2 Interim report

2023 Unaudited

Sparebanken Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q2 2023		Q2 2022		30.06.2023		30.06.2022		2022	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	462	1.94	353	1.65	907	1.96	687	1.64	1 517	1.78
Net commission and other operating income	60	0.25	59	0.28	115	0.25	114	0.27	246	0.29
Net result from financial instruments	21	0.09	-10	-0.05	21	0.04	-12	-0.03	-7	-0.01
Total income	543	2.28	402	1.88	1 043	2.25	789	1.88	1 756	2.06
Total operating costs	211	0.89	174	0.82	409	0.88	352	0.84	747	0.87
Profit before impairment on loans	332	1.39	228	1.06	634	1.37	437	1.04	1 009	1.19
Impairment on loans, guarantees etc.	-3	-0.01	-8	-0.04	30	0.07	-8	-0.02	-4	0.00
Pre-tax profit	335	1.40	236	1.10	604	1.30	445	1.06	1 013	1.19
Taxes	80	0.33	53	0.25	142	0.30	99	0.24	236	0.28
Profit after tax	255	1.07	183	0.85	462	1.00	346	0.82	777	0.91

Balance sheet

(NOK million)	30.06.2023	YTD-change 2023 (%)	31.12.2022	Change over the last 12 months (%)	30.06.2022
Total assets 4)	96 406	7.7	89 501	13.0	85 314
Average assets 4)	92 670	8.5	85 436	10.6	83 796
Loans to and receivables from customers	78 999	3.8	76 078	9.3	72 300
Gross loans to retail customers	52 700	3.7	50 818	7.9	48 826
Gross loans to corporate and public entities	26 645	4.2	25 575	12.0	23 789
Deposits from customers	46 339	5.6	43 881	3.1	44 946
Deposits from retail customers	28 258	7.3	26 344	6.8	26 460
Deposits from corporate and public entities	18 081	3.1	17 537	-2.2	18 486

Key figures and Alternative Performance Measures (APMs)

	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Return on equity (annualised) 3) 4)	13.6	10.4	12.2	9.9	10.9
Cost/income ratio 4)	38.9	43.3	39.3	44.7	42.5
Losses as a percentage of loans and guarantees (annualised) 4)	-0.02	-0.05	0.08	-0.02	-0.01
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.07	0.87	1.07	0.87	1.44
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.79	0.57	0.79	0.57	1.20
Deposit-to-loan ratio 4)	58.4	61.9	58.4	61.9	57.4
Liquidity Coverage Ratio (LCR)	183	140	183	140	185
NSFR (Net Stable Funding Ratio)	127	127	127	127	123
Lending growth as a percentage 4)	1.5	2.7	9.3	4.6	8.8
Deposit growth as a percentage 4)	4.8	3.3	3.1	8.3	4.8
Capital adequacy ratio 1)	22.0	22.4	22.0	22.4	22.1
Tier 1 capital ratio 1)	19.4	19.9	19.4	19.9	19.7
Common Equity Tier 1 capital ratio (CET1) 1)	17.6	18.1	17.6	18.1	17.9
Leverage Ratio (LR) 1)	7.4	7.7	7.4	7.7	7.6
Man-years	387	371	387	371	374

Equity Certificates (ECs)

	30.06.2023	30.06.2022	2022	2021	2020	2019
Profit per EC (Group) (NOK) 2) 5)	4.42	3.35	7.50	31.10	27.10	34.50
Profit per EC (parent bank) (NOK) 2) 5)	5.02	4.90	8.48	30.98	26.83	32.00
Number of ECs 5)	49 434 770	49 434 770	49 434 770	9 886 954	9 886 954	9 886 954
Nominal value per EC (NOK) 5)	20.00	20.00	20.00	100.00	100.00	100.00
EC fraction 1.1 as a percentage (parent bank)	49.7	49.7	49.7	49.7	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)	77.20	74.31	84.41	444.00	296.00	317.00
Stock market value (NOK million)	3 816	3 673	4 173	4 390	2 927	3 134
Book value per EC (Group) (NOK) 4) 5)	75.3	70.4	74.8	350	332	320
Dividend per EC (NOK) 5)	4.00	16.00	4.00	16.00	13.50	14.00
Price/Earnings (Group, annualised)	8.7	11.1	11.3	14.3	10.9	9.2
Price/Book value (P/B) (Group) 2) 4)	1.03	1.06	1.13	1.27	0.89	0.99

1) Incl. 50 % of the comprehensive income after tax

2) Calculated using the EC-holders' share (49.7 %) 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 www.sbm.no/IR

5) Our EC(MORG) was split 1:5 in April 2022

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 H1 2023
Sparebanken Møre's profit before tax after the first half of 2023 was NOK 604 million, compared with NOK 445 million after the first half of 2022, an increase of 35.7 per cent.

Total income was NOK 254 million higher than for the same period in 2022. Net interest income rose by NOK 220 million and other income increased by NOK 34 million. Capital losses from bond holdings amounted to NOK 16 million, compared with capital losses of NOK 66 million in the first half of 2022. Capital gains from equities amounted to NOK 6 million compared with capital gains of NOK 25 million in the first half of 2022. Income from foreign exchange and interest rate business for customers amounted to NOK 23 million in the first half-year, NOK 5 million less than in the same period last year. Income from other financial instruments increased from NOK 0 million in the first half of 2022 to NOK 7 million in the first half of 2023.

Costs amounted to NOK 409 million, NOK 57 million higher in the first half of 2023 than in the first half of 2022. Personnel costs were NOK 22 million higher than last year and other costs NOK 35 million higher.

Losses on loans and guarantees amounted to NOK 30 million and were NOK 38 million higher than in the same period last year.

The cost income ratio ended at 39.3 per cent, which represents a decrease of 5.4 percentage points compared with the first half of 2022.

Profit after tax amounted to NOK 462 million, compared with NOK 346 million for the same period last year.

Return on equity for the first half of 2023 was 12.2 per cent compared with 9.9 per cent for the first half of 2022.

Earnings per equity certificate amounted to NOK 4.42 (NOK 3.35) for the Group and NOK 5.02 (NOK 4.90) for the parent bank.

RESULTS FOR Q2 2023
Profit before losses amounted to NOK 332 million for the second quarter of 2023, or 1.39 per cent of average assets, compared with NOK 228 million, or 1.06 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 255 million for the second quarter of 2023, or 1.07 per cent of average assets, compared with NOK 183 million, or 0.85 per cent, for the corresponding quarter last year.

Return on equity was 13.6 per cent for the second quarter of 2023, compared with 10.4 per cent for the second quarter of 2022, and the cost income ratio was 38.9 per cent compared with 43.3 per cent for the second quarter of 2022.

Earnings per equity certificate were NOK 2.46 (NOK 1.78) for the Group and NOK 1.92 (NOK 1.43) for the parent bank.

Net interest income
Net interest income was NOK 462 million, which is NOK 109 million, or 30.9 per cent, higher than in the corresponding quarter of last year. This represents 1.94 per cent of total assets, which is 0.29 percentage

points higher than for the corresponding quarter last year.

In the retail market, the interest margin for lending has contracted and the deposit margin has widened compared with the second quarter of 2022. In the corporate market, the interest margin for lending was stable, while the interest margin for deposits widened compared with the same period.

Other income
Other income was NOK 81 million in the quarter, which is NOK 32 million higher than in the second quarter of last year. The net result from financial instruments was positive for the quarter and NOK 31 million higher than in the second quarter of 2022. Capital losses from bond holdings were NOK 4 million in the quarter, compared with capital losses of NOK 35 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 14 million compared with capital gains of NOK 1 million in the second quarter of 2022. The positive change in value for fixed-rate lending amounted NOK 13 million, compared with a negative change in value of NOK 5 million in the same quarter last year. The value of issued bonds decreased by NOK 1 million, compared with an increase of NOK 2 million in the second quarter of 2022. Income from foreign exchange and interest business for customers amounted to NOK 11 million in the quarter, NOK 3 million less than in the same quarter last year.

Other income, exclusive of financial instruments, was on a par with the second quarter of 2022.

Costs
Operating costs amounted to NOK 211 million for the quarter, which is NOK 37 million higher than for the same quarter last year. Personnel costs accounted for NOK 16 million of the rise in relation to the same period last year and totalled NOK 116 million. The workforce has increased by 16 FTEs in the past 12 months and numbered 387 FTEs at the end of the quarter. Other costs have increased by NOK 21 million from the same period last year.

Provisions for expected losses and credit-impaired commitments
Losses on loans and guarantees decreased by NOK 3 million (NOK -8 million), corresponding to -0.01 per cent of average assets (-0.04 per cent of average assets). The corporate segment was charged NOK 12 million in losses in the quarter, while losses in the retail segment decreased by NOK 15 million.

