocated to owners of Additional Tier 1 capital		2	3	11	6
Profit per EC (NOK) 1)		7.00	7.70	29.80	27.70
Diluted earnings per EC (NOK) 1)		7.00	7.70	29.80	27.70
Distributed dividend per EC (NOK)		0.00	0.00	14.00	14.00

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q4 2018	Q4 2017	2018	2017
Profit after tax	141	157	605	557
Items that may subsequently be reclassified to the income statement:				
Equities available for sale - changes in value 2)		21		27
Basis swap spreads - changes in value 3)	-8		-18	
Tax effect of changes in value on basis swap spreads	2		4	
Items that will not be reclassified to the income statement:				
Pension estimate deviations	12	-12	12	-12
Tax effect of pension estimate deviations	-3	3	-3	3
Total comprehensive income after tax	144	169	600	575
Allocated to equity owners	142	166	589	569
Allocated to owners of Additional Tier 1 capital	2	3	11	6

1) Calculated using the EC-holders' share (49.6 %) of the period's profit to be allocated to equity owners.

2) The category Available for sale does not exist in IFRS 9. Shares and other securities are as of 1 January 2018 assessed at fair value with any changes in value recognised in the income statement under Net gains/losses from financial instruments.

3) Changes in value on the Group's basis swaps inherent in hedging instruments, have up to 31.12.2017 been recognised in the income statement. As of 01.01.2018, changes in value on basis swaps due to changes in basis swap spreads, will be recognised in OCI as a cost of hedging.

Statement of financial position - Group

ASSETS (COMPRESSED)

(NOK million)	Note	31.12.2018	31.12.2017
Cash and claims on Norges Bank	5 6 9	857	637
Loans to and receivables from credit institutions	5 6 9	1 288	1 295
Loans to and receivables from customers	2 3 4 5 7 9	60 346	56 867
Certificates, bonds and other interest-bearing securities	5 7 9	6 789	6 096
Financial derivatives	5 7	1 209	1 004
Shares and other securities	5 7	182	188
Deferred tax benefit		55	59
Intangible assets		42	42
Fixed assets		220	228
Other assets		86	75
Total assets		71 074	66 491

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	31.12.2018	31.12.2017
Loans and deposits from credit institutions	5 6 9	955	569
Deposits from customers	2 5 7 9	34 414	32 803
Debt securities issued	5 6	26 980	24 488
Financial derivatives	5 7	525	483
Other liabilities		609	558
Incurred costs and prepaid income		76	78
Other provisions for incurred liabilities and costs		125	96
Additional Tier 1 capital	5 6	293	302
Subordinated loan capital	5 6	703	1 036
Total liabilities		64 680	60 413
EC capital	10	989	989
ECs owned by the Bank		-3	-5
Share premium		356	355
Additional Tier 1 capital		349	349
Paid-in equity		1 691	1 688
Primary capital fund		2 649	2 470
Gift fund		125	125
Dividend equalisation fund		1 391	1 216
Value adjustment fund		-	78
Other equity		538	501
Retained earnings		4 703	4 390
Total equity		6 394	6 078
Total liabilities and equity		71 074	66 491

Statement of changes in equity - Group

GROUP 31.12.2018	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Other equity
Equity as at 31 December 2017	6 078	984	355	349	2 470	125	1 216	78	501
Effect of transition to IFRS 9 as of 01.01.2018 *)	1				44		43	-78	-8
Equity as at 01.01.2018	6 079	984	355	349	2 514	125	1 259	0	493
Changes in own equity certificates	6	2	1		2		1		
Distributed dividend to the EC holders	-138								-138
Distributed dividend to the local community	-141								-141
Interest paid on Additional Tier 1 capital issued	-11								-11
Equity before allocation of profit for the year	5 795	986	356	349	2 516	125	1 260	0	203
Allocated to the primary capital fund	129				129				
Allocated to the dividend equalisation fund	127						127		
Allocated to owners of Additional Tier 1 capital	11								11
Allocated to other equity	29								29
Proposed dividend allocated for the EC holders	153								153
Proposed dividend allocated for the local community	156								156
Distributed profit for the year	605	0	0	0	129	0	127	0	349
Changes in value - basis swaps	-18								-18
Tax effect of changes in value - basis swaps	4								4
Pension estimate deviations	12				6		6		
Tax effect of pension estimate deviations	-3				-2		-1		
Total other income and costs from comprehensive income	-5	0	0	0	4	0	5	0	-14
Total profit for the period	600	0	0	0	133	0	132	0	335
Equity as at 31 December 2018	6 394	986	356	349	2 649	125	1 391	0	538

