

# 3 quarter 2021

Unaudited  
interim report



Sparebanken  
Møre

# Financial highlights - Group

## Income statement

(Amounts in percentage of average assets)

	Q3 2021		Q3 2020		30.09.2021		30.09.2020		2020	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	320	1.58	306	1.54	932	1.55	914	1.56	1 228	1.57
Net commission and other operating income	58	0.29	53	0.27	163	0.27	157	0.27	211	0.27
Net result from financial instruments	13	0.06	24	0.12	59	0.10	56	0.09	74	0.09
Total income	391	1.93	383	1.93	1 154	1.92	1 127	1.92	1 513	1.93
Total operating costs	160	0.79	149	0.75	478	0.79	473	0.80	630	0.80
Profit before impairment on loans	231	1.14	234	1.18	676	1.13	654	1.12	883	1.13
Impairment on loans, guarantees etc.	2	0.01	36	0.18	44	0.07	114	0.19	149	0.19
Pre-tax profit	229	1.13	198	1.00	632	1.06	540	0.93	734	0.94
Tax	53	0.27	45	0.22	143	0.24	120	0.20	167	0.21
Profit after tax	176	0.86	153	0.78	489	0.82	420	0.73	567	0.73

## Statement of financial position

(NOK million)	30.09.2021	Change as of 30.09.2021 (%)	31.12.2020	Change over the last 12 months (%)	30.09.2020
Total assets 4)	84 262	6.0	79 486	4.8	80 384
Average assets 4)	80 329	2.4	78 450	2.8	78 130
Loans to and receivables from customers	69 423	3.8	66 850	6.2	65 367
Gross loans to retail customers	47 068	3.2	45 592	4.3	45 136
Gross loans to corporate and public entities	22 670	5.3	21 534	10.3	20 555
Deposits from customers	40 780	4.5	39 023	3.7	39 329
Deposits from retail customers	24 515	4.9	23 366	5.3	23 273
Deposits from corporate and public entities	16 265	3.9	15 657	1.3	16 056

### Key figures and alternative performance measures (APMs)

	Q3 2021	Q3 2020	30.09.2021	30.09.2020	2020
Return on equity (annualised) 3) 4)	10.5	9.4	9.8	8.6	8.6
Cost/income ratio 4)	40.9	39.0	41.4	42.0	41.6
Losses as a percentage of loans (annualised) 4)	0.01	0.22	0.09	0.24	0.23
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.57	1.80	1.57	1.80	1.53
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.22	1.31	1.22	1.31	1.22
Deposit-to-loan ratio 4)	58.5	59.9	58.5	59.9	58.1
Liquidity Coverage Ratio (LCR)	147	126	147	126	138
Lending growth as a percentage 4)	0.4	0.4	6.2	2.7	4.4
Deposit growth as a percentage 4)	-1.7	0.7	3.7	8.8	6.0
Capital adequacy ratio 1)	20.8	21.4	20.8	21.4	20.8
Tier 1 capital ratio 1)	18.8	19.3	18.8	19.3	18.7
Common Equity Tier 1 capital ratio (CET1) 1)	17.1	17.5	17.1	17.5	17.0
Leverage Ratio (LR) 1)	7.6	7.9	7.6	7.9	7.7
Man-years	361	353	361	353	346

### Equity Certificates (ECs)

	30.09.2021	30.09.2020	2020	2019	2018	2017
Profit per EC (Group) (NOK) 2)	23.71	20.00	27.10	34.50	29.60	27.70
Profit per EC (Parent Bank) (NOK) 2)	25.99	22.95	26.83	32.00	28.35	27.00
EC fraction 1.1 as a percentage (Parent Bank)	49.6	49.6	49.6	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	396	298	296	317	283	262
Stock market value (NOK million)	3 915	2 946	2 927	3 134	2 798	2 590
Book value per EC (Group, incl. proposed dividends) (NOK) 4)	350	325	332	320	303	289
Dividend per EC (NOK)	4.50	14.00	4.50	14.00	15.50	14.00
Price/Earnings (Group, annualised)	12.5	11.1	10.9	9.2	9.5	9.4
Price/Book value (P/B) (Group) 2) 4)	1.13	0.91	0.89	0.99	0.93	0.91

1) Incl. 50 % of the profit after tax

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

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

4) Defined as alternative performance measure (APM), see attachment to the quarterly report.

# 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 AS PER Q3 2021

Sparebanken Møre's profit before tax for the first three quarters of 2021 was NOK 632 million, compared with NOK 540 million for the same period in 2020.

Total income was NOK 27 million higher than for the same period in 2020. Net interest income rose by NOK 18 million and other operating income increased by NOK 9 million. No changes were recognised in the value of bond holdings as per 30 September 2021, compared with capital losses of NOK 6 million after the first three quarters of 2020. Capital gains on equities totalled NOK 11 million, compared with NOK 6 million at the end of the third quarter of 2020. Income from other financial instruments showed a reduction of NOK 8 million compared with the same period in 2020.

Costs were NOK 5 million higher in the first three quarters of 2021 than in 2020. Personnel costs were NOK 6 million higher than last year, while other operating costs showed a reduction of NOK 1 million in the same period.

Losses on loans and guarantees amounted to NOK 44 million and were NOK 70 million lower than in the same period last year.

The cost income ratio amounted to 41.4 per cent after the third quarter this year. This represents a decrease of 0.6 percentage points compared with the same period in 2020.

Profit after tax was NOK 489 million, NOK 69 million higher than for the same period in 2020. The results at the end of the third quarter show an annualised return on equity of 9.8 per cent, compared with 8.6 per cent after the first three quarters of 2020.

Earnings per equity certificate were NOK 23.71 (NOK 20.00) for the Group and NOK 25.99 (NOK 22.95) for the parent bank.

## RESULTS FOR Q3 2021

Profit after tax was NOK 176 million for the third quarter of 2021, or 0.86 per cent of average total assets, compared with NOK 153 million, or 0.78 per cent, for the corresponding quarter last year.

Return on equity was 10.5 per cent in the third quarter of 2021, compared with 9.4 per cent in the third quarter of 2020, and the cost income ratio was 40.9 per cent compared with 39.0 per cent in the third quarter of 2020.

Earnings per equity certificate were NOK 8.60 (NOK 7.38) for the Group and NOK 5.00 (NOK 3.72) for the parent bank.

## Net interest income

Net interest income was NOK 320 million, which is NOK 14 million, or 4.6 per cent, higher than in the corresponding quarter of last year. This represents 1.58 per cent of total assets, which is 0.04 percentage points higher than for the third quarter of 2020.

In the retail market, the interest margin for lending contracted and the deposit margin increased compared

with both the second quarter of 2021 and the third quarter of 2020. In the corporate market, the interest margin for lending was stable, while the interest margin for deposits increased compared with the same periods.

Strong competition in both lending and deposits, contributed to downward pressure on net interest income, while higher lending and deposit volumes resulted in an increase in net interest income.

#### **Other operating income**

Other operating income was NOK 71 million in the quarter, which is NOK 6 million lower than in the third quarter of last year. The net income from financial instruments of NOK 13 million was NOK 11 million lower than in the third quarter of 2020. Capital losses from bond holdings were NOK 3 million in the quarter, compared with capital gains of NOK 7 million in the corresponding quarter last year. Capital losses on equities totalled NOK 1 million, compared with gains of NOK 1 million in the third quarter of 2020. The positive change in value for fixed-rate lending amounted NOK 3 million, compared with NOK 1 million in the same quarter last year. The value of issued bonds increased by NOK 5 million, compared with a negative change in value of NOK 6 million in the third quarter of 2020. Income from currency and interest rate trading increased by NOK 1 million compared with the same period last year.

Other operating income, excluding financial instruments, increased by NOK 5 million compared with the third quarter of 2020. The increase was mainly attributable to insurance sales, income from discretionary asset management and money-transfer services.

See Note 7 for a specification of other operating income.

#### **Costs**

Operating costs were NOK 160 million in the quarter, which is NOK 11 million higher than in the same quarter last year. Personnel costs were NOK 6 million higher than in the corresponding period last year and amounted to NOK 87 million. Staffing has increased by eight full-time equivalents in the past 12 months, to 361 FTEs. Other operating costs have increased by NOK 5 million from the same period last year. See Note 8 for a specification of costs.

The cost income ratio for the third quarter of 2021 was 40.9 per cent, 1.9 percentage points higher than in the third quarter of last year.

#### **Provisions for expected losses and credit-impaired commitments**

The quarterly accounts were charged NOK 2 million (NOK 36 million) in losses on loans and guarantees. This amounts to 0.01 per cent (0.18 per cent) of average total assets on an annualised basis. Losses in the corporate segment increased by NOK 9 million in the quarter, while losses in the retail segment decreased by NOK 7 million.

At the end of the third quarter of 2021, provisions for expected losses totalled NOK 365 million, equivalent to 0.51 per cent of gross loans and guarantee commitments (NOK 481 million and 0.72 per cent). Of the total provisions for expected losses, NOK 18 million concerns credit-impaired commitments more than 90 days past due (NOK 22 million), which amounts to 0.03 per cent of gross loans and guarantee commitments (0.03 per cent). NOK 231 million concerns other credit-impaired commitments (NOK 312 million), which is equivalent to 0.32 per cent of gross loans and guarantee commitments (0.46 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in stage 3) have decreased by NOK 9 million in the past 12 months. At end of the third quarter of 2021, the corporate market accounted for NOK 774 million of net credit-impaired commitments and the retail market NOK 96 million. In total, this represents 1.22 per cent of net gross loans and guarantee commitments (1.31 per cent).

#### **Lending to customers**

At the end of the third quarter of 2021, lending to customers amounted to NOK 69,423 million (NOK 65,367 million). In the past 12 months, customer lending has increased by a total of NOK 4,056 million, or 6.2 per cent. Retail lending has increased by 4.3 per cent and corporate lending has increased by 10.3 per cent in the past 12 months. Lending to corporate customers increased by 0.6 per cent in the third quarter of 2021, while lending to retail customers rose by 0.3 per cent. Retail lending accounted for 67.5 per cent of total lending at the end of the third quarter of 2021 (68.7 per cent).