At the end of the second quarter of 2023, provisions for expected credit losses totalled NOK 365 million, equivalent to 0.45 per cent of gross loans and guarantee commitments (NOK 348 million and 0.47 per cent). Of the total provision for expected credit losses, NOK 19 million relates to credit-impaired commitments more than 90 days past due (NOK 12 million), which represents 0.02 per cent of gross loans and guarantee commitments (0.02 per cent), while NOK 210 million relates to other credit-impaired commitments (NOK 209 million), corresponding to 0.26 per cent of gross loans and guarantee commitments (0.28 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other credit-impaired commitments) have increased by NOK 211 million in the past 12 months. At end of the second quarter of 2023, the corporate market accounted for NOK 469 million of net credit-impaired commitments and the retail market NOK 168 million. In total, this represents 0.79 per cent of gross loans and guarantee commitments (0.57 per cent).

Lending to customers
At the end of the second quarter of 2023, lending to customers amounted to NOK 78,999 million (NOK 72,300 million). In the past 12 months, customer lending has increased by a total of NOK 6,699 million, equivalent to 9.3 per cent. Retail lending has increased by 7.9 per cent and corporate lending has increased by 12.0 per cent in the past 12 months. Retail lending accounted for 66.4 per cent of total lending at the end of the second quarter (67.2 per cent).

Customer deposits
Customer deposits have increased NOK 1,393 million, or 3.1 per cent, in the past 12 months. At the end of the second quarter of 2023, deposits amounted to NOK 46,339 million (NOK 44.946 million). Retail deposits have increased by 6.8 per cent in the past 12 months, while corporate deposits have decreased by 0.5 per cent and public sector deposits have decreased by 30.8 per cent. The retail market's relative share of deposits amounted to 61.0 per cent (58.9 per cent), while deposits from the corporate market accounted for

37.5 per cent (38.9 per cent) and from the public sector market 1.5 per cent (2.2 per cent).

The deposit-to-loan ratio was 58.4 per cent at the end of the second quarter (61.9 per cent).

LIQUIDITY AND FUNDING

The regulatory minimum LCR and NSFR requirements are both 100 per cent. The Group has established internal minimum targets that are above the regulatory requirements.

Sparebanken Møre's liquidity coverage ratio (LCR) was 183 for the Group and 171 for the parent bank at the end of the quarter. The EUR is a significant currency for the Group and Møre Boligkreditt AS. A currency is considered a 'significant currency' when liabilities denominated in that currency amount to 5 per cent of total liabilities. When the EUR and/or USD are significant currencies, a minimum requirement for NOK of 50 per cent applies.

The EU banking package was introduced in Norway from 1 June 2022. This entails, among other things, the introduction of a binding requirement that the net stable funding ratio (NSFR) must be more than 100 at all reporting levels. CRR2 sets new weights for asset and liability items, and for off-balance sheet items. The NSFR ended at 127 at the end of the second quarter (consolidated figure), while the bank's and Møre Boligkreditt AS's NSFR ended at 125 and 118, respectively.

Total net market funding amounted to NOK 37.9 billion at the end of the quarter. Senior bonds with a remaining term to maturity of more than 1 year have a weighted remaining term to maturity of 2.37 years, while covered bond funding through Møre Boligkreditt AS correspondingly has a weighted remaining term to maturity of 3.21 years – overall for market funding in the Group (inclusive of T2 and T3) the remaining term to maturity is 3.16 years.

Møre Boligkreditt AS issues bonds based on the transfer of loans from the parent bank. Loans transferred to Møre Boligkreditt AS amounted to NOK 33,664 million at the end of the half-year, corresponding to almost 43 per cent of the bank's total lending.

RATING

In an update dated 26 July 2023, Moody's Investor Service confirmed Sparebanken Møre's counterparty, deposit and issuer rating of A1 with a stable outlook. The rating of the bank's senior non-preferred liabilities in local currency was also maintained at Baa1.

Bonds issued by Møre Boligkreditt AS are also credit rated by Moody's Investor Service and have a rating of Aaa.

CAPITAL ADEQUACY

Sparebanken Møre is well capitalised. At the end of the second quarter of 2023, the Common Equity Tier 1 (CET1) capital ratio was 17.6 per cent (18.1 per cent), including 50 per cent of the result for the year to date. This is 2.15 percentage points higher than the total minimum requirement and the Financial Supervisory Authority of Norway's expected capital adequacy margin (P2G) totalling 15.45 per cent. The capital adequacy ratio, including 50 per cent of the result for the year to date, was 22.0 per cent (22.4 per cent) and the Tier 1 capital ratio was 19.4 per cent (19.9 per cent).

Based on a board authorisation from the general meeting to acquire equity certificates, Sparebanken Møre applied to the Financial Supervisory Authority (FSA) for approval of the authorisation. The FSA's reply provided information about its new practice. This follows from the limits laid down in Article 78(1), second paragraph, fourth sentence, of the CRR, which entails that a general prior authorisation to reduce CET1 capital may not exceed 3 per cent of the bank's equity certificate. Nor may the authorisation exceed 10 per cent of the -CET1 capital in the institution that exceeds the regulatory requirement for CET1 capital pursuant to the Financial Institutions Act and regulations, and by a margin deemed necessary by the supervisory authority. Another condition is that the bank deducts the amount in the authorisation from the CET1 capital from the date the authorisation is granted and for the duration of the authorisation. Sparebanken Møre has been granted permission to carry out acquisitions in accordance with the above limits, which in isolation contributed to a reduction of CET1 capital of 0.18 percentage points in the quarter.

The banking package was enacted in Norway on 1 June 2022 and resulted in several changes such as the expansion of the SME discount and the introduction of a minimum NSFR requirement. On 21 December 2021, Sparebanken Møre applied to the FSA to make changes to the bank's IRB models and calibration framework.A letter from the FSA dated 22 June 2023 grants approval for the proposed models for the corporate market. The FSA also states that it is aiming to finalise its consideration of the model changes for retail market lending during the course of 2023. Sparebanken Møre will incorporate the new models in the second half of 2023. Based on figures from the end of the first quarter this year, the new institution weights resulting from the model changes would have resulted in a CET1 capital ratio of about 0.5 percentage points higher than that reported.

Sparebanken Møre's total CET1 capital ratio requirement is 14.2 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 buffer of 2.5 per cent. In addition, the FSA has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, as well as an expected capital adequacy margin of 1.25 per cent. The FSA has informed the bank that it plans to implement SREP this year. At least 56.25 per cent of the new Pillar 2 requirement that results from the aforementioned SERP must be met with CET1 capital, while 75 per cent must be met with Tier 1 capital.

The leverage ratio (LR) at the end of the second quarter was 7.4 per cent (7.7 per cent). The regulatory minimum requirement (3 per cent) was met by a good margin.

MREL

The FSA has set Sparebanken Møre's effective MREL requirement as at 1 January 2023 at 32.4 per cent and the minimum requirement for subordination at 23.5 per cent. Based on the set capital requirements and announced changes that will come into force by 1 January 2024, Sparebanken Møre will operate on the basis of an effective MREL requirement of 35.9 per cent and a subordination requirement of 28.9 per cent.

Sparebanken Møre had issued NOK 2,000 million in subordinated bond debt at the end of second quarter of 2023.

SUBSIDIARIES

The aggregate profit of the bank's subsidiaries amounted to NOK 93 million after tax in the first half of 2023 (NOK 86 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 first half of 2023, the company had nominal outstanding covered bonds of NOK 28.2 billion in the market. Around 30 per cent was issued in a currency other than NOK. At the end of the quarter, the parent bank held no bonds issued by the company. Møre Boligkreditt AS contributed NOK 90 million to the Group's result in the first half of 2023 (NOK 83 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 0.9 million to the result in the first half of 2023 (NOK 1.0 million). At the end of the quarter, the company employed 18 FTEs.

The purpose of Sparebankeiendom AS and Storgata 41-45 Molde AS is to own and manage the bank's own commercial properties. The company contributed NOK 1.6 million to the result in the first half of 2023 (NOK 2.2 million). The companies have no staff.

EQUITY CERTIFICATES

At the end of the second quarter of 2023, there were 6,549 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 2.7 per cent at the end of the quarter. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.65 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 June 2023, the bank owned 86,565 of its own equity certificates. These were purchased on the Oslo Stock Exchange at market prices.

FUTURE PROSPECTS

The second quarter also saw interest rate hikes by leading central banks. Interest rates were increased because consumer price inflation was still far above the central banks' inflation targets. The US Federal Reserve raised its key policy rate once in the period, while the European Central Bank (ECB) and Norges Bank raised their key policy rates twice. All of the central banks clearly signalled that there would be further rate hikes in the second half of 2023.

The US Federal Reserve increased the target zone for the Fed funds policy rate by 0.25 percentage points to 5.00-5.25 per cent at its monetary policy meeting on 3 May. At the monetary policy meeting on 14 June, the interest rate was kept unchanged, while the interest rate was again raised by 0.25 percentage points on 26 July. It then emerged that further interest rate developments will depend on the overall tightening of monetary policy, inflation and other key figures of importance for setting interest rates. Not least, developments int the labour market will be of great importance. The central bank will also take account of the fact that it takes time before the overall effects of interest rate hikes are seen.