*) see note 2.6 in the Annual report 2017 for further details on the implementation effects.

GROUP 31.12.2017	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Value adjustment fund	Other equity
Equity as at 31 December 2016	5 441	986	354	0	2 346	125	1 092	51	487
Changes in own equity certificates	-3	-2	1		-2				
Distributed dividend to the EC holders	-138								-138
Distributed dividend to the local community	-141								-141
Additional Tier 1 capital issued	349			349					
Interest paid on issued Additional Tier 1 capital	-6								-6
Equity before allocation of profit for the year	5 502	984	355	349	2 344	125	1 092	51	202
Allocated to the primary capital fund	130				130				
Allocated to the dividend equalisation fund	128						128		
Allocated to owners of Additional Tier 1 capital	6								6
Allocated to other equity	14								14
Proposed dividend allocated for the EC holders	138								138
Proposed dividend allocated for the local community	141								141
Distributed profit for the year	557	0	0	0	130	0	128	0	299
Equities available for sale - changes in value	27							27	
Pension estimate deviations	-12				-6		-6		
Tax effect of pension estimate deviations	3				2		1		
Total other income and costs from comprehensive income	18	0	0	0	-4	0	-5	27	0
Total profit for the period	575	0	0	0	126	0	123	27	299
Equity as at 31 December 2017	6 078	984	355	349	2 470	125	1 216	78	501

Statement of cash flow - Group

(NOK million)	31.12.2018	31.12.2017
Cash flow from operating activities		
Interest, commission and fees received	2 059	1 905
Interest, commission and fees paid	-383	-343
Dividend and group contribution received	3	2
Operating expenses paid	-540	-525
Income taxes paid	-204	-168
Changes relating to loans to and claims on other financial institutions	161	-646
Changes relating to repayment of loans/leasing to customers	-3 740	-3 777
Changes in utilised credit facilities	303	-321
Net change in deposits from customers	1 610	242
Net cash flow from operating activities	-731	-3 631
Cash flow from investing activities		
Interest received on certificates, bonds and other securities	112	106
Proceeds from the sale of certificates, bonds and other securities	9 469	4 162
Purchases of certificates, bonds and other securities	-10 198	-4 022
Proceeds from the sale of fixed assets etc.	0	0
Purchase of fixed assets etc.	-23	-24
Changes in other assets	-156	149
Net cash flow from investing activities	-796	371
Cash flow from financing activities		
Interest paid on debt securities and subordinated loan capital	-434	-380
Net change in deposits from Norges Bank and other financial institutions	232	-89
Proceeds from bond issues raised	4 603	7 942
Redemption of debt securities	-2 654	-3 841
Dividend paid	-138	-138
Changes in other debt	153	-239
Proceeds from Additional Tier 1 capital issued	0	349
Paid interest on Additional Tier 1 capital issued	-15	-7
Net cash flow from financing activities	1 747	3 597
Net change in cash and cash equivalents	220	337
Cash balance at 01.01	637	300
Cash balance at 31.12	857	637

Note 1

ACCOUNTING PRINCIPLES

The Group`s interim accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), implemented by the EU as at 31 December 2018. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2017 Financial statements, except for IFRS 9 entering into force as of 1 January 2018.

