



2 quarter 2020

Unaudited interim report



Sparebanken
Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q2 2020		Q2 2019		30.06.2020		30.06.2019		2019	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	266	1.35	320	1.75	608	1.57	624	1.72	1 314	1.79
Net commission and other operating income	51	0.37	55	0.30	104	0.27	104	0.29	219	0.30
Net return on financial investments	73	0.26	23	0.13	32	0.08	51	0.14	74	0.10
Total income	390	1.98	398	2.18	744	1.92	779	2.15	1 607	2.19
Total operating costs	157	0.80	160	0.88	324	0.84	317	0.88	646	0.88
Profit before impairment on loans	233	1.18	238	1.30	420	1.08	462	1.27	961	1.31
Impairment on loans, guarantees etc.	42	0.21	6	0.03	78	0.20	19	0.05	50	0.07
Pre-tax profit	191	0.97	232	1.27	342	0.88	443	1.22	911	1.24
Tax	41	0.21	51	0.29	75	0.19	100	0.28	200	0.27
Profit after tax	150	0.76	181	0.98	267	0.69	343	0.94	711	0.97

Statement of financial position

(NOK million)	30.06.2020	% change YTD 2020	31.12.2019	% change during the last 12 months	30.06.2019
Total assets 4)	81 239	8.5	74 875	8.4	74 928
Average assets 4)	77 570	5.5	73 496	7.2	72 386
Loans to and receivables from customers	65 094	1.7	64 029	4.1	62 529
Gross loans to retail customers	44 765	2.1	43 847	3.2	43 381
Gross loans to corporate and public entities	20 633	0.9	20 441	6.4	19 393
Deposits from customers	39 055	6.1	36 803	4.6	37 321
Deposits from retail customers	23 675	9.2	21 685	8.1	21 910
Deposits from corporate and public entities	15 380	1.7	15 118	-0.2	15 411

Key figures and alternative performance measures (APMs)

	Q2 2020	Q2 2019	30.06.2020	30.06.2019	2019
Return on equity (annualised) 3) 4)	9.2	12.0	8.2	11.5	11.7
Cost income ratio 4)	40.3	40.0	43.5	40.7	40.2
Losses as a percentage of loans (annualised) 4)	0.26	0.04	0.24	0.06	0.08
Gross credit-impaired commitments as a percentage of loans/guarantees	1.85	1.56	1.85	1.56	1.48
Net credit-impaired commitments as a percentage of loans/guarantees	1.41	1.17	1.41	1.17	1.12
Deposit-to-loan ratio 4)	60.0	59.7	60.0	59.7	57.5
Liquidity Coverage Ratio (LCR)	170	156	170	156	165
Lending growth as a percentage 4)	-0.1	3.6	4.1	6.2	6.1
Deposit growth as a percentage 4)	4.3	8.5	4.6	9.0	6.9
Capital adequacy ratio 1)	21.2	19.1	21.2	19.1	21.7
Tier 1 capital ratio 1)	19.1	17.2	19.1	17.2	19.5
Common Equity Tier 1 capital ratio (CET1) 1)	17.3	15.1	17.3	15.1	17.7
Leverage Ratio (LR) 1)	7.7	7.9	7.7	7.9	8.1
Man-years	360	358	360	358	357

Equity Certificates (ECs)

	30.06.2020	30.06.2019	2019	2018	2017	2016
Profit per EC (Group) (NOK) 2)	12.62	16.80	34.50	29.60	27.70	28.80
Profit per EC (Parent Bank) (NOK) 2)	19.23	20.35	32.00	28.35	27.00	29.85
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)	296	318	317	283	262	254
Stock market value (NOK million)	2 927	3 144	3 134	2 798	2 590	2 511
Book value per EC (Group) (NOK) 4)	319	305	320	303	289	275
Dividend per EC (NOK)	14.00	15.50	14.00	15.50	14.00	14.00
Price/Earnings (Group, annualised)	11.7	9.5	9.2	9.5	9.4	8.8
Price/Book value (P/B) (Group) 2) 4)	0.93	1.04	0.99	0.93	0.91	0.93

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 FOR H1 2020

Sparebanken Møre's pre-tax profit after the first half of 2020 was NOK 342 million, compared with NOK 443 million after the first half of 2019.