Furthermore, the European Central Bank (ECB) raised its key policy rate by 0.25 percentage points to 3.75 per cent at its monetary policy meeting on 27 July. As with the US Federal Reserve, further interest rate developments, will depend on key figures, particularly the consumer price inflation and the development in the total production of goods and services (GDP). Like the US Federal Reserve and Norges Bank, the ECB is steering towards an inflation target of 2 per cent. In June, consumer price inflation in the eurozone over the past 12 months was 5.5 per cent.

Norges Bank increased its key policy rate by 0.50 percentage points at its interest rates meeting on 22 June. The interest rate path was also raised considerably. The interest rate path is Norges Bank's forecast of how the key policy rate will develop in the next few years. The new interest rate path indicates that the key policy rate will peak at 4.25 per cent this autumn. The previous peak rate was 3.50 per cent. The main reason for the increase in the interest rate path is that going forward inflationary pressures will be considerably stronger than previously assumed. This is partly due to higher wage growth and the prolonged weakness of the Norwegian krone. Expectations in the money market at the beginning of August, implied that the interest rate would be raised by a further 0.75 percentage points.

Developments in the labour market indicate that activity in the Norwegian economy and in Møre og Romsdal remains at a high level. At the end of July, the number of unemployed people in Møre og Romsdal accounted for 1.7 per cent of the workforce according to the Norwegian Labour and Welfare Administration (NAV). The national unemployment rate was 2.1 per cent. According to NAV's annual business survey in spring 2023, some companies in the county were still experiencing recruitment problems. The greatest shortage of labour is in the health sector and in various trades. 22 per cent of the companies in the county expect to have a larger workforce in a year's time, while 11 per cent expect to have a smaller one. The survey indicates prospects of moderate growth in output and employment ahead.

The rate of growth in lending to households and non-financial companies for Norway as a whole fell during the second quarter. With a rate of growth in lending to households of less than 4 per cent, the 12-month growth is the lowest measured in the 2000s. At the end of June, the overall 12-month growth in lending to the public was 4.3 per cent, compared with 5.5 per cent at the start of this year. As a consequence of higher interest rates and the weaker development of house prices, a further slowdown in the growth of lending to households is expected going forward, while corporate investments, including petroleum investments, are helping to keep the rate of growth in corporate lending up.

The bank's overall lending growth remains good. The 12-month growth rate was 9.3 per cent at the end of the quarter, slightly above the level at the end of 2022 of 8.8 per cent. The year-on-year growth in lending to the retail market ended at 7.9 per cent at the end of the second quarter, while lending growth in the corporate market amounted to 12.0 per cent. Deposits increased by 3.1 per cent in the past 12 months and the deposit-to-loan ratio is high but edging downwards.

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 of above 11 per cent and a cost income ratio of under 40 per cent. The bank's return on equity for the first half of 2023 was 12.2 per cent and the cost income ratio was 39.3 per cent. The Board expects that these financial results will be at least as good in the second half of 2023.

Ålesund, 30 June 2023
9 August 2023
THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE
ROY REITE, Chair of the Board
KÅRE ØYVIND VASSDAL, Deputy Chair
JILL AASEN
THERESE MONSÅS LANGSET
TERJE BØE
BIRGIT MIDTBUST
MARIE REKDAL HIDE
BJØRN FØLSTAD

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Interest income from assets at amortised cost		989	508	1 877	966	2 386
Interest income from assets at fair value		163	73	307	129	344
Interest expenses		690	228	1 277	408	1 213
Net interest income	3	462	353	907	687	1 517
Commission income and revenues from banking services		61	60	118	116	248
Commission expenses and charges from banking services		9	9	19	17	34
Other operating income		8	8	16	15	32
Net commission and other operating income	7	60	59	115	114	246
Dividends		1	1	1	1	11
Net change in value of financial instruments		20	-11	20	-13	-18
Net result from financial instruments	7	21	-10	21	-12	-7
Total other income	7	81	49	136	102	239
Total income		543	402	1 043	789	1 756
Salaries, wages etc.		116	100	227	205	430
Depreciation and impairment of non-financial assets		12	11	24	22	46
Other operating expenses		83	63	158	125	271
Total operating expenses	8	211	174	409	352	747
Profit before impairment on loans		332	228	634	437	1 009
Impairment on loans, guarantees etc.	5	-3	-8	30	-8	-4
Pre-tax profit		335	236	604	445	1 013
Taxes		80	53	142	99	236
Profit after tax		255	183	462	346	777
Allocated to equity owners		244	176	440	333	746
Allocated to owners of Additional Tier 1 capital		11	7	22	13	31
Profit per EC (NOK) 1)		2.46	1.78	4.42	3.35	7.50
Diluted earnings per EC (NOK) 1)		2.46	1.78	4.42	3.35	7.50
Distributed dividend per EC (NOK)		4.00	16.00	4.00	16.00	16.00

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Profit after tax	255	183	462	346	777
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	-6	2	-7	32	30
Tax effect of changes in value on basisswap spreads	1	0	1	-7	-6
Items that will not be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	46
Tax effect of pension estimate deviations	0	0	0	0	-12
Total comprehensive income after tax	250	185	456	371	835
Allocated to equity owners	239	178	434	358	804
Allocated to owners of Additional Tier 1 capital	11	7	22	13	31

1) Calculated using the EC-holders' share (49.7 %) of the period's profit to be allocated to equity owners.

Balance sheet - Group

ASSETS (COMPRESSED)

(NOK million)	Note	30.06.2023	30.06.2022	31.12.2022
Cash and receivables from Norges Bank	9 10 13	627	338	394
Loans to and receivables from credit institutions	9 10 13	2 586	858	361
Loans to and receivables from customers	4 5 6 9 11 13	78 999	72 300	76 078
Certificates, bonds and other interest-bearing securities	9 11 13	11 798	10 189	11 013
Financial derivatives	9 11	1 641	992	987
Shares and other securities	9 11	210	230	246
Intangible assets		57	54	56
Fixed assets		211	204	202
Overfunded pension liability		53	0	47
Other assets		224	149	117
Total assets		96 406	85 314	89 501

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.06.2023	30.06.2022	31.12.2022
Loans and deposits from credit institutions	9 10 13	1 567	701	586
Deposits from customers	4 9 10 13	46 339	44 946	43 881
Debt securities issued	9 10 12	37 586	29 207	34 236
Financial derivatives	9 11	643	701	752
Other provisions for incurred costs and prepaid income		88	62	90
Pension liabilities		26	29	26
Tax payable		111	329	210
Provisions for guarantee liabilities		19	33	26
Deferred tax liabilities		106	61	106
Other liabilities		787	732	629
Subordinated loan capital	9 10	991	854	857
Total liabilities		88 263	77 655	81 399
EC capital	14	989	989	989
ECs owned by the bank		-2	-2	-3
Share premium		359	358	358
Additional Tier 1 capital		650	650	650

Paid-in equity	1 996	1 995	1 994
Primary capital fund	3 335	3 093	3 334
Gift fund	125	125	125
Dividend equalisation fund	2 068	1 829	2 066
Liability credit reserve	16	-8	16
Other equity	147	254	567
Comprehensive income for the period	456	371	-
Retained earnings	6 147	5 664	6 108
Total equity	8 143	7 659	8 102
Total liabilities and equity	96 406	85 314	89 501

Statement of changes in equity

GROUP 30.06.2023	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as of 31.12.2022	8 102	986	358	650	3 334	125	2 066	16	567
Changes in own equity certificates	5	1	1		1		2		
Distributed dividends to the EC holders	-198								-198
Distributed dividends to the local community	-200								-200
Interests on issued Additional Tier 1 capital	-22								-22
Comprehensive income for the period	456								456
Equity as at 30 June 2023	8 143	987	359	650	3 335	125	2 068	16	603

GROUP 30.06.2022	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as of 31.12.2021	7 570	987	357	599	3 094	125	1 831	-8	585
Changes in own equity certificates	-2		1		-1		-2		
Distributed dividends to the EC holders	-158								-158
Distributed dividends to the local community	-160								-160
Issued Additional Tier 1 capital	400			400					
Redemption of Additional Tier 1 capital	-349			-349					
Interests on issued Additional Tier 1 capital	-13								-13
Comprehensive income for the period	371								371
Equity as at 30 June 2022	7 659	987	358	650	3 093	125	1 829	-8	625