### **Deposits from customers**

Customer deposits have increased by NOK 1,451 million, or 3.7 per cent, in the past 12 months. At the end of the third quarter of 2021, deposits amounted to NOK 40,780 million (NOK 39,329 million). Retail deposits have increased by 5.3 per cent in the past 12 months, while corporate deposits have increased by 1.1 per cent and public sector deposits by 3.9 per cent. The retail market's relative share of deposits amounted to 60.1 per cent (59.2 per cent), while deposits from the corporate market accounted for 37.6 per cent (38.5 per cent) and from the public sector market 2.3 per cent (2.3 per cent).

The deposit-to-loan ratio was 58.5 per cent at the end of the third quarter of 2021 (59.9 per cent).

### **ADDITIONAL DIVIDENDS**

The bank's dividend policy implies cash dividends for 2020 of NOK 13.50 per equity certificate. Based on the extraordinary situation and the authorities' expectations, the General Meeting in March, decided to distribute NOK 4.50 per equity certificate and NOK 45 million in dividends to the local communities. In addition, the General Meeting issued board authorisation for an additional distribution of dividends of up to NOK 9.00 per equity certificate, as well as distribution of dividends of up to NOK 91 million to the local communities.

In its meeting on 25 October 2021, the Board used this authorization and decided on additional dividends of NOK 9.00 per equity certificate, as well as distribution of dividend funds of NOK 90 million to the local communities. This dividend payment will not affect the bank's Common Equity Tier 1 (CET1).

The Board's decision on 25 October 2021 is based on an assessment of the prudence of approving and making dividend payments in accordance with Section 10-6, first subsection, of the Financial Institutions Act, including the results as at the end of the third quarter of 2021.

### **CAPITAL ADEQUACY**

Sparebanken Møre is well capitalised. At the end of the third quarter, the Common Equity Tier 1 capital ratio was 17.1 per cent (17.5 per cent), incl. 50 per cent of the result for the year to date. This is 4.4 percentage points higher than the total regulatory minimum requirement for the Common Equity Tier 1 capital ratio of 12.7 per cent. The primary capital ratio, including 50 per cent of the result for the year to date, was 20.8 per cent (21.4 per cent) and the Tier 1 capital ratio was 18.8 per cent (19.3 per cent).

Capital adequacy is calculated in line with the EU's Capital Requirements Directive (CRD) IV and Capital Requirements Regulation (CRR), which were introduced with effect from 31 December 2019.

The total regulatory minimum requirement for Sparebanken Møre's Common Equity Tier 1 capital ratio, including the Pillar 2 supplement, was 12.7 per cent at the end of the third quarter of 2021. In its assessment of Sparebanken Møre's Pillar 2 supplement in 2018, the Financial Supervisory Authority of Norway set it at 1.7 per cent, although it was made subject to a minimum of NOK 590 million with effect from 31 March 2019. Sparebanken Møre's internal target for its Common Equity Tier 1 capital ratio is 15.2 per cent.

The leverage ratio (LR) at the end of the third quarter of 2021 was 7.6 per cent, 0.3 percentage points lower than at the end of the third quarter of 2020. The regulatory minimum requirement (3 per cent) and buffer requirement (2 per cent), 5 per cent in total, were met by a good margin.

### **SUBSIDIARIES**

The aggregate profit of the bank's three subsidiaries amounted to NOK 191 million after tax after the first three quarters of 2021 (NOK 167 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The main purpose of the covered bond company is to issue covered bonds for sale to Norwegian and international investors. At the end of the third quarter of 2021, the company had outstanding bonds of NOK 29 billion in the market. Around 37 per cent was issued in a currency other than NOK. Of the volume of bonds issued by the company, NOK 2,347 million (nominal value) was held by the parent bank at the end of the third quarter of 2021. Møre Boligkreditt AS contributed NOK 190 million to the Group's result so far in 2021 (NOK 164 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has not made a profit contribution so far in 2021 (NOK 2.2 million). At the end of the quarter, the company employed 17 full-time equivalents.

Sparebankeiendom AS's purpose is to own and manage the bank's commercial properties. The company has made a profit contribution of NOK 1 million so far in 2021 (NOK 1 million). The company has no employees.

### **EQUITY CERTIFICATES**

At the end of the third quarter of 2021, there were 5,625 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 5.11 per cent at the end of the quarter. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.6 per cent of the bank's total equity.

Note 14 includes a list of the 20 largest holders of the bank's equity certificates. As at 30 September 2021, the Bank owned 22,111 of its own equity certificates. These were purchased on the Oslo Børs at market prices.

### **FUTURE PROSPECTS**

Unemployment continued to fall in Møre og Romsdal during the third quarter. At the end of September, the number of unemployed people registered at job centres totalled to 2.0 per cent of the workforce according to NAV. In comparison, the national unemployment rate was 2.4 per cent. The unemployment rate is now close to the level it was prior to the start of the shutdown of the Norwegian economy in March 2020.

There has been a clear rise in the number of jobs advertised in the autumn, particularly in the health and care sector, manufacturing and service occupations. Many jobs have also been advertised within retail and sales work. Several sectors are reporting difficulties recruiting labour. This too is an indication that output and demand are rising in the county.

The growth rate for household lending for Norway as a whole has increased slightly in 2021, but levelled off during the third quarter. The growth in lending to the corporate market accelerated in this quarter as well and total 12-month retail lending growth is now at 5.3 per cent compared with 4.8 per cent at the end of last year.

The bank has noted good activity so far this year with an accelerating rate of growth compared with the end of 2020. The 12-month growth rate was 6.2 per cent compared with 4.4 per cent at the end of 2020. The 12-month growth for lending in the retail market was 4.3 per cent at the end of the third quarter, while the growth rate for the corporate market was 10.3 per cent. Deposits increased by 3.7 per cent in the past 12 months up to the end of the third quarter of 2021, and the deposit-to-loan ratio remains high.

Sparebanken Møre expects lending growth for the bank in 2021 to be slightly higher than the growth in 2020 and end up at around 5 per cent. Deposit growth is expected to remain high.

The bank has a solid capital base and good liquidity and will remain a strong and committed supporter of our customers also going forward. The focus will always be on good operations and profitability.

Sparebanken Møre's strategic financial performance targets are a return on equity exceeding 11 per cent and a cost income ratio below 40 per cent. The activity-reducing measures due to the Covid-19 pandemic have affected the market so that the targets will not be achieved in 2021. The Board of Directors expects both further improvements with respect to the targets in the fourth quarter and that implemented measures will lead to achieved targets in 2022.

Ålesund, 30 September 2021  
25 October 2021

**THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE**

LEIF-ARNE LANGØY, Chair of the Board

HENRIK GRUNG, Deputy Chair

JILL AASEN

ANN MAGRITT BJÅSTAD VIKEBAKK

KÅRE ØYVIND VASSDAL

THERESE MONSÅS LANGSET

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO



# Statement of income - Group

## STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q3 2021	Q3 2020	30.09.2021	30.09.2020	2020
Interest income from assets at amortised cost		399	389	1 177	1 374	1 762
Interest income from assets at fair value		29	34	98	162	192
Interest expenses		108	117	343	622	726
Net interest income	<u>3</u>	320	306	932	914	1 228
Commission income and revenues from banking services		58	52	166	156	210
Commission expenses and charges from banking services		7	6	22	19	26
Other operating income		7	7	19	20	27
Net commission and other operating income	<u>7</u>	58	53	163	157	211
Dividends		1	0	2	6	22
Net change in value of financial instruments		12	24	57	50	52
Net result from financial instruments	<u>7</u>	13	24	59	56	74
Total other income		71	77	222	213	285
Total income	<u>7</u>	391	383	1 154	1 127	1 513
Salaries, wages etc.		87	81	257	251	332
Depreciation and impairment of non-financial assets		11	11	34	35	46
Other operating expenses		62	57	187	187	252
Total operating expenses	<u>8</u>	160	149	478	473	630
Profit before impairment on loans		231	234	676	654	883
Impairment on loans, guarantees etc.	<u>5</u>	2	36	44	114	149
Pre-tax profit		229	198	632	540	734
Taxes		53	45	143	120	167
Profit after tax		176	153	489	420	567
Allocated to equity owners		170	148	472	399	540
Allocated to owners of Additional Tier 1 capital		6	5	17	21	27
Profit per EC (NOK) 1)		8.60	7.38	23.71	20.00	27.10
Diluted earnings per EC (NOK) 1)		8.60	7.38	23.71	20.00	27.10
Distributed dividend per EC (NOK)		0.00	0.00	4.50	14.00	14.00

**STATEMENT OF COMPREHENSIVE INCOME - GROUP  
(COMPRESSED)**

(NOK million)	Q3 2021	Q3 2020	30.09.2021	30.09.2020	2020
Profit after tax	176	153	489	420	567
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	6	-7	-5	-7	3
Tax effect of changes in value on basisswap spreads	-1	1	1	1	-1
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-36
Tax effect of pension estimate deviations	0	0	0	0	9
Total comprehensive income after tax	181	147	485	414	542
Allocated to equity owners	175	142	468	393	515
Allocated to owners of Additional Tier 1 capital	6	5	17	21	27

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

# Statement of financial position - Group

## ASSETS (COMPRESSED)

(NOK million)	Note	30.09.2021	30.09.2020	31.12.2020
Cash and claims on Norges Bank	<u>9 10 13</u>	480	650	542
Loans to and receivables from credit institutions	<u>9 10 13</u>	2 736	2 732	1 166
Loans to and receivables from customers	<u>4 5 6 9 11 13</u>	69 423	65 367	66 850
Certificates, bonds and other interest-bearing securities	<u>9 11 13</u>	9 814	8 517	8 563
Financial derivatives	<u>9 11</u>	1 198	2 507	1 793
Shares and other securities	<u>9 11</u>	193	191	178
Intangible assets		50	52	56
Fixed assets		203	219	224
Other assets		165	149	114
<b>Total assets</b>		<b>84 262</b>	<b>80 384</b>	<b>79 486</b>

## LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.09.2021	30.09.2020	31.12.2020
Loans and deposits from credit institutions	<u>9 10 13</u>	1 844	2 462	2 209
Deposits from customers	<u>4 9 10 13</u>	40 780	39 329	39 023
Debt securities issued	<u>9 10 12</u>	31 608	28 781	28 774
Financial derivatives	<u>9 11</u>	327	863	537
Other provisions for incurred costs and prepaid income		67	65	78
Pension liabilities		48	29	57
Tax payable		138	185	111
Provisions for guarantee liabilities		50	157	50
Deferred tax liabilities		194	146	194
Other liabilities		916	579	543
Subordinated loan capital	<u>9 10</u>	702	702	702
<b>Total liabilities</b>		<b>76 674</b>	<b>73 298</b>	<b>72 278</b>
EC capital	<u>14</u>	989	989	989
ECs owned by the bank		-2	-2	-2
Share premium		357	357	357
Additional Tier 1 capital		599	599	599
<b>Paid-in equity</b>		<b>1 943</b>	<b>1 943</b>	<b>1 943</b>

Primary capital fund	2 939	2 819	2 939
Gift fund	125	125	125
Dividend equalisation fund	1 679	1 560	1 679
Other equity	417	225	522
Comprehensive income for the period	485	414	0
Retained earnings	5 645	5 143	5 265
Total equity	7 588	7 086	7 208
Total liabilities and equity	84 262	80 384	79 486

# Statement of changes in equity - Group

GROUP 30.09.2021	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as of 31.12.2020	7 208	987	357	599	2 939	125	1 679	522
Changes in own equity certificates	0							
Distributed dividends to the EC holders	-44							-44
Distributed dividends to the local community	-45							-45
Interests on issued Additional Tier 1 capital	-17							-17
Comprehensive income for the period	485							485
Equity as at 30 September 2021	7 588	987	357	599	2 939	125	1 679	902

GROUP 30.09.2020	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as of 31.12.2019	6 970	986	357	599	2 819	125	1 559	525
Changes in own equity certificates	2	1					1	
Distributed dividend to the EC holders	-138							-138
Distributed dividend to the local community	-141							-141
Interests on issued Additional Tier 1 capital	-21							-21
Comprehensive income for the period	414							414
Equity as at 30 September 2020	7 086	987	357	599	2 819	125	1 560	639

<b>GROUP 31.12.2020</b>	<b>Total equity</b>	<b>EC capital</b>	<b>Share premium</b>	<b>Additional Tier 1 capital</b>	<b>Primary capital fund</b>	<b>Gift fund</b>	<b>Dividend equalisation fund</b>	<b>Other equity</b>
Equity as at 31 December 2019	6 970	986	357	599	2 819	125	1 559	525
Changes in own equity certificates	2	1					1	
Distributed dividends to the EC holders	-138							-138
Distributed dividends to the local community	-141							-141
Interests paid on Additional Tier 1 capital issued	-27							-27
Equity before allocation of profit for the year	6 666	987	357	599	2 819	125	1 560	219
Allocated to the primary capital fund	134				134			
Allocated to the dividend equalisation fund	132						132	
Allocated to owners of Additional Tier 1 capital	27							27
Allocated to other equity	6							6
Proposed dividends allocated for the EC holders	44							44
Proposed dividends allocated for the local community	45							45
Dividends that can be distributed to EC holders in accordance with board authorisation	89							89
Dividends that can be distributed to the local community in accordance with board authorisation	90							90
Profit for the year	567	0	0	0	134	0	132	301
Changes in value - basis swaps	3							3
Tax effect of changes in value - basis swaps	-1							-1
Pension estimate deviations	-36				-18		-18	
Tax effect of pension estimate deviations	9				4		5	
Total other income and costs from comprehensive income	-25	0	0	0	-14	0	-13	2
Comprehensive income for the year	542	0	0	0	120	0	119	303
Equity as at 31 December 2020	7 208	987	357	599	2 939	125	1 679	522

# Statement of cash flow - Group

(NOK million)	30.09.2021	30.09.2020	31.12.2020
<b>Cash flow from operating activities</b>			
Interest, commission and fees received	1 364	1 597	2 069
Interest, commission and fees paid	-214	-433	-521
Dividend and group contribution received	0	6	22
Operating expenses paid	-380	-385	-552
Income taxes paid	-115	-33	-99
Changes relating to loans to and claims on other financial institutions	-1 570	-1 644	-78
Changes relating to repayment of loans/leasing to customers	-2 073	-1 384	-2 632
Changes in utilised credit facilities	-539	-18	-207
Net change in deposits from customers	1 756	2 525	2 220
<b>Net cash flow from operating activities</b>	<b>-1 771</b>	<b>231</b>	<b>222</b>
<b>Cash flow from investing activities</b>			
Interest received on certificates, bonds and other securities	85	94	115
Proceeds from the sale of certificates, bonds and other securities	3 915	6 594	7 359
Purchases of certificates, bonds and other securities	-7 133	-10 604	-8 919
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-9	-10	-37
Changes in other assets	59	-195	-65
<b>Net cash flow from investing activities</b>	<b>-3 083</b>	<b>-4 121</b>	<b>-1 547</b>
<b>Cash flow from financing activities</b>			
Interest paid on debt securities and subordinated loan capital	-206	-331	-388
Net change in deposits from Norges Bank and other financial institutions	-366	1 646	1 392
Proceeds from bond issues raised	6 095	3 331	5 821
Redemption of debt securities	-962	-1 494	-5 912
Dividend paid	-44	-138	-138
Changes in other debt	292	475	47
Proceeds from Additional Tier 1 capital issued	0	0	0
Paid interest on Additional Tier 1 capital issued	-17	-21	-27
<b>Net cash flow from financing activities</b>	<b>4 792</b>	<b>3 468</b>	<b>795</b>
<b>Net change in cash and cash equivalents</b>	<b>-62</b>	<b>-422</b>	<b>-530</b>
Cash balance at 01.01	542	1 072	1 072
Cash balance at 30.09/31.12	480	650	542

# Note 1

## **Accounting principles**

The Group's interim accounts have been prepared in accordance with adopted International Financial Reporting Standards (IFRS), approved by the EU as at 30 September 2021. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2020 Financial statements.

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

## Capital adequacy

Sparebanken Møre calculates and reports capital adequacy in compliance with the EU's capital requirements regulation and directive (CRR/CRD IV). Sparebanken Møre is granted permission from the Financial Supervisory Authority of Norway (FSA) to use internal rating methods, IRB Foundation for credit risk. Calculations regarding market risk are performed using the standard method and for operational risk the basic method is used.

Sparebanken Møre has a total requirement for Common Tier 1 capital ratio (CET1) of 12.7 per cent. The requirement consists of a minimum requirement of 4.5 per cent, a capital conservation buffer of 2.5 per cent, a systemic risk buffer of 3.0 per cent and a countercyclical capital buffer of 1.0 per cent. In addition, the FSA has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, albeit a minimum of NOK 590 million.

The countercyclical capital buffer was reduced from 2.5 per cent to 1.0 per cent with effect from 13 March 2020. The level is set by the Ministry of Finance based on advice from Norges Bank. The countercyclical capital buffer can be increased with 12 months' notice. On 17 June 2021, the Ministry of Finance announced that the countercyclical capital buffer requirement will be increased to 1.5 per cent from 30 June 2022.

Sparebanken Møre has an internal target for CET1 of 15.2 per cent.

Reported capital adequacy in the annual report for 2020 was based on a proposed cash dividend of NOK 4.50 per equity certificate, a total of NOK 44 million, and dividend funds to the local community totaling NOK 45 million.

On 23 March 2021, the General Meeting made a decision to authorise the Board of Directors to decide on further distribution of dividends on the basis of the bank's annual accounts for 2020 of up to NOK 9.00 per equity certificate and up to NOK 91 million in dividends for local communities. The authorisation is valid until the ordinary General Meeting in 2022. The funds that can be distributed in accordance with the board authorisation have been transferred to other equity pending any distribution, instead of to the equalisation fund and primary capital as originally proposed. The funds transferred to other equity shall not be included in the calculation of Common Equity Tier 1 capital, which resulted in a reduction in the CET1 capital ratio as at 31.12.2020 from 17.5 per cent to 17.0 per cent. Similarly, the Tier 1 capital ratio was reduced from 19.2 per cent to 18.7 per cent and the capital adequacy ratio was reduced from 21.3 per cent to 20.8 per cent.

The figures as of 31 December 2020 in the quarterly report have been revised in relation to reported capital adequacy in the annual report for 2020, thus reflecting the General Meeting's resolution of 23 March 2021.

Equity	30.09.2021	30.09.2020	31.12.2020
EC capital	989	989	989
- ECs owned by the bank	-2	-2	-2
Share premium	357	357	357
Additional Tier 1 capital (AT1)	599	599	599
Primary capital fund	2 939	2 819	2 939
Gift fund	125	125	125
Dividend equalisation fund	1 678	1 560	1 679
Proposed dividend for EC holders	0	0	44
Proposed dividend for the local community	0	0	45
Equity that can be granted in accordance with board authorisation	179	0	179
Other equity	238	225	254
Comprehensive income for the period	485	414	-
Total equity	7 587	7 086	7 208

<b>Tier 1 capital (T1)</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Goodwill, intangible assets and other deductions	-50	-52	-56
Value adjustments of financial instruments at fair value	-16	-17	-16
Deduction of overfunded pension liability	0	-3	0
Additional Tier 1 capital (AT1)	-599	-599	-599
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-509	-381	-480
Deduction for proposed dividend for EC holders	0	0	-44
Deduction for proposed dividend for the local community	0	0	-45
Deduction for equity that can be granted in accordance with board authorisation	-179	0	-179
Deduction of comprehensive income for the period	-485	-414	-
<b>Total Common Equity Tier 1 capital (CET1)</b>	<b>5 749</b>	<b>5 620</b>	<b>5 788</b>
Additional Tier 1 capital - classified as equity	599	599	599
Additional Tier 1 capital - classified as debt	0	0	0
<b>Total Tier 1 capital (T1)</b>	<b>6 348</b>	<b>6 219</b>	<b>6 387</b>
<b>Tier 2 capital (T2)</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Subordinated loan capital of limited duration	702	702	702
<b>Total Tier 2 capital (T2)</b>	<b>702</b>	<b>702</b>	<b>702</b>
<b>Net equity and subordinated loan capital</b>	<b>7 050</b>	<b>6 921</b>	<b>7 089</b>
<b>Risk weighted assets (RWA) by exposure classes</b>			
<b>Credit risk - standardised approach</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Central governments or central banks	0	0	0
Local and regional authorities	335	240	248
Public sector companies	212	81	99
Institutions	507	597	538
Covered bonds	469	450	454
Equity	173	173	173
Other items	687	695	640
<b>Total credit risk - standardised approach</b>	<b>2 382</b>	<b>2 236</b>	<b>2 152</b>