Accounting principles for classification in accordance with IFRS 9 are presented in Note 5. Tables showing the transition effects of the implementation of IFRS 9 are presented in Note 2.6 in the Annual report 2017. The methodology for measuring expected credit losses (ECL) in accordance with IFRS 9 is accounted for in the interim report for Q1. In addition, reference is made to the Annual report for 2017 for further description of accounting principles.

The accounts are presented in Norwegian kroner (NOK), which is also the Parent Bank`s and subsidiaries` functional currency. All amounts are stated in NOK million unless stated otherwise.

Note 2

LOANS AND DEPOSITS BROKEN DOWN ACCORDING TO SECTORS

GROUP	Loans	
Broken down according to sectors	**31.12.2018**	**31.12.2017**
Agriculture and forestry	542	464
Fisheries	3 206	2 402
Manufacturing	2 369	2 030
Building and construction	698	562
Wholesale and retail trade, hotels	676	620
Supply/Offshore	1 005	882
Property management	6 733	6 672
Professional/financial services	1 272	1 261
Transport and private/public services	1 867	2 152
Public entities	0	0
Activities abroad	248	123
Total corporate/public entities	18 616	17 168
Retail customers	41 917	39 817
Fair value adjustment of loans	56	66
Accrued interest income	-	100
Total loans (gross carrying amount)	60 589	57 151
Expected credit loss (ECL) - Stage 1	-25	-
Expected credit loss (ECL) - Stage 2	-60	-
Expected credit loss (ECL) - Stage 3	-111	-
Individual impairment	-47	-48
Collective impairment (IAS 39)	-	-236
Loans to and receivables from customers (carrying amount)	60 346	56 867
- of which loans with floating interest rate (amortised cost)	56 591	52 944
- of which loans with fixed interest rate (fair value)	3 755	3 923

GROUP	Deposits	
Broken down according to sectors	**31.12.2018**	**31.12.2017**
Agriculture and forestry	181	186
Fisheries	995	1 214
Manufacturing	2 220	1 806
Building and construction	661	636
Wholesale and retail trade, hotels	813	842
Property management	1 576	1 309
Transport and private/public services	4 382	4 201
Public entities	780	723
Activities abroad	5	5
Miscellaneous	2 177	2 179
Total corporate/public entities	13 790	13 101
Retail customers	20 624	19 688
Fair value adjustment of deposits	0	2
Accrued interest costs	-	12
Total deposits from customers	34 414	32 803

Note 3

LOSSES AND IMPAIRMENTS ON LOANS AND GUARANTEES

Sparebanken Møre applies a three-stage approach when assessing ECL on loans to customers and financial guarantees in accordance with IFRS 9.

Stage 1: At initial recognition and if there's no significant increase in credit risk, the commitment is classified in stage 1 with 12-months ECL.

Stage 2: If a significant increase in credit risk since initial recognition is identified, but without objective evidence of loss, the commitment is transferred to stage 2 with lifetime ECL measurement.

Stage 3: If the credit risk increases further and there's objective evidence of loss or if individual impairments have been made, the commitment is transferred to stage 3.

ECL on loans are presented in the balance sheet as a reduction to «Loans to and receivables from customers» and ECL on guarantees are recognised under «Other provisions for incurred liabilities and costs».

The methodology for measuring expected credit loss (ECL) in accordance with IFRS 9 is explained in the interim report for the 1st quarter. Tables showing the transition effects of the implementation of IFRS 9 are presented in Note 2.6 in the Annual Report 2017.