GROUP 31.12.2022	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as of 31.12.2021	7 570	987	357	599	3 094	125	1 831	-8	585
Changes in own equity certificates	-5	-1	1		-2		-3		
Distributed dividends to the EC holders	-158								-158
Distributed dividends to the local community	-160								-160
Issued Additional Tier 1 capital	400			400					
Redemption of Additional Tier 1 capital	-349			-349					
Interests on issued Additional Tier 1 capital	-31								-31
Equity before allocation of profit for the year	7 267	986	358	650	3 092	125	1 828	-8	236
Allocated to the primary capital fund	225				225				
Allocated to the dividend equalisation fund	221						221		
Allocated to owners of Additional Tier 1 capital	31								31
Allocated to other equity	-98								-98
Proposed dividend allocated for the EC holders	198								198
Proposed dividend allocated for the local community	200								200
Profit for the year	777	0	0	0	225	0	221	0	331
Changes in value - basis swaps	30							30	
Tax effect of changes in value - basis swaps	-6							-6	
Pension estimate deviations	46				23		23		
Tax effect of pension estimate deviations	-12				-6		-6		
Total other income and expenses from comprehensive income	58	0	0	0	17	0	17	24	0
Total profit for the year	835	0	0	0	242	0	238	24	331
Equity as at 31 December 2022	8 102	986	358	650	3 334	125	2 066	16	567

Statement of cash flow

(NOK million)	30.06.2023	30.06.2022	31.12.2022
Cash flow from operating activities			
Interest, commission and fees received	2 119	1 127	2 807
Interest, commission and fees paid	-663	-192	-580
Interest received on certificates, bonds and other securities	197	81	213
Dividend and group contribution received	1	1	11
Operating expenses paid	-365	-311	-630
Income taxes paid	-239	-116	-334
Changes relating to loans to and claims on other financial institutions	-2 225	9	506
Changes relating to repayment of loans/leasing to customers	-2 666	-1 593	-5 169
Changes in utilised credit facilities	-287	-765	-966
Net change in deposits from customers	2 459	3 093	2 028
Proceeds from the sale of certificates, bonds and other securities	8 886	12 175	13 502
Purchases of certificates, bonds and other securities	-9 661	-12 557	-14 687
Net cash flow from operating activities	-2 444	952	-3 299
Cash flow from investing activities			
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-20	-19	-35
Changes in other assets	-30	129	86
Net cash flow from investing activities	-50	110	51
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-728	-242	-702
Net change in deposits from Norges Bank and other financial institutions	981	-279	-394
Proceeds from bond issues raised	5 994	3 695	8 224
Redemption of debt securities	-3 761	-4 047	-3 546
Dividend paid	-198	-158	-158
Changes in other debt	461	-159	-230
Redemption of Additional Tier 1 capital	0	-349	-349
Proceeds from issued Additional Tier 1 capital	0	400	400
Paid interest on Additional Tier 1 capital issued	-22	-13	-31
Net cash flow from financing activities	2 727	-1 152	3 214
Net change in cash and cash equivalents	233	-90	-34
Cash balance at 01.01	394	428	428
Cash balance at 30.06/31.12	627	338	394

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 June 2023. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2022 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 (CRD/CRR). 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 standardised approach and for operational risk the basic indicator approach is used.

On 21 December 2021, Sparebanken Møre applied to the FSA to make changes to the bank's IRB models and calibration framework. The bank received a response to the application on 22 June 2023 in which the FSA has approved the proposed models for the corporate market. The model changes are estimated to result in an improved Common Equity Tier 1 capital ratio of about 0.5 percentage points. Sparebanken Møre will incorporate the new models in the second half of 2023. The FSA is aiming to finalise its consideration of the model changes for retail market lending in the course of 2023.

Sparebanken Møre has a total requirement for Common Equity Tier 1 capital ratio (CET1) of 14.2 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 2.5 per cent. In addition, the FSA has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, as well as an expectation of a capital margin of 1.25 per cent. The FSA has informed the bank that it plans to implement SREP in 2023. At least 56.25 per cent of the new Pillar 2 requirement that results from the aforementioned SREP must be met with Common Equity Tier 1 capital, while 75 per cent must be met with Tier 1 capital.

The Ministry of Finance has stated that the systemic risk buffer requirement will be increased from 3.0 per cent to 4.5 per cent with effect from 31 December 2023 for banks using the standardised approach and IRB basic.

Sparebanken Møre has an internal target for the CET1 ratio to equal the sum of Pillar 1, Pillar 2 and the Pillar 2 Guidance.

On 15 June 2023, the FSA approved an application for the acquisition of equity certificates. The authorisation has been granted on the condition that the buybacks do not reduce Common Equity Tier 1 capital by more than NOK 64.9 million. Sparebanken Møre will deduct Common Equity Tier 1 capital of NOK 64.9 million from the date the authorisation is granted and for the duration of the authorisation.

The Board of Directors of Sparebanken Møre has decided to start the process of preparing to apply to the FSA for IRB Advanced status. It is estimated that the application will be submitted sometime in the second half of 2025.

MREL

One key element of the BRRD II (Bank Recovery and Resolution Directive) is that capital instruments and debt can be written down and/or converted to equity (bail-in). The Financial Institutions Act, therefore, requires the bank to meet a minimum requirement regarding the sum of its own funds and convertible debt at all times (MREL – minimum requirement for own funds and eligible liabilities) such that the bank has sufficient primary capital and convertible debt to cope with a crisis without the use of public funds.

The MREL requirement must be covered by own funds or debt instruments with a lower priority than ordinary, unsecured, non-prioritised debt (senior debt). The subordination requirement (lower priority) must be met in full by no later than 1 January 2024. Until then, senior debt with a remaining term to maturity of more than one year can be used to help meet the subordination requirement. The overall subordination requirement must as a minimum be phased in linearly. From 1 January 2022, the effective subordination requirement is 20 per cent of the adjusted risk-weighted assets.

The FSA has set Sparebanken Møre's effective MREL-requirement as at 01.01.2023 at 32.4 per cent and the minimum subordination requirement at 23.5 per cent. Based on the set capital requirements and announced changes that will come into force by 1 January 2024, Sparebanken Møre will operate on the basis of an effective MREL-requirement for 35.9 per cent and a subordination requirement of 28.9 per cent.

At the end of the 2nd quarter of 2023, Sparebanken Møre has issued NOK 2,000 million in senior non-preferred debt (SNP).

Equity	30.06.2023	30.06.2022	31.12.2022
EC capital	989	989	989
- ECs owned by the bank	-2	-2	-3
Share premium	359	358	358
Additional Tier 1 capital (AT1)	650	650	650
Primary capital fund	3 335	3 093	3 334
Gift fund	125	125	125
Dividend equalisation fund	2 068	1 829	2 066
Proposed dividend for EC holders	0	0	198
Proposed dividend for the local community	0	0	200
Liability credit reserve	16	0	16
Other equity	147	246	169
Comprehensive income for the period	456	371	-
Total equity	8 143	7 659	8 102

Tier 1 capital (T1)	30.06.2023	30.06.2022	31.12.2022
Goodwill, intangible assets and other deductions	-57	-54	-56
Value adjustments of financial instruments at fair value	-18	-16	-17
Deduction of overfunded pension liability	-40	0	-35
Deduction of remaining permission for the acquisition of own equity certificates	-63	-	-
Additional Tier 1 capital (AT1)	-650	-650	-650
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-417	-532	-518
Deduction for proposed dividend	0	0	-198
Deduction for proposed dividend for the local community	0	0	-200
Deduction of comprehensive income for the period	-456	-371	-
Total Common Equity Tier 1 capital (CET1)	6 442	6 036	6 428
Additional Tier 1 capital - classified as equity	650	650	650
Additional Tier 1 capital - classified as debt	0	0	0
Total Tier 1 capital (T1)	7 092	6 686	7 078

Tier 2 capital (T2)	30.06.2023	30.06.2022	31.12.2022
Subordinated loan capital of limited duration	991	854	857
Total Tier 2 capital (T2)	991	854	857

Net equity and subordinated loan capital	8 083	7 540	7 935

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	30.06.2023	30.06.2022	31.12.2022
Central governments or central banks	0	0	0
Local and regional authorities	420	190	296
Public sector companies	215	205	203
Institutions	370	236	245
Covered bonds	558	508	526
Equity	348	198	198
Other items	780	703	738
Total credit risk - standardised approach	2 691	2 040	2 206

Credit risk - IRB Foundation	30.06.2023	30.06.2022	31.12.2022
Retail - Secured by real estate	11 839	11 047	11 307
Retail - Other	354	347	304
Corporate lending	19 733	17 897	18 874
Total credit risk - IRB-Foundation	31 926	29 291	30 485

Market risk (standardised approach)	120	192	236
Operational risk (basic indicator approach)	2 996	2 903	2 996
Risk weighted assets (RWA)	**37 733**	**34 426**	**35 923**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 698	1 549	1 617