<b>Credit risk - IRB Foundation</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Retail - Secured by real estate	10 289	9 390	9 932
Retail - Other	403	457	411
Corporate lending	18 914	17 895	18 419
<b>Total credit risk - IRB-F</b>	<b>29 605</b>	<b>27 742</b>	<b>28 762</b>
Credit value adjustment risk (CVA) - market risk	255	528	396
Operational risk (basic method)	2 840	2 735	2 840
<b>Risk weighted assets (RWA)</b>	<b>35 082</b>	<b>33 241</b>	<b>34 150</b>
Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 579	1 496	1 537
<b>Buffer requirements</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Capital conservation buffer , 2.5 %	877	831	854
Systemic risk buffer, 3.0 %	1 052	997	1 025
Countercyclical buffer, 1.0 %	351	332	342
<b>Total buffer requirements for Common Equity Tier 1 capital</b>	<b>2 280</b>	<b>2 161</b>	<b>2 220</b>
<b>Available Common Equity Tier 1 capital after buffer requirements</b>	<b>1 890</b>	<b>1 963</b>	<b>2 032</b>
<b>Capital adequacy as a percentage of risk weighted assets (RWA)</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Capital adequacy ratio	20.1	20.8	20.8
Capital adequacy ratio incl. 50 % of the profit	20.8	21.4	-
Tier 1 capital ratio	18.1	18.7	18.7
Tier 1 capital ratio incl. 50 % of the profit	18.8	19.3	-
Common Equity Tier 1 capital ratio	16.4	16.9	17.0
Common Equity Tier 1 capital ratio incl. 50 % of the profit	17.1	17.5	-
<b>Leverage Ratio (LR)</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Basis for calculation of leverage ratio	86 664	81 843	82 643
Leverage Ratio (LR)	7.3	7.6	7.7
Leverage Ratio (LR) incl. 50 % of the profit	7.6	7.9	-

# Note 3

## Operating segments

Result - Q3 2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	320	0	-10	133	197	0
Other operating income	71	-14	25	24	29	7
Total income	391	-14	15	157	226	7
Operating costs	160	-15	19	44	105	7
Profit before impairment	231	1	-4	113	121	0
Impairment on loans, guarantees etc.	2	0	0	9	-7	0
Pre-tax profit	229	1	-4	104	128	0
Taxes	53					
Profit after tax	176					

Result - 30.09.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	932	1	-16	385	562	0
Other operating income	222	-45	95	73	79	20
Total income	1 154	-44	79	458	641	20
Operating costs	478	-46	109	91	304	20
Profit before impairment	676	2	-30	367	337	0
Impairment on loans, guarantees etc.	44	0	0	44	0	0
Pre-tax profit	632	2	-30	323	337	0
Taxes	143					
Profit after tax	489					

Key figures - 30.09.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	69 738	-113	1 177	21 981	46 693	0
Expected credit loss on loans	-315	0	0	-252	-63	0
Net loans to customers	69 423	-113	1 177	21 729	46 630	0
Deposits from customers 1)	40 780	-16	604	14 103	26 089	0
Guarantee liabilities	1 579	0	0	0	4	1 575
Expected credit loss on guarantee liabilities	50	0	0	50	0	0
The deposit-to-loan ratio	58.5	14.2	51.3	64.2	55.9	0.0
Man-years	361	0	163	44	137	17

<b>Result - Q3 2020</b>	<b>Group</b>	<b>Eliminations</b>	<b>Other 2)</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Net interest income	306	1	-2	113	194	0
Other operating income	77	-13	34	23	26	7
Total income	383	-12	32	136	220	7
Operating costs	149	-13	25	31	101	5
Profit before impairment	234	1	7	105	119	2
Impairment on loans, guarantees etc.	36	0	0	45	-9	0
Pre-tax profit	198	1	7	60	128	2
Taxes	45					
Profit after tax	153					

<b>Result - 30.09.2020</b>	<b>Group</b>	<b>Eliminations</b>	<b>Other 2)</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Net interest income	914	2	30	353	529	0
Other operating income	213	-41	81	76	80	17
Total income	1 127	-39	111	429	609	17
Operating costs	473	-40	111	96	292	14
Profit before impairment	654	1	0	333	317	3
Impairment on loans, guarantees etc.	114	0	0	105	9	0
Pre-tax profit	540	1	0	228	308	3
Taxes	120					
Profit after tax	420					

<b>Key figures - 30.09.2020</b>	<b>Group</b>	<b>Eliminations</b>	<b>Other 2)</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Gross loans to customers 1)	65 691	-117	1 337	19 930	44 541	0
Expected credit loss on loans	-324	0	0	-255	-69	0
Net loans to customers	65 367	-117	1 337	19 675	44 472	0
Deposits from customers 1)	39 329	-22	723	13 985	24 643	0
Guarantee liabilities	1 900	0	0	5	1 895	0
Expected credit loss on guarantee liabilities	157	0	0	157	0	0
The deposit-to-loan ratio	59.9	18.8	54.1	70.2	55.3	0
Man-years	353	0	156	49	134	14

<b>Result - 31.12.2020</b>	<b>Group</b>	<b>Eliminations</b>	<b>Other 2)</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Net interest income	1 228	2	15	485	726	0
Other operating income	285	-56	115	101	102	23
<b>Total income</b>	<b>1 513</b>	<b>-54</b>	<b>130</b>	<b>586</b>	<b>828</b>	<b>23</b>
Operating costs	630	-55	139	128	396	22
Profit before impairment	883	1	-9	458	432	1
Impairment on loans, guarantees etc.	149	0	0	149	0	0
Pre-tax profit	734	1	-9	309	432	1
Taxes	167					
Profit after tax	567					

<b>Key figures - 31.12.2020</b>	<b>Group</b>	<b>Eliminations</b>	<b>Other 2)</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Gross loans to customers 1)	67 126	-116	1 312	20 906	45 024	0
Expected credit loss on loans	-276	0	0	-216	-60	0
Net loans to customers	66 850	-116	1 312	20 690	44 964	0
Deposits from customers 1)	39 023	-26	651	13 665	24 733	0
Guarantee liabilities	1 530	0	0	1 525	5	0
Expected credit loss on guarantee liabilities	50	0	0	50	0	0
The deposit-to-loan ratio	58.1	0.0	49.6	65.4	54.9	0.0
Man-years	346	0	156	49	130	11

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.

2) Consists of head office activities not allocated to reporting segments, customer commitments towards employees as well as the subsidiary Sparebankeiendom AS, which manages the buildings owned by the Group.

**MØRE BOLIGKREDITT AS**

<b>Statement of income</b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Net interest income	96	100	274	250	345
Other operating income	5	0	9	-1	-1
Total income	101	100	283	249	344
Operating costs	12	11	39	37	49
Profit before impairment on loans	89	89	244	212	295
Impairment on loans, guarantees etc.	0	-1	0	2	1
Pre-tax profit	89	90	244	210	294
Taxes	20	20	54	46	64
Profit after tax	69	70	190	164	230

**MØRE BOLIGKREDITT AS**

<b>Statement of financial position</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
Loans to and receivables from customers	29 531	26 724	29 041
Total equity	1 736	2 208	2 282

# Note 4

## Loans and deposits broken down according to sector and industry

The loan portfolio with agreed floating interest is measured at amortised cost, while the loan portfolio with fixed interest rates is measured at fair value.

30.09.2021		GROUP				
Sector/industry	Gross loans at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans at fair value	Net loans
Agriculture and forestry	590	0	-2	-1	54	641
Fisheries	3 577	-1	-1	-1	2	3 576
Manufacturing	3 376	-9	-5	-13	9	3 358
Building and construction	951	-4	-2	-4	8	949
Wholesale and retail trade, hotels	1 047	-2	-2	-2	6	1 047
Supply/Offshore	1 289	-1	-20	-155	0	1 113
Property management	7 851	-6	-4	-4	200	8 037
Professional/financial services	442	-1	-1	0	16	456
Transport and private/public services/abroad	3 199	-5	-3	-3	53	3 241
Total corporate/public entities	22 322	-29	-40	-183	348	22 418
Retail customers	43 321	-7	-36	-20	3 747	47 005
Total loans to and receivables from customers	65 643	-36	-76	-203	4 095	69 423

30.09.2020		GROUP				
Sector/industry	Gross loans at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans at fair value	Net loans
Agriculture and forestry	541	0	-1	-1	51	590
Fisheries	3 441	-2	0	0	3	3 442
Manufacturing	2 627	-11	-8	-7	11	2 612
Building and construction	955	-3	-4	-1	2	949
Wholesale and retail trade, hotels	680	-1	-5	-3	6	677
Supply/Offshore	1 105	0	-20	-144	0	941
Property management	7 463	-6	-12	-9	187	7 623
Professional/financial services	919	-1	-1	0	24	941
Transport and private/public services/abroad	2 510	-2	-6	-4	30	2 528
Total corporate/public entities	20 241	-26	-57	-169	314	20 303
Retail customers	41 115	-7	-47	-18	4 021	45 064
Total loans to and receivables from customers	61 356	-33	-104	-187	4 335	65 367



31.12.2020	GROUP					
Sector/industry	Gross loans at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans at fair value	Net loans
Agriculture and forestry	569	0	-2	-1	53	619
Fisheries	3 449	-2	-2	0	3	3 448
Manufacturing	2 690	-8	-6	-7	13	2 682
Building and construction	965	-3	-6	-1	6	961
Wholesale and retail trade, hotels	686	-1	-2	-2	6	687
Supply/Offshore	1 488	-3	-16	-122	0	1 347
Property management	7 516	-7	-5	-8	186	7 682
Professional/financial services	909	-1	-1	0	24	931
Transport and private/public services/abroad	2 941	-2	-3	-5	30	2 961
Total corporate/public entities	21 213	-27	-43	-146	321	21 318
Retail customers	41 541	-6	-34	-20	4 051	45 532
Total loans to and receivables from customers	62 754	-33	-77	-166	4 372	66 850

Deposits with agreed floating and fixed interest rates are measured at amortised cost.