Specification of credit loss expense

GROUP	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Changes in collective impairment during the period (IAS 39)	-	-11	-	-45
Changes in ECL during the period - Stage 1	1	-	1	-
Changes in ECL during the period - Stage 2	-6	-	16	-
Changes in ECL during the period - Stage 3	3	-	-12	-
Increase in existing individual impairments	1	1	2	5
New individual impairments	19	11	35	65
Confirmed losses, previously impaired	6	0	11	25
Reversal of previous individual impairments	-20	-7	-42	-49
Confirmed losses, not previously impaired	11	7	14	18
Recoveries	-3	-2	-9	-6
Total impairment on loans and guarantees, etc	12	-1	16	13

Changes in ECL in the period

GROUP	Stage 1	Stage 2	Stage 3	Total
Total impairments at 31.12.2017 according to IAS 39				336
Effect of transition to IFRS 9				-1
ECL 01.01.2018 according to IFRS 9	25	46	264	335
New commitments	9	16	1	26
Disposal of commitments	-6	-12	-13	-30
Changes in ECL in the period for commitments which have not migrated	-2	-3	13	8
Migration to stage 1	3	-18	-8	-23
Migration to stage 2	-2	32	-11	19
Migration to stage 3	0	-1	6	5
Changes in individual impairments			-1	-1
ECL 31.12.2018	26	61	251	338
- of which expected losses on loans	25	60	158	243
- of which expected losses on guarantees	1	1	93	95

Commitments (exposure) divided into risk groups based on probability of default

GROUP	Stage 1	Stage 2	Stage 3	Total 31.12.2018
Low risk (0 % - < 0.5 %)	48 342	833	0	49 175
Medium risk (0.5 % - < 3 %)	6 345	2 533	681	9 559
High risk (3 % - <100 %)	516	607	499	1 622
Problem loans			382	382
Total commitments before ECL	55 203	3 973	1 562	60 738
- ECL	-26	-61	-251	-338
Net commitments *)	55 177	3 912	1 311	60 400

*) The table above is based on exposure at the reporting date, not including fixed rate loans assessed at fair value. The figures are thus not reconcilable against balances in the statement of financial position.

Note 4

PROBLEM LOANS

Total commitments in default above 3 months and individually impaired commitments not in default

	31.12.2018			31.12.2017		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments in default above 3 months	76	55	21	62	53	9
Gross impaired commitments not in default	306	17	289	274	8	266
Gross problem loans	382	72	310	336	61	275
Individual impairment on commitments in default above 3 months	11	9	2	4	2	2
Individual impairment on commitments not in default	88	0	88	96	4	92
Total individual impairments	99	9	90	100	6	94
Net commitments in default above 3 months	65	46	19	58	51	7
Net impaired commitments not in default	218	17	201	178	4	174
Net problem loans	283	63	220	236	55	181
Gross problem loans as a percentage of total loans/guarantees	0.62	0.17	1.54	0.57	0.15	1.46
Net problem loans as a percentage of total loans/guarantees	0.46	0.15	1.09	0.40	0.14	0.96

Note 5

CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the balance sheet at the date when the Group becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or the company transfers the financial asset in such a way that risk and profit potential of the financial asset is substantially transferred. Financial liabilities are derecognised from the date when the rights to the contractual provisions have been extinguished, cancelled or expired.

CLASSIFICATION AND MEASUREMENT

The Group's portfolio of financial instruments is at initial recognition classified in accordance with IFRS 9. Financial assets are classified in one of the following categories:

• Fair value with value changes through the income statement

• Amortised cost

The classification of the financial assets depends on two factors:

• The purpose of the acquisition of the financial instrument

• The contractual cash flows from the financial assets

Financial assets assessed at amortised cost
The classification of the the financial assets assumes that the following requirements are met:

• The asset is acquired to receive contractual cash flows

• The contractual cash flows consist solely of principal and interest

All lending and receivables are recorded in the accounts at amortised cost, based on expected cash flows. The difference between the issue cost and the settlement amount at maturity, is amortised over the lifetime of the loan.

Financial liabilities assessed at amortised cost
Debt securities, including debt securities included in fair value hedging, loans and deposits from credit institutions and deposits from customers are valued at amortised cost based on expected cash flows. The portfolio of own bonds is shown in the accounts as a reduction of the debt.