Buffer requirements	30.06.2023	30.06.2022	31.12.2022
Capital conservation buffer , 2.5 %	943	861	898
Systemic risk buffer, 3.0 %	1 132	1 033	1 078
Countercyclical buffer, 2.5 % (2.0 % per 31.12.2022 and 1.5 % per 30.06.2022)	943	516	718
Total buffer requirements for Common Equity Tier 1 capital	3 019	2 410	2 694
Available Common Equity Tier 1 capital after buffer requirements	1 725	2 077	2 117

Capital adequacy as a percentage of risk weighted assets (RWA)	30.06.2023	30.06.2022	31.12.2022
Capital adequacy ratio	21.4	21.9	22.1
Capital adequacy ratio incl. 50 % of the profit	22.0	22.4	-
Tier 1 capital ratio	18.8	19.4	19.7
Tier 1 capital ratio incl. 50 % of the profit	19.4	19.9	-
Common Equity Tier 1 capital ratio	17.1	17.5	17.9
Common Equity Tier 1 capital ratio incl. 50 % of the profit	17.6	18.1	-

Leverage Ratio (LR)	30.06.2023	30.06.2022	31.12.2022
Basis for calculation of leverage ratio	99 148	89 715	93 218
Leverage Ratio (LR)	7.2	7.5	7.6
Leverage Ratio (LR) incl. 50 % of the profit	7.4	7.7	-

Note 3

Operating segments

Result - Q2 2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	462	1	47	186	228	0
Other operating income	81	-18	33	26	31	9
Total income	543	-17	80	212	259	9
Operating expenses	211	-17	75	32	113	8
Profit before impairment	332	0	5	180	146	1
Impairment on loans, guarantees etc.	-3	0	0	13	-16	0
Pre-tax profit	335	0	5	167	162	1
Taxes	80					
Profit after tax	255					

Result - 30.06.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	907	1	111	352	443	0
Other operating income	136	-33	45	49	58	17
Total income	1 043	-32	156	401	501	17
Operating costs	409	-32	108	74	243	16
Profit before impairment	634	0	48	327	258	1
Impairment on loans, guarantees etc.	30	0	0	41	-11	0
Pre-tax profit	604	0	48	286	269	1
Taxes	142					
Profit after tax	462					

Key figures - 30.06.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	79 345	-109	1 111	25 396	52 947	0
Expected credit loss on loans	-346	0	0	-265	-81	0
Net loans to customers	78 999	-109	1 111	25 131	52 866	0
Deposits from customers 1)	46 339	-99	865	15 170	30 403	0
Guarantee liabilities	1 520	0	0	1 518	2	0
Expected credit loss on guarantee liabilities	19	0	0	19	0	0
The deposit-to-loan ratio	58.4	90.8	77.9	59.7	57.4	0.0
Man-years	387	0	150	55	164	18

Result - Q2 2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	353	1	17	148	187	0
Other operating income	49	-16	1	26	30	8
Total income	402	-15	18	174	217	8
Operating costs	174	-15	56	29	97	7
Profit before impairment	228	0	-38	145	120	1
Impairment on loans, guarantees etc.	-8	0	0	-13	5	0
Pre-tax profit	236	0	-38	158	115	1
Taxes	53					
Profit after tax	183					

Result - 30.06.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	687	1	15	289	382	0
Other operating income	102	-31	10	51	57	15
Total income	789	-30	25	340	439	15
Operating costs	352	-30	100	63	205	14
Profit before impairment	437	0	-75	277	234	1
Impairment on loans, guarantees etc.	-8	0	0	-16	8	0
Pre-tax profit	445	0	-75	293	226	1
Taxes	99					
Profit after tax	346					

Key figures - 30.06.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	72 615	-111	1 208	22 884	48 634	0
Expected credit loss on loans	-315	0	0	-239	-76	0
Net loans to customers	72 300	-111	1 208	22 645	48 558	0
Deposits from customers 1)	44 946	-122	915	15 765	28 388	0
Guarantee liabilities	1 714	0	0	1 711	3	0
Expected credit loss on guarantee liabilities	33	0	0	33	0	0
The deposit-to-loan ratio	61.9	109.9	75.7	68.9	58.4	0.0
Man-years	371	0	174	41	137	19

Result - 31.12.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 517	2	45	647	823	0
Other operating income	239	-63	45	107	117	33
Total income	1 756	-61	90	754	940	33
Operating expenses	747	-61	208	135	433	32
Profit before impairment	1 009	0	-118	619	507	1
Impairment on loans, guarantees etc.	-4	0	0	-26	22	0
Pre-tax profit	1 013	0	-118	645	485	1
Taxes	236					
Profit after tax	777					

Key figures - 31.12.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	76 393	-229	1 352	24 524	50 746	0
Expected credit loss on loans	-315	0	0	-226	-89	0
Net loans to customers	76 078	-229	1 352	24 298	50 657	0
Deposits from customers 1)	43 881	-86	844	14 627	28 496	0
Guarantee liabilities	1 362	0	0	1 359	3	0
Expected credit loss on guarantee liabilities	26	0	0	26	0	0
The deposit-to-loan ratio	57.4	37.6	62.4	59.6	56.2	0.0
Man-years	374	0	172	44	140	18

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 subsidiaries Sparebankeiendom AS and Storgata 41-45 Molde AS, managing the buildings owned by the Group.

	MØRE BOLIGKREDITT AS				
Statement of income	**Q2 2023**	**Q2 2022**	**30.06.2023**	**30.06.2022**	**31.12.2022**
Net interest income	60	65	127	141	263
Other operating income	22	-5	17	-2	-29
Total income	82	60	144	139	234
Operating expenses	16	14	30	27	51
Profit before impairment on loans	66	46	114	112	183
Impairment on loans, guarantees etc.	-2	4	-2	5	6
Pre-tax profit	68	42	116	107	177
Taxes	16	10	26	24	39
Profit after tax	52	32	90	83	138

MØRE BOLIGKREDITT AS			
Balance sheet	**30.06.2023**	**30.06.2022**	**31.12.2022**
Loans to and receivables from customers	33 656	27 476	30 464
Total equity	1 650	1 658	1 712

Note 4

Loans and deposits broken down according to sectors

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.

30.06.2023	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	652	0	-1	-3	40	688
Fisheries	4 406	-3	-5	0	2	4 400
Manufacturing	3 382	-8	-6	-5	7	3 370
Building and construction	1 168	-2	-4	-11	6	1 157
Wholesale and retail trade, hotels	1 298	-2	-6	-3	8	1 295
Supply/Oil services	1 568	-4	-5	-141	0	1 418
Property management	8 709	-8	-8	-7	277	8 963
Professional/financial services	923	-1	-3	-1	13	931
Transport and private/public services/abroad	4 153	-5	-7	-2	33	4 172
Total corporate/public entities	26 259	-33	-45	-173	386	26 394
Retail customers	49 662	-11	-40	-44	3 038	52 605
Total loans to and receivables from customers	75 921	-44	-85	-217	3 424	78 999

30.06.2022	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	593	0	-1	-4	52	640
Fisheries	3 806	-1	0	0	2	3 807
Manufacturing	3 195	-5	-4	-2	10	3 194
Building and construction	1 145	-3	-4	-4	6	1 140
Wholesale and retail trade, hotels	1 328	-2	-1	-2	6	1 329
Supply/Offshore	1 378	0	-15	-161	0	1 202
Property management	7 611	-7	-9	-4	311	7 902
Professional/financial services	770	-1	0	-1	15	783
Transport and private/public services/abroad	3 524	-5	-2	-1	37	3 553
Total corporate/public entities	23 350	-24	-36	-179	439	23 550
Retail customers	45 494	-9	-51	-16	3 332	48 750
Total loans to and receivables from customers	68 844	-33	-87	-195	3 771	72 300

31.12.2022	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	636	0	-1	-4	46	677
Fisheries	4 594	-3	-2	0	2	4 591
Manufacturing	2 671	-5	-8	-10	7	2 655
Building and construction	1 040	-3	-5	-1	6	1 037
Wholesale and retail trade, hotels	1 298	-2	-3	-3	8	1 298
Supply/Oil services	1 518	0	-4	-129	0	1 385
Property management	8 764	-8	-8	-5	281	9 024
Professional/financial services	936	-1	-2	-1	14	946
Transport and private/public services/abroad	3 717	-5	-9	0	37	3 740
Total corporate/public entities	25 174	-27	-42	-153	401	25 353
Retail customers	47 804	-11	-56	-26	3 014	50 725
Total loans to and receivables from customers	72 978	-38	-98	-179	3 415	76 078

Deposits with agreed floating interest rates are measured at amortised cost, fixed-interest rate deposits with maturities less than one year are measured at amortised cost and fixed-interest rate deposits with maturities in excess of one year are classified at fair value and secured by interest rate swaps.