DEPOSITS FROM CUSTOMERS	GROUP		
Sector/industry	30.09.2021	30.09.2020	31.12.2020
Agriculture and forestry	237	217	196
Fisheries	1 170	1 339	1 446
Manufacturing	2 542	2 790	2 321
Building and construction	872	858	909
Wholesale and retail trade, hotels	1 731	991	1 082
Property management	2 199	1 877	1 802
Transport and private/public services	4 013	4 797	4 773
Public administration	935	900	822
Others	2 566	2 287	2 306
Total corporate/public entities	16 265	16 056	15 657
Retail customers	24 515	23 273	23 366
Total	40 780	39 329	39 023

# Note 5

## Losses on loans and guarantees

### Methodology for measuring expected credit losses (ECL) according to IFRS 9

Sparebanken Møre has developed an ECL model based on the Group's IRB parameters and 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 evidence of loss, the commitment is transferred to stage 2 with lifetime ECL measurement.

**Stage 3:** If the credit risk increases further, including evidence of loss, the commitment is transferred to stage 3 with lifetime ECL measurement. The commitment is considered to be credit-impaired. As opposed to stage 1 and 2, effective interest rate in stage 3 is calculated on net impaired commitment (total commitment less expected credit loss) instead of gross commitment.

Staging is performed at account level and implies that two or more accounts held by the same customer can be placed in different stages.

An increase in credit risk reflects both customer-specific circumstances and development in relevant macro factors for the particular customer segment. The assessment of what is considered to be a significant increase in credit risk is based on a combination of quantitative and qualitative indicators, as well as "backstops" (see separate section regarding "backstops")

### Quantitative criteria

A significant increase in credit risk is determined by comparing the PD at the reporting date with PD at initial recognition. If the actual PD is higher than initial PD, an assessment is made of whether the increase is significant.

Significant increase in credit risk since initial recognition is considered to have occurred when either

- PD has increased by 100 per cent or more and the increase in PD is more than 0.5 percentage points, or
- PD has increased by more than 2 percentage points

A 12-months PD is used to determine whether the credit risk has increased significantly.

### Qualitative criteria

In addition to the quantitative assessment of a changes in the PD, a qualitative assessment is made to determine whether there has been a significant increase in credit risk, for example, if the commitment is subject to special monitoring.

### "Backstops"

Credit risk is always considered to have increased significantly if the following events, "backstops", have occurred:

- the customer's contractual payments are 30 days past due
- the customer has been granted forbearance measures due to financial distress, though it is not severe enough to be individually assessed in stage 3

### **Significant reduction in credit risk – recovery**

A customer migrates from stage 2 to stage 1 if:

- The criteria for migration from stage 1 to stage 2 is no longer present, **and**
- This is satisfied for at least one subsequent month (total 2 months)

A customer migrates from stage 3 to stage 1 or stage 2 if the customer no longer meets the conditions for migration to stage 3:

- The customer migrates to stage 2 if more than 30 days in default.
- Otherwise, the customer migrates to stage 1.

Customers who are not subject to the migration rules above are not expected to have significant change in credit risk and retain the stage from previous month.

### **Definition of default, credit-impaired and forbearance**

The definition of default has been amended from 1 January 2021 and has been extended to include breaches of special covenants and agreed payment reliefs (forbearance). The new default definition has not changed the Group's assessment of credit risk associated with individual exposures, and there is therefore no significant effect on the Group's losses in the third quarter.

A commitment is defined to be in default and credit-impaired (non-performing) if a claim is more than 90 days overdue and the overdue amount exceeds the highest of 1 per cent of the exposure (loans and undrawn credits) and NOK 1,000 for the retail market and NOK 2,000 for the corporate market. Breaches of covenants can also trigger default.

A commitment is also defined to be credit-impaired (non-performing) if the commitment, as a result of a weakening of the debtor's creditworthiness, has been subject to an individual assessment, resulting in a lifetime ECL in stage 3.

A commitment is defined to be subject to forbearance (payment relief due to payment difficulties) if the bank agrees to changes in the terms and conditions as a result of the debtor having problems meeting payment obligations. Performing forbearance (not in default) is placed in stage 2 whereas non-performing (defaulted) forbearance is placed in stage 3.

As part of the process of granting payment relief, a specific, individual assessment is made of whether the application for payment relief is 'forbearance' and whether the loan should thus migrate to stage 2 (performing) or stage 3 (non-performing) in the Group's ECL model.

### **Management override**

Quarterly review meetings evaluate the basis for the accounting of ECL losses. If there are significant events that will affect an estimated loss which the model has not taken into account, relevant factors in the ECL model will be overridden. An assessment is made of the level of long-term PD in stage 2 and stage 3 under different scenarios.

### **Consequences of Covid-19 and measurement of expected credit loss (ECL) for loans and guarantees**

Pursuant to the accounting rules (IAS 34), interim financial reports must provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of an entity since the last annual report. The information related to these events and transactions must take into account relevant information presented in the most recent annual report.

The bank's loss provisions reflect expected credit loss (ECL) pursuant to IFRS 9. When assessing ECL, the relevant conditions at the time of reporting and expected economic developments are taken into account.

Covid-19 has resulted in an extraordinary situation for the bank's customers. Even though we are back to a normal everyday life (with increased preparedness), there is still considerable uncertainty associated with expected developments both in Norway and in the world economy, and the picture is constantly changing. Some industries have changed fundamentally due to the rapid digitalization that occurred during Covid-19. Further, we will see changes in the economy due to the climate issue and the focus on sustainability. This means that there is greater uncertainty about critical estimates.

In the Group's calculations of expected credit loss (ECL), the macroeconomic scenarios and the weightings have been impacted by the changes in economic conditions through 2020 and 2021.

During the second half of 2021, the outlook has become more positive and clearer. There are improvements in macroeconomic conditions. There are very few bankruptcies and the level of default is relatively low. Increased compulsory liquidation of companies and an increase in the number of bankruptcies are expected when deferred public debt falls due for payment.

No changes have been made in scenario weighting or other assumptions in the Group's loss model. The probability of a pessimistic scenario is 20 per cent, the base case scenario is 70 per cent probability and the best case scenario is 10 per cent.

#### Specification of credit loss in the income statement

GROUP	Q3 2021	Q3 2020	30.09.2021	30.09.2020	2020
Changes in ECL - stage 1	2	-1	4	-2	-3
Changes in ECL - stage 2	-6	-2	-4	14	-15
Changes in ECL - stage 3	0	-3	-1	-1	-3
Increase in existing expected losses in stage 3 (individually assessed)	4	10	38	44	25
New expected losses in stage 3 (individually assessed)	2	34	14	65	113
Confirmed losses, previously impaired	2	3	7	9	161
Reversal of previous expected losses in stage 3 (individually assessed)	-3	-5	-12	-15	-165
Confirmed losses, not previously impaired	3	2	5	5	44
Recoveries	-2	-2	-7	-5	-8
Total impairments on loans and guarantees	2	36	44	114	149

#### Changes in the loss provisions/ECL recognised in the balance sheet in the period

GROUP - 30.09.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	33	84	209	326
New commitments	11	3	0	14
Disposal of commitments and transfer to stage 3 (individually assessed)	-6	-14	-3	-23
Changes in ECL in the period for commitments which have not migrated	1	-2	1	0
Migration to stage 1	1	-13	-1	-13
Migration to stage 2	-3	24	-2	19
Migration to stage 3	0	-2	4	2
Changes stage 3 (individually assessed)	-	-	40	40
ECL 30.09.2021	37	80	248	365
- of which expected losses on loans to retail customers	7	36	20	63
- of which expected losses on loans to corporate customers	29	40	183	252
- of which expected losses on guarantee liabilities	1	4	45	50

<b>GROUP - 30.09.2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
ECL 31.12.2019	36	99	240	375
New commitments	12	21	1	34
Disposal of commitments and transfer to stage 3 (individually assessed)	-11	-13	-4	-28
Changes in ECL in the period for commitments which have not migrated	-2	-14	0	-16
Migration to stage 1	4	-20	-1	-17
Migration to stage 2	-5	41	-1	35
Migration to stage 3	0	-1	4	3
Changes stage 3 (individually assessed)	-	-	95	95
<b>ECL 30.09.2020</b>	<b>34</b>	<b>113</b>	<b>334</b>	<b>481</b>
- of which expected losses on loans to retail customers	7	47	18	72
- of which expected losses on loans to corporate customers	26	57	169	252
- of which expected losses on guarantee liabilities	1	9	147	157

<b>GROUP - 31.12.2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
ECL 31.12.2019	36	99	240	375
New commitments	13	20	1	34
Disposal of commitments and transfer to stage 3 (individually assessed)	-12	-17	-6	-35
Changes in ECL in the period for commitments which have not migrated	-3	-22	-2	-27
Migration to stage 1	3	-22	0	-19
Migration to stage 2	-4	27	-1	22
Migration to stage 3	0	-1	5	4
Changes stage 3 (individually assessed)	-	-	-28	-28
<b>ECL 31.12.2020</b>	<b>33</b>	<b>84</b>	<b>209</b>	<b>326</b>
- of which expected losses on loans to retail customers	6	34	20	60
- of which expected losses on loans to corporate customers	27	43	146	216
- of which expected losses on guarantee liabilities	0	7	43	50

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

<b>GROUP - 30.09.2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Low risk (0 % - < 0.5 %)	53 710	468	-	54 178
Medium risk (0.5 % - < 3 %)	7 817	2 788	-	10 605
High risk (3 % - <100 %)	1 403	1 181	-	2 584
Credit-impaired commitments	-	-	1 119	1 119
<b>Total commitments before ECL</b>	<b>62 930</b>	<b>4 437</b>	<b>1 119</b>	<b>68 486</b>
- ECL	-37	-80	-248	-365
<b>Total net commitments *)</b>	<b>62 893</b>	<b>4 357</b>	<b>871</b>	<b>68 121</b>