Financial instruments assessed fair value, any changes in value recognised through the income statement
The Group's portfolio of bonds in the liquidity portfolio is classified at fair value through the income statement as this portfolio is managed based on fair value. The Group's portfolio of fixed interest rate loans are assessed at fair value to avoid accounting mismatch in relation to the underlying interest rate swaps.

Financial derivatives are contracts signed to mitigate an existing interest rate or currency risk incurred by the bank. Financial derivatives are recognised at fair value through the income statement and recognised gross per contract as an asset or liability.

The Group's portfolio of shares is assessed at fair value with any value changes through the income statement.

Losses and gains as a result of value changes on assets and liabilities assessed at fair value, with any value changes being recognised in the income statement, are included in the accounts during the period in which they occur.

LEVELS IN THE VALUATION HIERARCHY

Financial instruments are classified into different levels based on the quality of market data for each type of instrument.

Level 1 – Valuation based on prices in an active market

Level 1 comprises financial instruments valued by using quoted prices in active markets for identical assets or liabilities. This category includes listed shares and mutual funds, as well as bonds and certificates in LCR-level 1, traded in active markets.

Level 2 – Valuation based on observable market data

Level 2 comprises financial instruments valued by using information which is not quoted prices, but where prices are directly or indirectly observable for assets or liabilities, including quoted prices in inactive markets for identical assets or liabilities. This category mainly includes debt securities issued, derivatives and bonds which are not included in level 1.

Level 3 – Valuation based on other than observable market data

Level 3 comprises financial instruments which can not be valued based on directly or indirectly observable prices. This category mainly includes loans to and deposits from customers, as well as shares.

GROUP - 31.12.2018	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost
Cash and claims on Norges Bank		857
Loans to and receivables from credit institutions		1 288
Loans to and receivables from customers	3 755	56 582
Certificates and bonds	6 789	
Shares and other securities	182	
Financial derivatives	1 209	
Total financial assets	11 935	58 727
Loans and deposits from credit institutions		955
Deposits from and liabilities to customers		34 414
Financial derivatives	525	
Debt securities		26 980
Subordinated loan capital and Additional Tier 1 capital		996
Total financial liabilities	525	63 345

GROUP - 31.12.2017	Financial instruments at fair value through profit and loss		Financial instruments assessed at amortised cost	Financial instruments held available for sale
	Trading	At fair value		
Cash and claims on Norges Bank			637	
Loans to and receivables from credit institutions			1 295	
Loans to and receivables from customers		3 923	52 944	
Certificates and bonds		6 096		
Shares and other securities				188
Financial derivatives	1 004			
Total financial assets	1 004	10 019	54 876	188
Loans and deposits from credit institutions			569	
Deposits from and liabilities to customers		1 340	31 463	
Financial derivatives	483			
Debt securities			24 488	
Subordinated loan capital and Perpetual Hybrid Tier 1 capital			1 338	
Total financial liabilities	483	1 340	57 858	-

Net gains/losses on financial instruments

	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Certificates and bonds	-8	0	-19	23
Securities	-6	-1	10	-10
Foreign exchange trading (for customers)	9	9	38	38
Fixed income trading (for customers)	1	1	8	4
Financial derivatives	8	-2	1	-9
Net change in value and gains/losses from financial instruments	4	7	38	46

Note 6

FINANCIAL INSTRUMENTS AT AMORTISED COST

GROUP	31.12.2018		31.12.2017	
	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	857	857	637	637
Loans to and receivables from credit institutions	1 288	1 288	1 295	1 295
Loans to and receivables from customers	56 582	56 582	52 944	52 944
Total financial assets	58 727	58 727	54 876	54 876
Loans and deposits from credit institutions	955	955	569	569
Deposits from and liabilities to customers	34 414	34 414	31 463	31 463
Debt securities	27 039	26 980	24 575	24 488
Subordinated loan capital and Additional Tier 1 capital	1 000	996	1 363	1 338
Total financial liabilities	63 408	63 345	57 970	57 858