DEPOSITS FROM CUSTOMERS	GROUP		
Sector/industry	**30.06.2023**	**30.06.2022**	**31.12.2022**
Agriculture and forestry	317	293	262
Fisheries	1 738	2 075	1 950
Manufacturing	3 340	3 111	3 516
Building and construction	952	885	867
Wholesale and retail trade, hotels	1 017	1 388	1 183
Property management	2 235	2 228	2 324
Transport and private/public services	5 637	4 920	4 628
Public administration	713	1 031	669
Others	2 132	2 555	2 138
Total corporate/public entities	18 081	18 486	17 537
Retail customers	28 258	26 460	26 344
Total	46 339	44 946	43 881

Note 5

Losses and impairments on loans and guarantees

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

For a detailed description of the bank's loss model, please see note 9 in the annual report for 2022.

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. If a customer has one account in stage 3 (risk classes K, M or N), all of the customer's accounts will migrate to stage 3.

Customers in risk class N have been subject to individual loss assessment with impairment. In connection with individual loss assessment, 3 scenarios based on calculation of the weighted present value of future cash flow after realisation of collateral are prepared. If the weighted present value of cash flow after realisation of collateral is positive, model-based loss provisions according to the ECL model is used.

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 (if initial PD <1 %), or
- PD has increased by 100 % or more or the increase in PD is higher than 2 percentage points (if initial PD was >/= 1 %)

The weighted, macro adjusted PD in year 1 is used for comparison with PD on initial recognition to determine whether the credit risk has increased significantly.

Qualitative criteria

In addition to the quantitative assessment of 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.

<u>“Backstops”</u>
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.

<u>Significant reduction in credit risk – recovery</u>
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.

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

When a customer migrates from stage 3 (classified as credit impaired or defaulted) to stage 2 and stage 1(recovered), the customer will go through a probation period of 3 or 12 months in stage 3 (risk class K). The customer can be overridden to stage 2 if that is considered the best estimate of expected losses.

Scenarios
Three scenarios are developed: Best, Basis and Worst. For each of the scenarios, expected values of different parameters are given for the next five years. The possibility for each of the scenarios to occur is also estimated. After five years, the scenarios are expected to converge to a long-term stable level.

Changes to PD as a result of scenarios, may also affect the staging.

Definition of default, credit-impaired and forbearance
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 and LGD in stage 2 and stage 3 under different scenarios, as well as an assessment of macro factors and weighting of scenarios.

Consequences of increased macroeconomic uncertainty 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.

Price inflation has risen rapidly through 2022 and in the first half of 2023 and has been significantly higher than estimated by Norges Bank. Inflation is clearly above Norges Bank's target, and it is anticipated that it will remain high for longer than previously estimated.

There are prospects of lower commercial property prices, but there may be large geographical variations. While the required rate of return for some commercial properties in Oslo has been at a record low level, the required rate of return on properties in Møre og Romsdal has not changed appreciably. Sparebanken Møre has not changed the lower required rate of return on commercial property in its credit policy during the period of record low interest rates. This has contributed to a relatively solid equity ratio for commercial properties.

Projections for rental price inflation and required rate of return are expected to result in a fall in selling prices on commercial property in the years ahead.

Low required rates of return make commercial property prices particularly vulnerable to higher interest rates or risk premiums. An abrupt increase in the required rate of return may lead to a marked fall in selling prices. Many commercial real estate companies have high debt-to-income ratios, and higher interest rates will lead to a larger portion of the income being spent on servicing debt. So far, no significant increase in arrears and forbearance has been observed as a result of increased interest costs and higher inflation. In the first half of 2023, there has been a moderate increase in applications for payment holidays and reduced term payments.

The ECL as of 30.06.2023 is based on a scenario weighting with 70 per cent weight on the baseline scenario(normal development), 20 per cent weight on the worst case scenario and 10 per cent weight on the best-case scenario. The weightings have been kept unchanged from the first quarter of 2022 when the weighting for the worst-case scenario was increased from 10 per cent to 20 per cent while the weighting for the best-case scenario was reduced from 20 per cent to 10 per cent as a result of the war in Ukraine, sharp increase in energy and commodity prices and prospects of persistently higher inflation and interest rates.

Specification of credit loss in the income statement

GROUP	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Changes in ECL - stage 1 (model-based)	1	3	8	2	6
Changes in ECL - stage 2 (model-based)	-20	10	-14	20	32
Changes in ECL - stage 3 (model-based)	1	1	2	1	9
Changes in individually assessed losses	16	-20	30	-27	-47
Confirmed losses, not previously impaired	0	0	7	0	2
Recoveries	-1	-2	-3	-4	-6
Total impairments on loans and guarantees	-3	-8	30	-8	-4

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

GROUP - 30.06.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	39	104	198	341
New commitments	16	13	1	30
Disposal of commitments and transfer to stage 3 (individually assessed)	-5	-13	-5	-23
Changes in ECL in the period for commitments which have not migrated	-4	-8	0	-12
Migration to stage 1	4	-21	-1	-18
Migration to stage 2	-3	17	-1	13
Migration to stage 3	0	-2	10	8
Changes stage 3 (individually assessed)	-	-	26	26
ECL 30.06.2023	47	90	228	365
- of which expected losses on loans to retail customers	11	40	44	95
- of which expected losses on loans to corporate customers	33	45	173	251
- of which expected losses on guarantee liabilities	3	5	11	19

GROUP - 30.06.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	7	26	0	33
Disposal of commitments and transfer to stage 3 (individually assessed)	-6	-16	-2	-24
Changes in ECL in the period for commitments which have not migrated	0	0	0	0
Migration to stage 1	4	-19	0	-15
Migration to stage 2	-3	30	-1	26
Migration to stage 3	0	-1	5	4
Changes stage 3 (individually assessed)	-	-	-44	-44
ECL 30.06.2022	35	92	221	348
- of which expected losses on loans to retail customers	9	51	16	76
- of which expected losses on loans to corporate customers	24	36	179	239
- of which expected losses on guarantee liabilities	2	5	26	33

GROUP - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	19	38	3	60
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-23	-5	-37
Changes in ECL in the period for commitments which have not migrated	0	-8	1	-7
Migration to stage 1	1	-18	0	-17
Migration to stage 2	-6	45	0	39
Migration to stage 3	1	-2	10	9
Changes stage 3 (individually assessed)	-	-	-74	-74
ECL 31.12.2022	39	104	198	341
- of which expected losses on loans to retail customers	11	56	26	93
- of which expected losses on loans to corporate customers	27	42	153	222
- of which expected losses on guarantee liabilities	1	6	19	26

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

GROUP - 30.06.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	58 942	2 544	-	61 486
Medium risk (0.5 % - < 3 %)	9 860	6 753	-	16 613
High risk (3 % - <100 %)	1 213	2 299	-	3 512
PD = 100 %	5		861	866
Total commitments before ECL	70 020	11 596	861	82 477
- ECL	-47	-90	-228	-365
Total net commitments *)	69 973	11 506	633	82 112
Gross commitments with overridden migration	778	-773	-5	0

GROUP - 30.06.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	58 310	1 183	-	59 493
Medium risk (0.5 % - < 3 %)	9 411	3 537	-	12 948
High risk (3 % - <100 %)	1 529	1 680	-	3 209
Credit-impaired commitments	-	-	647	647
Total commitments before ECL	69 250	6 400	647	76 297
- ECL	-35	-92	-221	-348
Total net commitments *)	69 215	6 308	426	75 949
Gross commitments with overridden migration	-344	798	-454	0

GROUP - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	55 472	5 630	-	61 102
Medium risk (0.5 % - < 3 %)	8 281	6 106	220	14 607
High risk (3 % - <100 %)	1 028	1 932	-	2 960
PD = 100 %	-	449	674	1 123
Total commitments before ECL	64 781	14 117	894	79 792
- ECL	-39	-104	-198	-341
Total net commitments *)	64 742	14 013	696	79 451
Gross commitments with overridden migration	368	-129	-238	0

*) 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 the balance sheet.

Note 6

Credit-impaired commitments

The table shows total commitments in default for more than 90 days and other credit-impaired commitments (less than 90 days). Customers who have been in default must go through a probation period with 100 per cent PD for at least three months before they are scored as non-defaulted. These customers are included in gross credit-impaired commitments.

	30.06.2023			30.06.2022			31.12.2022		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments in default for more than 90 days	94	49	45	49	38	11	47	35	12
Gross other credit-impaired commitments	772	163	609	598	48	550	1 076	146	930
Gross credit-impaired commitments	866	212	654	647	86	561	1 123	181	942
ECL on commitments in default for more than 90 days	19	11	8	12	8	4	12	6	6
ECL on other credit-impaired commitments	210	33	177	209	8	201	179	13	166
ECL on credit-impaired commitments	229	44	185	221	16	205	191	19	172
Net commitments in default for more than 90 days	75	38	37	37	30	7	35	29	6
Net other credit-impaired commitments	562	130	432	389	40	349	897	133	764
Net credit-impaired commitments	637	168	469	426	70	356	932	162	770
Total gross loans to customers - Group	79 345	52 700	26 645	72 614	48 825	23 789	76 393	50 818	25 575
Guarantees - Group	1 520	2	1 518	1 714	3	1 711	1 362	3	1 359
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.07%	0.40%	2.32%	0.87%	0.18%	2.20%	1.44%	0.36%	3.50%
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.79%	0.32%	1.67%	0.57%	0.14%	1.39%	1.20%	0.32%	2.86%

Commitments with probation period *)	30.06.2023			31.12.2022		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments with probation period	68	60	8	508	59	449
Gross commitments with probation period in percentage of gross credit-impaired commitments	8%	28%	1%	45%	33%	48%

*) As of 30.06.2022, commitments with probation periods were not classified as credit-impaired commitments.