<b>GROUP - 30.09.2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Low risk (0 % - < 0.5 %)	51 666	752	-	52 418
Medium risk (0.5 % - < 3 %)	7 827	2 245	-	10 072
High risk (3 % - <100 %)	629	1 144	-	1 773
Credit-impaired commitments	-	-	1 213	1 213
<b>Total commitments before ECL</b>	<b>60 122</b>	<b>4 141</b>	<b>1 213</b>	<b>65 476</b>
- ECL	-34	-113	-334	-481
<b>Total net commitments *)</b>	<b>60 088</b>	<b>4 028</b>	<b>879</b>	<b>64 995</b>

<b>GROUP - 31.12.2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Low risk (0 % - < 0.5 %)	52 268	569	-	52 837
Medium risk (0.5 % - < 3 %)	7 532	2 239	-	9 771
High risk (3 % - <100 %)	756	1 112	-	1 868
Credit-impaired commitments	-	-	1 050	1 050
<b>Total commitments before ECL</b>	<b>60 556</b>	<b>3 920</b>	<b>1 050</b>	<b>65 526</b>
- ECL	-33	-84	-209	-326
<b>Total net commitments *)</b>	<b>60 523</b>	<b>3 836</b>	<b>841</b>	<b>65 200</b>

\*) The tables above are based on exposure (incl. undrawn credit facilities and guarantee liabilities) and are not including fixed rate loans assessed at fair value. The figures are thus not reconcilable against balances in the statement of financial position.

# Note 6

## Credit-impaired commitments

The table shows total commitments in default above 90 days and other credit-impaired commitments (not above 90 days).

GROUP	30.09.2021			30.09.2020			31.12.2020		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default above 90 days	78	68	10	104	76	28	83	72	11
Gross other credit-impaired commitments	1 041	49	992	1 109	29	1 080	967	39	928
Gross credit-impaired commitments	1 119	117	1 002	1 213	105	1 108	1 050	111	939
ECL on commitments in default above 90 days	18	12	6	22	12	10	18	12	6
ECL on other credit-impaired commitments	231	9	222	312	7	305	191	8	183
ECL on credit-impaired commitments	249	21	228	334	19	315	209	20	189
Net commitments in default above 90 days	60	56	4	82	64	18	65	60	5
Net other credit-impaired commitments	810	40	770	797	22	775	776	31	745
Net credit-impaired commitments	870	96	774	879	86	793	841	91	750
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.57	0.25	4.13	1.80	0.23	4.94	1.53	0.24	4.09
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.22	0.20	3.19	1.31	0.19	3.53	1.22	0.20	3.27

# Note 7

## Other income

(NOK million)	30.09.2021	30.09.2020	2020
Guarantee commission	29	27	36
Income from the sale of insurance services (non-life/personal)	18	17	23
Income from the sale of shares in unit trusts/securities	11	9	11
Income from Discretionary Asset Management	31	27	36
Income from payment transfers	59	58	81
Other fees and commission income	18	18	23
Commission income and income from banking services	166	156	210
Commission expenses and expenses from banking services	-22	-19	-26
Income from real estate brokerage	18	17	23
Other operating income	1	3	4
Total other operating income	19	20	27
Net commission and other operating income	163	157	211
Interest hedging (for customers)	9	14	15
Currency hedging (for customers)	26	44	52
Dividend received	2	6	22
Net gains/losses on shares	11	6	-3
Net gains/losses on bonds	0	-6	-4
Change in value of fixed-rate loans	-85	122	78
Derivates related to fixed-rate lending	97	-125	-77
Change in value of issued bonds	446	-1255	-600
Derivates related to issued bonds	-446	1251	596
Net gains/losses related to buy back of outstanding bonds	-1	-1	-3
Net result from financial instruments	59	56	74
Total other income	222	213	285



The following table lists commission income and costs covered by IFRS 15 broken down by the largest main items and allocated per segment.

<b>Result - 30.09.2021</b>	<b>Group</b>	<b>Other</b>	<b>Corporate</b>	<b>Retail</b>	<b>Real estate brokerage</b>
Guarantee commission	29	0	29	0	0
Income from the sale of insurance services	18	2	1	15	0
Income from the sale of shares in unit trusts/securities	11	3	0	8	0
Income from Discretionary Asset Management	31	12	10	9	0
Income from payment transfers	59	7	13	39	0
Other fees and commission income	18	-25	21	22	0
<b>Commission income and income from banking services</b>	<b>166</b>	<b>-1</b>	<b>74</b>	<b>93</b>	<b>0</b>
<b>Commission expenses and expenses from banking services</b>	<b>-22</b>	<b>-7</b>	<b>-1</b>	<b>-14</b>	<b>0</b>
Income from real estate brokerage	18	0	0	0	18
Other operating income	1	1	0	0	0
<b>Total other operating income</b>	<b>19</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>18</b>
<b>Net commission and other income</b>	<b>163</b>	<b>-7</b>	<b>73</b>	<b>79</b>	<b>18</b>

<b>Result - 30.09.2020</b>	<b>Group</b>	<b>Other</b>	<b>Corporate</b>	<b>Retail</b>	<b>Real estate brokerage</b>
Guarantee commission	27	0	27	0	0
Income from the sale of insurance services	17	1	1	15	0
Income from the sale of shares in unit trusts/securities	9	3	0	6	0
Income from Discretionary Asset Management	27	2	13	12	0
Income from payment transfers	58	7	12	39	0
Other fees and commission income	18	-26	23	21	0
<b>Commission income and income from banking services</b>	<b>156</b>	<b>-13</b>	<b>76</b>	<b>93</b>	<b>0</b>
<b>Commission expenses and expenses from banking services</b>	<b>-19</b>	<b>-5</b>	<b>-1</b>	<b>-13</b>	<b>0</b>
Income from real estate brokerage	17	0	0	0	17
Other operating income	3	2	1	0	0
<b>Total other operating income</b>	<b>20</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>17</b>
<b>Net commission and other income</b>	<b>157</b>	<b>-16</b>	<b>76</b>	<b>80</b>	<b>17</b>

<b>Result - 2020</b>	<b>Group</b>	<b>Other</b>	<b>Corporate</b>	<b>Retail</b>	<b>Real estate brokerage</b>
Guarantee commission	36	0	36	0	0
Income from the sale of insurance services	23	0	2	21	0
Income from the sale of shares in unit trusts/securities	11	0	0	11	0
Income from Discretionary Asset Management	36	4	18	14	0
Income from payment transfers	81	13	17	51	0
Other fees and commission income	23	4	7	12	0
Commission income and income from banking services	210	21	80	109	0
Commission expenses and expenses from banking services	-26	-8	-1	-17	0
Income from real estate brokerage	23	0	0	0	23
Other operating income	4	3	1	0	0
Total other operating income	27	3	1	0	23
Net commission and other income	211	16	80	92	23

# Note 8

## Operating expenses

(NOK million)	30.09.2021	30.09.2020	2020
Wages	191	192	250
Pension expenses	16	14	20
Employers' social security contribution and Financial activity tax	39	39	53
Other personnel expenses	11	6	9
Wages, salaries, etc.	257	251	332
Depreciations	34	35	46
Operating expenses own and rented premises	12	12	19
Maintenance of fixed assets	6	7	9
IT-expenses	95	90	117
Marketing expenses	20	18	26
Purchase of external services	17	17	27
Expenses related to postage, telephone and newspapers etc.	5	7	10
Travel expenses	0	2	4
Capital tax	4	4	5
Other operating expenses	28	30	34
Total other operating expenses	187	187	252
Total operating expenses	478	473	630

# Note 9

## 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:

- Amortised cost
- Fair value with value changes through the income statement

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 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, except fixed interest rate loans, are recorded in the group 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 at 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. The portfolio is held solely for liquidity management and is traded to optimize returns within current quality requirements for the liquidity portfolio.

The Group's portfolio of fixed interest rate loans is 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 Group. Financial derivatives are recognised at fair value through the income statement and recognised gross per contract as an asset or a 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, 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 includes derivatives, as well as bonds which are not included in level 1.

##### Level 3 – Valuation based on other than observable market data

Level 3 comprises financial instruments which cannot be valued based on directly or indirectly observable prices. This category includes loans to customers, as well as shares.

GROUP - 30.09.2021	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		480	480
Loans to and receivables from credit institutions		2 736	2 736
Loans to and receivables from customers	4 095	65 328	69 423
Certificates and bonds	9 814		9 814
Shares and other securities	193		193
Financial derivatives	1 198		1 198
<b>Total financial assets</b>	<b>15 300</b>	<b>68 544</b>	<b>83 844</b>
Loans and deposits from credit institutions		1 844	1 844
Deposits from and liabilities to customers		40 780	40 780
Financial derivatives	327		327
Debt securities		31 608	31 608
Subordinated loan capital		702	702
<b>Total financial liabilities</b>	<b>327</b>	<b>74 934</b>	<b>75 261</b>

<b>GROUP - 30.09.2020</b>	<b>Financial instruments at fair value through profit and loss</b>	<b>Financial instruments assessed at amortised cost</b>	<b>Total book value</b>
Cash and claims on Norges Bank		650	650
Loans to and receivables from credit institutions		2 732	2 732
Loans to and receivables from customers	4 335	61 032	65 367
Certificates and bonds	8 517		8 517
Shares and other securities	191		191
Financial derivatives	2 507		2 507
<b>Total financial assets</b>	<b>15 550</b>	<b>64 414</b>	<b>79 964</b>
Loans and deposits from credit institutions		2 462	2 462
Deposits from and liabilities to customers		39 329	39 329
Financial derivatives	863		863
Debt securities		28 781	28 781
Subordinated loan capital		702	702
<b>Total financial liabilities</b>	<b>863</b>	<b>71 274</b>	<b>72 137</b>