GROUP - 31.12.2018	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and claims on Norges Bank	857			857
Loans to and receivables from credit institutions		1 288		1 288
Loans to and receivables from customers			56 582	56 582
Total financial assets	857	1 288	56 582	58 727
Loans and deposits from credit institutions		955		955
Deposits from and liabilities to customers			34 414	34 414
Debt securities		27 039		27 039
Subordinated loan capital and Additional Tier 1 capital		1 000		1 000
Total financial liabilities	-	28 994	34 414	63 408

GROUP - 31.12.2017	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and claims on Norges Bank	637			637
Loans to and receivables from credit institutions		1 295		1 295
Loans to and receivables from customers			52 944	52 944
Total financial assets	637	1 295	52 944	54 876
Loans and deposits from credit institutions		569		569
Deposits from and liabilities to customers			31 463	31 463
Debt securities		24 575		24 575
Subordinated loan capital and Perpetual Hybrid Tier 1 capital		1 363		1 363
Total financial liabilities		26 507	31 463	57 970

Note 7

FINANCIAL INSTRUMENTS AT FAIR VALUE

A change in the discount rate of 10 basis points would result in a change of approximately NOK 10 million on fixed rate loans.

GROUP - 31.12.2018	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 755	3 755
Certificates and bonds	4 671	2 118		6 789
Shares and other securities	7		175	182
Financial derivatives		1 209		1 209
Total financial assets	4 678	3 327	3 930	11 935
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		525		525
Total financial liabilities	-	525	-	525

GROUP - 31.12.2017	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 923	3 923
Certificates and bonds	4 261	1 835		6 096
Shares and other securities	19		169	188
Financial derivatives		1 004		1 004
Total financial assets	4 280	2 839	4 092	11 211
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			1 340	1 340
Debt securities				-
Subordinated loan capital and Perpetual Hybrid Tier 1 capital				-
Financial derivatives		483		483
Total financial liabilities	-	483	1 340	1 823

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares and other securities
Book value as at 31.12.17	3 923	169
Purchases/additions	810	2
Sales/reduction	968	16
Transferred to Level 3		
Transferred from Level 3		
Net gains/losses in the period	-10	20
Book value as at 31.12.18	3 755	175

GROUP	Loans to and receivables from customers	Shares and other securities
Book value as at 31.12.16	4 744	128
Purchases/additions	272	49
Sales/reduction	1 073	4
Transferred to Level 3		
Transferred from Level 3		
Net gains/losses in the period	-20	-4
Book value as at 31.12.17	3 923	169

Note 8

OPERATING SEGMENTS

Result - Q4 2018	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	309	-9	121	197	0
Other operating income	56	-2	26	27	5
Total income	365	-11	147	224	5
Operating costs	152	20	32	95	5
Profit before impairment	213	-31	115	129	0
Impairment on loans, guarantees etc.	12	0	6	6	0
Pre-tax profit	201	-31	109	123	0
Taxes	60				
Profit after tax	141				

Result - 31.12.2018	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 179	-7	454	732	0
Other operating income	248	24	100	104	20
Total income	1 427	17	554	836	20
Operating costs	603	98	120	367	18
Profit before impairment	824	-81	434	469	2
Impairment on loans, guarantees etc.	16	0	14	2	0
Pre-tax profit	808	-81	420	467	2
Taxes	203				
Profit after tax	605				

Key figures - 31.12.2018	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	60 346	1 244	17 964	41 138	0
Deposits from customers 1)	34 414	588	11 804	22 022	0
Guarantee liabilities	1 418	0	1 412	6	0
The deposit-to-loan ratio	57.0	47.3	65.7	53.5	0
Man-years	361	159	51	138	13

Result - Q4 2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	290	-3	107	186	0
Other operating income	58	7	24	21	6
Total income	348	4	131	207	6
Operating costs	144	19	30	90	5
Profit before impairment	204	-15	101	117	1
Impairment on loans, guarantees etc.	-1	-11	3	7	0
Pre tax profit	205	-4	98	110	1
Taxes	48				
Profit after tax	157				