Note 7

Other income

(NOK million)	30.06.2023	30.06.2022	2022
Guarantee commission	13	20	44
Income from the sale of insurance services (non-life/personal)	14	12	27
Income from the sale of shares in unit trusts/securities	8	9	15
Income from Discretionary Portfolio Management	23	22	43
Income from payment transfers	43	40	90
Other fees and commission income	17	13	29
Commission income and income from banking services	118	116	248
Commission expenses and expenses from banking services	-19	-17	-34
Income from real estate brokerage	16	15	31
Other operating income	0	0	1
Total other operating income	16	15	32
Net commission and other operating income	115	114	246
Interest hedging (for customers)	5	7	15
Currency hedging (for customers)	18	21	42
Dividend received	1	1	11
Net gains/losses on shares	6	25	24
Net gains/losses on bonds	-16	-66	-75
Change in value of fixed-rate loans	-53	-125	-121
Derivates related to fixed-rate lending	59	129	107
Change in value of issued bonds	-1 119	386	371
Derivates related to issued bonds	1 122	-389	-380
Net gains/losses related to buy back of outstanding bonds	-2	-1	-1
Net result from financial instruments	21	-12	-7
Total other income	136	102	239

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

Net commission and other operating income - 30.06.2023	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	13	0	13	0	0
Income from the sale of insurance services	14	-1	2	13	0
Income from the sale of shares in unit trusts/securities	8	1	0	7	0
Income from Discretionary Portfolio Management	23	9	7	7	0
Income from payment transfers	43	4	10	29	0
Other fees and commission income	17	2	6	9	0
Commission income and income from banking services	118	15	38	65	0
Commission expenses and expenses from banking services	-19	-6	-1	-12	0
Income from real estate brokerage	16	0	0	0	16
Other operating income	0	0	0	0	0
Total other operating income	16	0	0	0	16
Net commision and other operating income	115	9	37	53	16

Net commission and other operating income - 30.06.2022	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	20	0	20	0	0
Income from the sale of insurance services	12	-2	1	13	0
Income from the sale of shares in unit trusts/securities	9	3	0	6	0
Income from Discretionary Portfolio Management	22	1	11	10	0
Income from payment transfers	40	4	9	27	0
Other fees and commission income	13	1	3	9	0
Commission income and income from banking services	116	7	44	65	0
Commission expenses and expenses from banking services	-17	-5	-1	-11	0
Income from real estate brokerage	15	0	0	0	15
Other operating income	0	0	0	0	0
Total other operating income	15	0	0	0	15
Net commision and other operating income	114	2	43	54	15

Net commission and other operating income - 31.12.2022	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	44	0	44	0	0
Income from the sale of insurance services	27	2	2	23	0
Income from the sale of shares in unit trusts/securities	15	2	1	12	0
Income from Discretionary Portfolio Management	43	2	21	19	0
Income from payment transfers	90	9	18	63	0
Other fees and commission income	29	1	9	19	0
Commission income and income from banking services	248	16	95	136	0
Commission expenses and expenses from banking services	-34	-7	-3	-24	0
Income from real estate brokerage	31	0	0	0	31
Other operating income	1	1	0	0	0
Total other operating income	32	1	0	0	31
Net commision and other operating income	246	10	92	112	31

Note 8

Operating expenses

(NOK million)	30.06.2023	30.06.2022	2022
Wages	163	151	314
Pension expenses	13	12	23
Employers' social security contribution and Financial activity tax	36	30	67
Other personnel expenses	15	12	26
Wages, salaries, etc.	227	205	430
Depreciations	24	22	46
Operating expenses own and rented premises	10	8	15
Maintenance of fixed assets	4	3	7
IT-expenses	81	73	150
Marketing expenses	22	15	37
Purchase of external services	16	14	25
Expenses related to postage, telephone and newspapers etc.	4	4	8
Travel expenses	3	1	5
Capital tax	5	3	8
Other operating expenses	13	4	16
Total other operating expenses	158	125	271
Total operating expenses	409	352	747

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 measured 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 measured 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 measured 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 measured at fair value to avoid accounting mismatch in relation to the underlying interest rate swaps.

Fixed interest rate deposits from customers with maturities in excess of one year are classified at fair value and secured by 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 measured at fair value with any value changes through the income statement.

Losses and gains as a result of value changes on assets and liabilities measured 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 - 30.06.2023	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		627	627
Loans to and receivables from credit institutions		2 586	2 586
Loans to and receivables from customers	3 424	75 575	78 999
Certificates and bonds	11 798		11 798
Shares and other securities	210		210
Financial derivatives	1 641		1 641
Total financial assets	17 073	78 788	95 861
Loans and deposits from credit institutions		1 567	1 567
Deposits from and liabilities to customers	80	46 259	46 339
Financial derivatives	643		643
Debt securities		37 586	37 586
Subordinated loan capital		991	991
Total financial liabilities	723	86 403	87 126

GROUP - 30.06.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		338	338
Loans to and receivables from credit institutions		858	858
Loans to and receivables from customers	3 771	68 529	72 300
Certificates and bonds	10 189		10 189
Shares and other securities	230		230
Financial derivatives	992		992
Total financial assets	15 182	69 725	84 907
Loans and deposits from credit institutions		701	701
Deposits from and liabilities to customers		44 946	44 946
Financial derivatives	701		701
Debt securities		29 207	29 207
Subordinated loan capital		854	854
Total financial liabilities	701	75 708	76 409

GROUP - 31.12.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		394	394
Loans to and receivables from credit institutions		361	361
Loans to and receivables from customers	3 415	72 663	76 078
Certificates and bonds	11 013		11 013
Shares and other securities	246		246
Financial derivatives	987		987
Total financial assets	15 661	73 418	89 079
Loans and deposits from credit institutions		586	586
Deposits from and liabilities to customers	48	43 833	43 881
Financial derivatives	752		752
Debt securities		34 236	34 236
Subordinated loan capital		857	857
Total financial liabilities	800	79 512	80 312

Note 10

Financial instruments at amortised cost

GROUP	30.06.2023		30.06.2022		31.12.2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and receivebles from Norges Bank	627	627	338	338	394	394
Loans to and receivables from credit institutions	2 586	2 586	858	858	361	361
Loans to and receivables from customers	75 575	75 575	68 529	68 529	72 663	72 663
Total financial assets	78 788	78 788	69 725	69 725	73 418	73 418
Loans and deposits from credit institutions	1 567	1 567	701	701	586	586
Deposits from and liabilities to customers	46 259	46 259	44 946	44 946	43 833	43 833
Debt securities issued	37 458	37 586	29 103	29 207	34 175	34 236
Subordinated loan capital	954	991	842	854	848	857
Total financial liabilities	86 238	86 403	75 592	75 708	79 442	79 512

Note 11

Financial instruments at fair value

A change in the discount rate of 10 basis points will have an impact of about NOK 9.1 million on loans with fixed interest rate.

GROUP - 30.06.2023	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 424	3 424
Certificates and bonds	8 302	3 496		11 798
Shares and other securities	9		201	210
Financial derivatives		1 641		1 641
Total financial assets	8 311	5 137	3 625	17 073
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			80	80
Debt securities				-
Subordinated loan capital				-
Financial derivatives		643		643
Total financial liabilities	-	643	80	723

GROUP - 30.06.2022	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 771	3 771
Certificates and bonds	7 797	2 392		10 189
Shares and other securities	35		195	230
Financial derivatives		992		992
Total financial assets	7 832	3 384	3 966	15 182
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		701		701
Total financial liabilities	-	701	-	701

GROUP - 31.12.2022	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 415	3 415
Certificates and bonds	8 239	2 774		11 013
Shares and other securities	39		207	246
Financial derivatives		987		987
Total financial assets	8 278	3 761	3 622	15 661
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			48	48
Debt securities				-
Subordinated loan capital				-
Financial derivatives		752		752
Total financial liabilities	-	752	48	800

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2022	3 415	207	48
Purchases/additions	337	0	32
Sales/reduction	-318	-18	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses in the period	-10	21	0
Book value as at 30.06.2023	3 424	210	80

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2021	3 957	194
Purchases/additions	390	0
Sales/reduction	-469	0
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	-107	1
Book value as at 30.06.2022	3 771	195