<b>GROUP - 31.12.2020</b>	<b>Financial instruments at fair value through profit and loss</b>	<b>Financial instruments assessed at amortised cost</b>	<b>Total book value</b>
Cash and claims on Norges Bank		542	542
Loans to and receivables from credit institutions		1 166	1 166
Loans to and receivables from customers	4 372	62 478	66 850
Certificates and bonds	8 563		8 563
Shares and other securities	178		178
Financial derivatives	1 793		1 793
<b>Total financial assets</b>	<b>14 906</b>	<b>64 186</b>	<b>79 092</b>
Loans and deposits from credit institutions		2 209	2 209
Deposits from customers		39 023	39 023
Financial derivatives	537		537
Debt securities issued		28 774	28 774
Subordinated loan capital		702	702
<b>Total financial liabilities</b>	<b>537</b>	<b>70 708</b>	<b>71 245</b>

# Note 10

## Financial instruments at amortised cost

GROUP	30.09.2021		30.09.2020		31.12.2020	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	480	480	650	650	542	542
Loans to and receivables from credit institutions	2 736	2 736	2 732	2 732	1 166	1 166
Loans to and receivables from customers	65 328	65 328	61 032	61 032	62 478	62 478
<b>Total financial assets</b>	<b>68 544</b>	<b>68 544</b>	<b>64 414</b>	<b>64 414</b>	<b>64 186</b>	<b>64 186</b>
Loans and deposits from credit institutions	1 844	1 844	2 462	2 462	2 209	2 209
Deposits from and liabilities to customers	40 780	40 780	39 329	39 329	39 023	39 023
Debt securities issued	31 775	31 608	28 898	28 781	28 907	28 774
Subordinated loan capital	713	702	712	702	714	702
<b>Total financial liabilities</b>	<b>75 112</b>	<b>74 934</b>	<b>71 401</b>	<b>71 274</b>	<b>70 853</b>	<b>70 708</b>

# Note 11

## Financial instruments at fair value

A change in the discount rate of 10 basis points will have an impact of about NOK 11 million on loans with fixed interest rate.

GROUP - 30.09.2021	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 095	4 095
Certificates and bonds	6 894	2 920		9 814
Shares and other securities	10		183	193
Financial derivatives		1 198		1 198
<b>Total financial assets</b>	<b>6 904</b>	<b>4 118</b>	<b>4 278</b>	<b>15 300</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		327		327
<b>Total financial liabilities</b>	<b>-</b>	<b>327</b>	<b>-</b>	<b>327</b>



GROUP - 30.09.2020	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 335	4 335
Certificates and bonds	6 146	2 371		8 517
Shares and other securities	5		186	191
Financial derivatives		2 507		2 507
<b>Total financial assets</b>	<b>6 151</b>	<b>4 878</b>	<b>4 521</b>	<b>15 550</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		863		863
<b>Total financial liabilities</b>	<b>-</b>	<b>863</b>	<b>-</b>	<b>863</b>

GROUP - 31.12.2020	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 372	4 372
Certificates and bonds	6 121	2 442		8 563
Shares and other securities	14		164	178
Financial derivatives		1 793		1 793
<b>Total financial assets</b>	<b>6 135</b>	<b>4 235</b>	<b>4 536</b>	<b>14 906</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		537		537
<b>Total financial liabilities</b>	<b>-</b>	<b>537</b>	<b>-</b>	<b>537</b>

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2020	4 372	164
Purchases/additions	510	6
Sales/reduction	-821	-8
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	34	21
Book value as at 30.09.2021	4 095	183

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.19	4 197	188
Purchases/additions	973	0
Sales/reduction	-876	-10
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	41	8
Book value as at 30.09.20	4 335	186

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2019	4 197	188
Purchases/additions	1 204	4
Sales/reduction	-1 058	-17
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	29	-11
Book value as at 31.12.2020	4 372	164

## Note 12

### Issued covered bonds

The debt securities of the Group consist of covered bonds quoted in Norwegian kroner (NOK) and Euro (EUR) issued by Møre Boligkreditt AS, in addition to certificates and bonds quoted in NOK issued by Sparebanken Møre. The table below provides an overview of the Group's issued covered bonds.

#### Issued covered bonds in the Group (NOK million)

ISIN code	Currency	Nominal value 30.09.2021	Interest	Issued	Maturity	Book value 30.09.2021	Book value 30.09.2020	Book value 31.12.2020
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 153	1 234	1 221
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	307	348	330
XS0984191873	EUR		6M Euribor + 0.20 %	2013	2020	-	332	-
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	1 011	1 021	1 022
NO0010777584	NOK	3 000	3M Nibor + 0.58 %	2016	2021	3 004	3 005	3 006
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 562	2 795	2 647
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 588	2 834	2 684
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	1 056	1 140	1 086
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	2 999	2 998	2 998
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 578	2 819	2 670
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	2 999	2 998	2 998
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	317	345	327
NO0010951544	NOK	2 700	3M Nibor + 0.75 %	2021	2026	2 769	-	-
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 581	-	-
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						28 926	24 871	23 991

As at 30.09.2021, Sparebanken Møre held NOK 2,356 million in covered bonds (incl. accrued interest) issued by Møre Boligkreditt AS (NOK 498 million). Møre Boligkreditt AS held no own covered bonds as at 30.09.2021 (NOK 0 million).

# Note 13

## Transactions with related parties

These are transactions between the parent bank and wholly-owned subsidiaries based on arm's length principles.

The most important transactions eliminated in the Group accounts:

<b>PARENT BANK</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
<b>Statement of income</b>			
Net interest and credit commission income from subsidiaries	24	18	24
Received dividend from subsidiaries	237	227	227
Administration fee received from Møre Boligkreditt AS	33	30	41
Rent paid to Sparebankeiendom AS	10	10	14
<b>Statement of financial position</b>			
Claims on subsidiaries	1 755	2 751	4 876
Covered bonds	2 356	498	503
Liabilities to subsidiaries	1 755	1 821	1 475
Intragroup right-of-use of properties in Sparebankeiendom AS	88	99	96
Intragroup hedging	3	76	60
Accumulated loan portfolio transferred to Møre Boligkreditt AS	29 535	26 730	29 045

# Note14

## EC-capital

The 20 largest EC holders in Sparebanken Møre as at 30.09.2021	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	958 300	9.69
Cape Invest AS	950 469	9.61
Wenaasgruppen AS	380 000	3.84
Verdipapirfond Nordea Norge Verdi	366 075	3.70
Verdipapirfondet Eika egenkapital	342 299	3.46
MP Pensjon	339 781	3.44
Pareto AS	301 815	3.05
Spesialfondet Borea utbytte	256 097	2.59
Verdipapirfond Pareto Aksje Norge	246 214	2.49
Wenaas EFTF AS	200 000	2.02
FLPS - Princ All Sec	199 473	2.02
Beka Holding AS	150 100	1.52
Lapas AS (Leif-Arne Langøy)	123 500	1.25
Forsvarets personellservice	84 160	0.85
Stiftelsen Kjell Holm	80 750	0.82
BKK Pensjonskasse	61 520	0.62
U Aandahls Eftf AS	50 000	0.51
PIBCO AS	45 000	0.46
Borghild Hanna Møller	40 244	0.41
Morgan Stanley & Co. International	38 423	0.39
Total 20 largest EC holders	5 214 220	52.74
Total number of ECs	9 886 954	100.00

The proportion of equity certificates held by foreign nationals was 5.1 percent at the end of the quarter.

# Note 15

## Events after the reporting date

No events have occurred after the reporting period that will materially affect the figures presented as of 30 September 2021.

There is still uncertainty associated with Covid-19. This uncertainty is reflected in the calculations of expected losses. Please see the interim report from the Board of Directors as well as note 5 for further information.

In its meeting on 25 October, the Board used its authorization and decided to distribute an additional dividend of NOK 9.00 per equity certificate, as well as distribution of dividend funds of NOK 90 million to the local communities. This dividend payment was taken into account in the calculation of capital adequacy as of 31 December 2020 and will thus not affect the bank's Common Equity Tier 1(CET1) now.

# Statement of income - Parent bank

## STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q3 2021	Q3 2020	30.09.2021	30.09.2020	2020
Interest income from assets at amortised cost	260	251	773	882	1 140
Interest income from assets at fair value	22	26	74	148	169
Interest expenses	58	72	189	366	426
Net interest income	224	205	658	664	883
Commission income and revenues from banking services	57	51	165	155	209
Commission expenses and expenditure from banking services	7	6	21	19	26
Other operating income	13	11	34	33	44
Net commission and other operating income	63	56	178	169	227
Dividends	2	1	240	234	249
Net change in value of financial instruments	5	25	51	50	54
Net result from financial instruments	7	26	291	284	303
Total other income	70	82	469	453	530
Total income	294	287	1 127	1 117	1 413
Salaries, wages etc.	82	78	243	242	317
Depreciation and impairment of non-financial assets	13	13	38	39	51
Other operating expenses	57	53	174	173	234
Total operating expenses	152	144	455	454	602
Profit before impairment on loans	142	143	672	663	811
Impairment on loans, guarantees etc.	2	38	48	111	148
Pre-tax profit	140	105	624	552	663
Taxes	33	25	89	73	102
Profit after tax	107	80	535	479	561
Allocated to equity owners	101	75	518	458	534
Allocated to owners of Additional Tier 1 capital	6	5	17	21	27
Profit per EC (NOK) 1)	5.00	3.72	25.99	22.95	26.83
Diluted earnings per EC (NOK) 1)	5.00	3.72	25.99	22.95	26.83
Distributed dividend per EC (NOK)	0.00	0.00	4.50	14.00	14.00

**STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)**

(NOK million)	Q3 2021	Q3 2020	30.09.2021	30.09.2020	2020
Profit after tax	107	80	535	479	561
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	0	0	0	0	0
Tax effect of changes in value on basisswap spreads	0	0	0	0	0
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-36
Tax effect of pension estimate deviations	0	0	0	0	9
<b>Total comprehensive income after tax</b>	<b>107</b>	<b>80</b>	<b>535</b>	<b>479</b>	<b>534</b>
Allocated to equity owners	101	75	518	458	507
Allocated to owners of Additional Tier 1 capital	6	5	17	21	27