Result - 31.12.2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 100	-20	422	698	0
Other operating income	242	35	93	96	18
Total income	1 342	15	515	794	18
Operating costs	590	101	113	358	18
Profit before impairment	752	-86	402	436	0
Impairment on loans, guarantees etc.	13	-5	17	1	0
Pre tax profit	739	-81	385	435	0
Taxes	182				
Profit after tax	557				

Key figures - 31.12.2017	Group	Eliminations/ other	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	56 867	943	16 815	39 109	0
Deposits from customers 1)	32 803	567	11 231	21 005	0
Guarantee liabilities	1 717	0	1 706	11	0
The deposit-to-loan ratio	57.7	60.1	66.8	53.7	0
Man-years	359	157	50	139	13

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.

	MØRE BOLIGKREDITT AS	
Statement of income	**Q4 2018**	**Q4 2017**
Net interest income	70	75
Other operating income	-1	1
Total income	69	76
Operating costs	10	10
Profit before impairment on loans	59	66
Impairment on loans, guarantees etc.	1	-3
Pre-tax profit	58	69
Taxes	16	12
Profit after tax	42	57

Statement of income	**31.12.2018**	**31.12.2017**
Net interest income	274	261
Other operating income	-1	-13
Total income	273	248
Operating costs	42	38
Profit before impairment on loans	231	210
Impairment on loans, guarantees etc.	1	-3
Pre-tax profit	230	213
Taxes	56	48
Profit after tax	174	165

Statement of financial position	**31.12.2018**	**31.12.2017**
Loans to and receivables from customers	23 409	21 162
Total equity	1 767	1 667

Note 9

TRANSACTIONS WITH RELATED PARTIES

These are transactions between the Parent Bank and wholly-owned subsidiaries based on the arm`s length principles.

The most important transactions eliminated in the Group accounts:

PARENT BANK	31.12.2018	31.12.2017
Statement of income		
Interest and credit commission income from subsidiaries	26	28
Received dividend and group contribution from subsidiaries	152	156
Rent paid to Sparebankeiendom AS	17	17
Administration fee received from Møre Boligkreditt AS	34	30
Statement of financial position		
Claims on subsidiaries	1 300	1 328
Covered bonds	818	425
Liabilities to subsidiaries	890	102
Accumulated loan portfolio transferred to Møre Boligkreditt AS	23 424	21 164

Note 10

EC CAPITAL

The 20 largest EC holders in Sparebanken Møre as at 31.12.2018	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	901 000	9.11
Cape Invest AS	751 000	7.60
Verdipapirfond Pareto Aksje Norge	419 467	4.24
Verdipapirfond Nordea Norge Verdi	386 014	3.90
Wenaasgruppen AS	380 000	3.84
MP Pensjon	339 781	3.44
Pareto AS	304 355	3.08
Wenaas Kapital AS	230 161	2.33
FLPS - Princ All Sec	207 782	2.10
Verdipapirfondet Eika egenkapital	173 000	1.75
Beka Holding AS	150 100	1.52
Verdipapirfondet Landkreditt Utbytte	125 000	1.26
Lapas AS (Leif-Arne Langøy)	113 500	1.15
State Street Bank	75 913	0.77
PIBCO AS	75 000	0.76
Forsvarets personell pensjonskasse	63 660	0.64
Odd Slyngstad	59 915	0.61
Malme AS	55 000	0.56
U Aandals Eftf AS	50 000	0.51
Stiftelsen Kjell Holm	49 850	0.50
Total 20 largest EC holders	4 910 498	49.67
Total number of ECs	9 886 954	100.00