GROUP	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2021	3 957	194	0
Purchases/additions	546	20	48
Sales/reduction	-957	2	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses in the period	-131	-9	0
Book value as at 31.12.2022	3 415	207	48

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 30.06.2023	Interest	Issued	Maturity	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 079	1 118	1 087
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	294	277	261
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 004	3 002	3 004
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	-	2 573	2 606
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	932	964	957
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 012	3 003	3 010
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 784	2 501	2 481
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 005	3 000	3 004
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	360	320	324
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 085	5 101	5 094
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 619	2 403	2 341
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 961	-	2 638
NO0012908617	NOK	4 000	3M Nibor + 0.54 %	2023	2028	4 022	-	
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						29 157	24 262	26 807

As at 30.06.2023, Sparebanken Møre held NOK 0 million in covered bonds issued by Møre Boligkreditt AS (NOK 501 million, incl. accrued interest). Møre Boligkreditt AS held no own covered bonds as at 30.06.2023 (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:

PARENT BANK	30.06.2023	30.06.2022	31.12.2022
Statement of income			
Net interest and credit commission income from subsidiaries	55	30	68
Received dividend from subsidiaries	152	241	241
Administration fee received from Møre Boligkreditt AS	24	22	43
Rent paid to Sparebankeiendom AS and Storgata 41-45 Molde AS	7	7	14
Balance sheet			
Claims on subsidiaries	4 648	3 313	3 614
Covered bonds	0	501	0
Liabilities to subsidiaries	1 653	1 878	1 747
Intragroup right-of-use of properties in Sparebankeiendom AS and Storgata 41-45 Molde AS	74	82	76
Intragroup hedging	522	95	125
Accumulated loan portfolio transferred to Møre Boligkreditt AS	33 664	27 485	30 474

Note 14

EC capital

The 20 largest EC holders in Sparebanken Møre as at 30.06.2023	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	4 921 250	9.96
Spesialfondet Borea utbytte	3 002 907	6.07
Verdipapirfondet Eika egenkapital	2 310 739	4.67
Wenaasgruppen AS	2 100 000	4.25
MP Pensjon	1 798 905	3.64
Verdipapirfond Pareto Aksje Norge	1 737 305	3.51
Kommunal Landspensjonskasse	1 548 104	3.13
Verdipapirfond Nordea Norge Verdi	1 505 120	3.04
Wenaas EFTF AS	1 090 000	2.20
Beka Holding AS	750 500	1.52
Lapas AS	617 500	1.25
Pareto Invest Norge AS	565 753	1.14
Forsvarets personellservice	459 000	0.93
Kverva Finans AS	423 995	0.86
BKK Pensjonskasse	422 600	0.85
Stiftelsen Kjell Holm	419 750	0.85
Hjellegjerde Invest AS	300 000	0.61
U Aandahls Eftf AS	250 000	0.51
PIBCO AS	229 500	0.46
Borghild Hanna Møller	201 664	0.41
Total 20 largest EC holders	24 654 592	49.87
Total number of ECs	49 434 770	100.00

The proportion of equity certificates held by foreign nationals was 2.6 per cent at the end of the 2nd quarter of 2023.

During the 2nd quarter of 2023, Sparebanken Møre has not purchased own ECs.

Note 15

Events after the reporting period

No events have occurred after the reporting period that will materially affect the figures presented as of 30 June 2023.

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Interest income from assets at amortised cost	694	419	1 311	680	1 703
Interest income from assets at fair value	122	-5	239	95	267
Interest expenses	413	126	768	229	715
Net interest income	403	288	782	546	1 255
Commission income and revenues from banking services	61	60	118	116	247
Commission expenses and expenditure from banking services	9	8	19	16	34
Other operating income	13	11	24	22	45
Net commission and other operating income	65	63	123	122	258
Dividends	1	1	153	242	252
Net change in value of financial instruments	1	-7	1	-12	3
Net result from financial instruments	2	-6	154	230	255
Total other income	67	57	277	352	513
Total income	470	345	1 059	898	1 768
Salaries, wages etc.	112	94	217	194	406
Depreciation and impairment of non-financial assets	15	13	29	26	53
Other operating expenses	76	59	147	117	257
Total operating expenses	203	166	393	337	716
Profit before impairment on loans	267	179	666	561	1 052
Impairment on loans, guarantees etc.	1	-13	29	-14	-18
Pre-tax profit	266	192	637	575	1 070
Taxes	64	44	115	75	195
Profit after tax	202	148	522	500	875
Allocated to equity owners	191	141	500	487	844
Allocated to owners of Additional Tier 1 capital	11	7	22	13	31
Profit per EC (NOK) 1) *	1.92	1.43	5.02	4.90	8.48
Diluted earnings per EC (NOK) 1) *	1.92	1.43	5.02	4.90	8.48
Distributed dividend per EC (NOK)	4.00	16.00	4.00	16.00	16.00

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q2 2023	Q2 2022	30.06.2022	30.06.2021	2022
Profit after tax	202	148	522	500	875
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 be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	46
Tax effect of pension estimate deviations	0	0	0	0	-12
Total comprehensive income after tax	202	148	522	500	909
Allocated to equity owners	191	141	500	487	878
Allocated to owners of Additional Tier 1 capital	11	7	22	13	31

1) Calculated using the EC-holders' share (49.7 %) of the period's profit to be allocated to equity owners.

Balance sheet - Parent bank

ASSETS (COMPRESSED)

(NOK million)	30.06.2023	30.06.2022	31.12.2022
Cash and receivables from Norges Bank	627	338	394
Loans to and receivables from credit institutions	7 125	4 060	3 865
Loans to and receivables from customers	45 451	44 935	45 723
Certificates, bonds and other interest-bearing securities	11 676	10 559	10 892
Financial derivatives	1 143	627	643
Shares and other securities	210	230	246
Equity stakes in Group companies	1 571	1 571	1 571
Deferred tax benefit	0	9	0
Intangible assets	56	53	55
Fixed assets	160	157	151
Overfunded pension liability	53	0	47
Other assets	221	148	117
Total assets	68 293	62 687	63 704

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.06.2023	30.06.2022	31.12.2022
Loans and deposits from credit institutions	2 299	2 185	1 969
Deposits from customers	46 438	45 068	43 967
Debt securities issued	8 429	5 447	7 429
Financial derivatives	1 091	599	579
Incurred costs and prepaid income	85	60	86
Pension liabilities	26	29	26
Tax payable	86	175	180
Provisions for guarantee liabilities	19	33	26
Deferred tax liabilities	17	0	17
Other liabilites	788	708	651
Subordinated loan capital	991	854	857
Total liabilities	60 269	55 158	55 787

EC capital	989	989	989
ECs owned by the bank	-2	-2	-3
Share premium	359	358	358
Additional Tier 1 capital	650	650	650
Paid-in equity	1 996	1 995	1 994
Primary capital fund	3 335	3 093	3 334
Gift fund	125	125	125
Dividend equalisation fund	2 068	1 829	2 066
Other equity	-22	-13	398
Comprehensive income for the period	522	500	-
Retained earnings	6 028	5 534	5 923
Total equity	8 024	7 529	7 917
Total liabilities and equity	68 293	62 687	63 704

Statement pursuant to section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the Group and the bank for the period 1 January to 30 June 2023 to the best of our knowledge, have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and provide a true and fair view of the Group's and the bank's assets, liabilities, financial position and results as a whole.

To the best of our knowledge, the half-yearly report provides a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the Group and the bank over the next accounting period
- description of major transactions with related parties

Ålesund, 30 June 2023
9 August 2023
THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

ROY REITE, Chair of the Board
KÅRE ØYVIND VASSDAL, Deputy Chair
JILL AASEN
THERESE MONSÅS LANGSET
TERJE BØE
BIRGIT MIDTBUST
MARIE REKDAL HIDE
BJØRN FØLSTAD

TROND LARS NYDAL, CEO

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net interest income	462	445	432	398	353
Other operating income	81	55	102	35	49
Total operating costs	211	198	216	179	174
Profit before impairment on loans	332	302	318	254	228
Impairment on loans, guarantees etc.	-3	33	2	2	-8
Pre-tax profit	335	269	316	252	236
Taxes	80	62	74	63	53
Profit after tax	255	207	242	189	183

As a percentage of average assets					
Net interest income	1.94	1.98	1.95	1.87	1.65
Other operating income	0.34	0.24	0.46	0.16	0.23
Total operating costs	0.89	0.88	0.97	0.84	0.82
Profit before impairment on loans	1.39	1.34	1.44	1.19	1.06
Impairment on loans, guarantees etc.	-0.01	0.15	0.01	0.01	-0.04
Pre-tax profit	1.40	1.19	1.43	1.18	1.10
Taxes	0.33	0.27	0.34	0.29	0.25
Profit after tax	1.07	0.92	1.09	0.89	0.85

Sparebanken
Møre