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



# Statement of financial position - Parent bank

## ASSETS (COMPRESSED)

(NOK million)	30.09.2021	30.09.2020	31.12.2020
Cash and claims on Norges Bank	480	650	542
Loans to and receivables from credit institutions	4 378	5 365	5 925
Loans to and receivables from customers	40 006	38 760	37 925
Certificates, bonds and other interest-bearing securities	11 484	8 486	8 950
Financial derivatives	401	766	677
Shares and other securities	193	191	178
Equity stakes in Group companies	1 571	2 071	2 071
Intangible assets	50	52	56
Fixed assets	157	179	183
Other assets	154	143	111
<b>Total assets</b>	<b>58 874</b>	<b>56 663</b>	<b>56 618</b>

## LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.09.2021	30.09.2020	31.12.2020
Loans and deposits from credit institutions	3 342	3 369	3 113
Deposits from customers	40 796	39 351	39 049
Debt securities issued	5 038	4 408	5 286
Financial derivatives	297	835	521
Incurring costs and prepaid income	65	65	79
Pension liabilities	48	29	57
Tax payable	85	99	109
Provisions for guarantee liabilities	50	157	50
Deferred tax liabilities	64	81	65
Other liabilities	1 004	662	633
Subordinated loan capital	702	702	702
<b>Total liabilities</b>	<b>51 491</b>	<b>49 758</b>	<b>49 664</b>
EC capital	989	989	989
ECs owned by the bank	-2	-2	-2
Share premium	357	357	357
Additional Tier 1 capital	599	599	599
<b>Paid-in equity</b>	<b>1 943</b>	<b>1 943</b>	<b>1 943</b>

Primary capital fund	2 939	2 819	2 939
Gift fund	125	125	125
Dividend equalisation fund	1 679	1 560	1 679
Other equity	162	-21	268
Comprehensive income for the period	535	479	0
Retained earnings	5 440	4 962	5 011
Total equity	7 383	6 905	6 954
Total liabilities and equity	58 874	56 663	56 618

# Profit performance - Group

## QUARTERLY PROFIT

(NOK million)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net interest income	320	307	305	314	306
Other operating income	71	66	85	72	77
Total operating costs	160	160	158	157	149
Profit before impairment on loans	231	213	232	229	234
Impairment on loans, guarantees etc.	2	28	14	35	36
Pre-tax profit	229	185	218	194	198
Tax	53	42	48	47	45
Profit after tax	176	143	170	147	153

## As a percentage of average assets

Net interest income	1.58	1.53	1.51	1.58	1.54
Other operating income	0.35	0.33	0.42	0.36	0.39
Total operating costs	0.79	0.80	0.78	0.79	0.75
Profit before impairment on loans	1.14	1.06	1.15	1.15	1.18
Impairment on loans, guarantees etc.	0.01	0.14	0.07	0.18	0.18
Pre-tax profit	1.13	0.92	1.08	0.97	1.00
Tax	0.27	0.21	0.24	0.24	0.22
Profit after tax	0.86	0.71	0.84	0.73	0.78

# Alternative Performance Measures - APMs

Sparebanken Møre has prepared Alternative Performance Measures (APMs) in accordance with ESMA's guidelines for APMs. We use APMs in our reports to provide additional information to the accounts and also as important financial performance figures for the management. The APMs are not intended to substitute accounting figures prepared in accordance with IFRS nor should they be given more emphasize. The key figures are not defined under IFRS or any other legislation and are not necessarily directly comparable with similar key figures in other banks or companies.

<b>Total assets</b>	<b>Definition</b>	Total assets.
	<b>Justification</b>	Total assets is an industry-specific designation for the sum of all assets.
	<b>Calculation</b>	The total of all assets.
<b>Average assets</b>	<b>Definition</b>	The average sum of total assets for the year, calculated as a daily average.
	<b>Justification</b>	This key figure is used in the calculation of percentage ratios for the performance items.
	<b>Calculation</b>	This figures comes from daily calculations in the accounting system and cannot be directly reconciled with the balance sheet.
<b>Return on equity</b>	<b>Definition</b>	Profit/loss for the financial year as a percentage of the average equity for the year. Additional Tier 1 capital classified as equity is excluded from this calculation, both in profit/loss and in equity.
	<b>Justification</b>	Return on equity is one of Sparebanken Møre's most important financial performance figures. It provides relevant information about the profitability of the Group by measuring the profitability of the operation in relation to the invested capital. The profit/loss is adjusted for interest on Additional Tier 1 capital, which pursuant to IFRS, is classified as equity, but in this context more naturally is classified as liability since the Additional Tier 1 capital bears interest and does not entitle to dividends.
	<b>Calculation</b>	$\frac{\text{Pre tax profit - interests on AT1 capital}}{((\text{OB Equity-AT1-interests AT1-dividends-gifts})+(\text{CB Equity-AT1-interests AT1-dividends-gifts}))/2}$
	<b>Figures</b>	30.09.2021: $(489-17)/(((7,208-27-599-44-45-89-90)+(7,587-17-599-89-90-(489*0.5))))/2*9/12=9.8\%$ 30.09.2020: $(420-21)/(((6,970-599-138-141)+(7,086-599-138-141))/2*274/366)=8.6\%$ 31.12.2020: $(567-27)*100/(((6,970-599-0-138-141)+(7,208-599-0-44-45))/2)=8.6\%$
<b>Cost income ratio</b>	<b>Definition</b>	Total operating costs in percentage of total income.
	<b>Justification</b>	This key figure provides information about the relation between income and costs and is a useful performance indicator for evaluating the cost-efficiency of the Group.
	<b>Calculation</b>	$\frac{\text{Total operating costs}}{\text{Total income}}$
	<b>Figures</b>	30.09.2021: $478/1,154=41.4\%$ 30.09.2020: $473/1,127=42.0\%$ 31.12.2020: $630/1,513 = 41.6\%$
<b>Losses as a percentage of loans, guarantees, etc</b>	<b>Definition</b>	«Impairment on loans, guarantees etc.» in percentage of «Gross loans to and receivables from customers» at the beginning of the accounting period (annualized).
	<b>Justification</b>	This key figure specifies recognised impairments in relation to gross lending and gives relevant information about the bank's losses compared to lending volume. This key figure is considered to be more suitable as a comparison figure to other banks than the impairments itself since this figure is viewed in context of lending volume.
	<b>Calculation</b>	$\frac{\text{Losses on loans and guarantees}}{\text{Gross loans to and receivables from customers per 1.1.}}$
	<b>Figures</b>	30.09.2021: $44/67,125*365/273=0,09\%$ 30.09.2020: $114/(64,288*274/366)=0.24\%$ 31.12.2020: $149/64,288=0.23\%$
<b>Deposit-to-loan ratio</b>	<b>Definition</b>	«Deposit from customers» as a percentage of «Gross loans to and receivables from customers».
	<b>Justification</b>	The deposit-to-loan ratio provides important information about how the Group finances its operations. Receivables from customers represent an important share of the financing of the Group's lending, and this key figure provides important information about the Group's dependence on market funding.
	<b>Calculation</b>	$\frac{\text{Deposits from customers}}{\text{Gross loans to and receivables from customers}}$
	<b>Figures</b>	30.09.2021: $40,780/69,739=58.5\%$ 30.06.2020: $39,329/65,398=59.9\%$ 31.12.2020: $39,023/67,125=58.1\%$
	<b>Definition</b>	The period's change in «Lending to and receivables from customers» as a percentage of «Lending to and receivables from customers» over the last 12 months.

<b>Lending growth as a percentage</b>	<b>Justification</b>	This key figure provides information about the activity and growth in the bank's lending.
	<b>Calculation</b>	$\frac{\text{CB Net loans to and receivables from customers} - \text{OB Net loans to and receivables from customers}}{\text{OB Net loans to and receivables from customers}}$
	<b>Figures</b>	30.09.2021: $(69,423-65,367)/65,367=6.2\%$
		30.09.2020: $(65,367-63,647)/63,647=2.7\%$
31.12.2020: $(66,850-64,029)/64,029=4.4\%$		
<b>Deposit growth as a percentage</b>	<b>Definition</b>	The period's change in «Receivables from customers» as a percentage of «Receivables from customers» over the last 12 months.
	<b>Justification</b>	This key figure provides information about the activity and growth in deposits, which is an important part of the financing of the Group's lending.
	<b>Calculation</b>	$\frac{\text{CB Deposit from customers} - \text{OB Deposits from customers}}{\text{OB Deposits from customers}}$
	<b>Figures</b>	30.09.2021: $(40,780-39,329)/39,329=3.7\%$
30.09.2020: $(39,329-36,147)/36,147=8.8\%$		
31.12.2020: $(39,023-36,803)/36,803=6.0\%$		
<b>Book value per equity certificate</b>	<b>Definition</b>	The total equity that belongs to the owners of the bank's equity certificates (equity certificate capital, share premium, dividend equalisation fund and equity certificate holders' share of other equity, including proposed dividends) divided by the number of issued equity certificates.
	<b>Justification</b>	This key figure provides information about the value of the book equity per equity certificate. This gives the reader the opportunity to assess the market price of the equity certificate. The key figure is calculated as equity certificate holders' share of the equity at the end of the period, divided by the number of equity certificates.
	<b>Calculation</b>	$\frac{(\text{Total Equity} + \text{share premium} + \text{dividend equal.fund} + \text{EC holders' share of other equity, incl. proposed dividends})}{\text{Number of ECs issued}}$
	<b>Figures</b>	30.09.2021: $((989+357+1,679+(902-17)*0.496))/9,886954=350$
30.09.2020: $(989+357+1,560+(225+414-21)*0.496)/9,886954=325$		
31.12.2020: $(989+357+1,679+(522*0.496))/9,886954=332$		
<b>Price/book value (P/B)</b>	<b>Definition</b>	Market price on the bank's equity certificates (MORG) divided by the book value per equity certificate for the Group.
	<b>Justification</b>	This key figure provides information about the book value per equity certificate compared to the market price at a certain time. This gives the reader the opportunity to assess the market price of the equity certificate.
	<b>Calculation</b>	$\frac{\text{Market price per equity certificate}}{\text{Book value per equity certificate}}$
	<b>Figures</b>	30.09.2021: $396/350=1.13$
30.09.2020: $298/325=0.91$		
31.12.2020: $296/332=0.89$		