Note 11

CAPITAL ADEQUACY

	31.12.2018	31.12.2017
EC capital	989	989
- ECs owned by the Bank	-3	-5
Share premium	356	355
Additional Tier 1 capital	349	349
Primary capital fund	2 649	2 470
Gift fund	125	125
Dividend equalisation fund	1 391	1 216
Value adjustment fund	-	78
Proposed dividend for the EC holders	153	138
Proposed dividend for the local community	156	141
Other equity	229	222
Total equity	6 394	6 078
Goodwill, intangible assets and other deductions	-42	-100
Value adjustments of financial instruments at fair value	-14	-14
Deduction for overfunded pension liability	-13	0
Additional Tier 1 capital	197	254
Expected losses exceeding ECL, IRB portfolios	-173	-151
Proposed dividend for the EC holders	-153	-138
Proposed dividend for the local community	-156	-141
Total Tier 1 capital	6 040	5 788
Common Equity Tier 1 capital	5 494	5 185
Subordinated loan capital of limited duration (supplementary capital)	703	530
Net equity and subordinated loan capital	6 743	6 318

Capital requirement by exposure classes

Exposure classes SA - credit risk	31.12.2018	31.12.2017
Central governments or central banks	0	0
Regional governments or local authorities	12	14
Public sector companies	4	3
Institutions (banks etc)	38	36
Covered bonds	32	25
Equity	8	8
Other items	50	86
Total capital requirements - credit risk, The Standardised Approach	144	172

Exposure classes IRB - credit risk	31.12.2018	31.12.2017
Retail - Secured by real estate	689	638
Retail - Other	50	47
SME	734	682
Specialised lending	543	549
Other corporate lending	304	252
IRB-F capital requirements	2 320	2 168
Total capital requirements - credit risk	2 464	2 340

Exposure classes SA - market risk	31.12.2018	31.12.2017
Debt	0	0
Equity	0	0
Foreign exchange	0	0
Credit value adjustment risk (CVA)	44	29
Total capital requirements - market risk	44	29

Operational Risk (Basic Indicator Approach)	200	200
Deductions from the capital requirement	0	0
Total capital requirement less transitional rules	2 708	2 569
Additional capital requirements from transitional rules	37	181
Total capital requirements	2 745	2 750

Total risk-weighted assets less transitional rules	33 853	32 105
Total risk-weighted assets from transitional rules	460	2 265
Total risk-weighted assets	34 313	34 370
Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 544	1 542

Buffer Requirement	31.12.2018	31.12.2017
Capital conservation buffer (2.5 %)	858	859
Systemic risk buffer (3.0 %)	1 029	1 031
Countercyclical buffer (2.0%)	686	687
Total buffer requirements	2 573	2 578
Available Common Equity Tier 1 capital after buffer requirements	1 376	1 065

Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules	31.12.2018	31.12.2017
Capital adequacy ratio	19.6	18.4
Tier 1 capital ratio	17.6	16.8
Common Equity Tier 1 capital ratio	16.0	15.0

Leverage Ratio (LR)	31.12.2018	31.12.2017
Leverage Ratio (LR)	8.1	8.2

Profit performance

QUARTERLY PROFIT

(NOK million)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net interest income	309	290	291	289	290
Other operating income	56	61	78	53	58
Total operating costs	152	152	150	149	144
Profit before impairment on loans	213	199	219	193	204
Impairment on loans, guarantees etc.	12	7	-5	2	-1
Pre-tax profit	201	192	224	191	205
Tax	60	43	50	50	48
Profit after tax	141	149	174	141	157
As a percentage of average assets					
Net interest income	1.76	1.63	1.68	1.73	1.76
Other operating income	0.32	0.35	0.45	0.32	0.35
Total operating costs	0.86	0.86	0.87	0.89	0.88
Profit before impairment on loans	1.22	1.12	1.26	1.16	1.23
Impairment on loans, guarantees etc.	0.07	0.04	-0.03	0.01	-0.01
Pre-tax profit	1.15	1.08	1.29	1.15	1.24
Tax	0.34	0.24	0.29	0.29	0.29
Profit after tax	0.81	0.84	1.00	0.86	0.95

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