Total income was NOK 35 million lower than for the same period in 2019. Net interest income fell by NOK 16 million and other operating income fell by NOK 19 million. Capital losses from bond holdings amounted to NOK 14 million, compared with capital gains of NOK 3 million in the first half of 2019. Capital gains on equities totalled NOK 5 million, compared with NOK 12 million in the first half of 2019. Income from other financial investments showed an increase of NOK 5 million compared with the first half of 2019.

Costs were NOK 7 million higher in the first half of 2020 than in 2019. Personnel costs were NOK 4 million lower than last year and financial activity tax in the form of higher employers' National Insurance contributions amounted to NOK 7 million, NOK 1 million more than in 2019. Other operating costs increased by NOK 11 million in the same period.

Losses on loans and guarantees amounted to NOK 78 million and were NOK 59 million higher than in the same period last year.

The cost income ratio after the first half-year was 43.5 per cent. This is 2.8 percentage points higher than in the same period in 2019.

The profit after tax was NOK 267 million; NOK 76 million lower than in the same period in 2019. The half-year results show an annualised return on equity of 8.2 per cent, compared with 11.5 per cent after the first half of 2019.

Earnings per equity certificate were NOK 12.62 (NOK 16.80) for the Group and NOK 19.23 (NOK 20.35) for the Parent Bank.

RESULTS FOR Q2 2020

Profit after tax was NOK 150 million for the second quarter of 2020, or 0.76 per cent of average total assets, compared with NOK 181 million, or 0.98 per cent, for the corresponding quarter last year.

Return on equity was 9.2 per cent in the second quarter of 2020 compared with 12.0 per cent in the second quarter of 2019, and the cost income ratio amounted to 40.3 per cent compared with 40.0 per cent in the second quarter of 2019.

Earnings per equity certificate were NOK 7.16 (NOK 8.85) for the Group and NOK 4.76 (NOK 6.20) for the Parent Bank.

Net interest income

Net interest income was NOK 266 million, which is NOK 54 million, or 16.9 per cent, lower than in the corresponding quarter of last year. This represents 1.35 per cent of total assets, which is 0.40 percentage points lower than in the second quarter of 2019.

The interest rate margins for both lending and deposits contracted sharply in the second quarter of 2020 compared with the first quarter of 2020 in both the retail and corporate markets.

The Bank reduced interest rates on loans in the retail market by up to 0.85 percentage points from 8 April and by up to 0.40 percentage points from 27 May. Deposit rates were first reduced from 27 May and will be cut further from 15 July. Since lending rates were cut before deposit rates, this resulted in a sharp reduction in net interest income in the second quarter of 2020.

It will also take some weeks before the repricing of the Group's borrowing from the capital market is implemented, at the same time as the reduced contribution from the Bank's equity also reduced the net interest income in the second quarter.

Strong competition in both lending and deposits has also contributed to pressure on net interest income.

The combination of these factors resulted in a reduction in the net interest income in the quarter of around NOK 76 million compared with the first quarter of 2020.

The positive effects of the rate changes and reduction in borrowing costs will not be fully reflected in net interest income until August.

Other operating income

Other operating income was NOK 124 million in the quarter, which is NOK 46 million higher than in the second quarter of last year. The return on financial investments was NOK 50 million higher than in the second quarter of 2019. Capital gains from bond holdings were NOK 28 million in the quarter, compared with capital losses of NOK 3 million in the corresponding quarter last year. Capital gains on equities were NOK 12 million, compared with capital gains of NOK 7 million in the second quarter of 2019, and income from other financial investments increased by NOK 14 million compared with the same period last year.

Other income excluding financial investments decreased by NOK 4 million compared with the second quarter of 2019.

Costs

Operating costs in the quarter amounted to NOK 157 million, which is NOK 3 million lower than in the same quarter last year. Personnel costs were NOK 8 million lower than in the corresponding period last year and amounted to NOK 81 million. Staffing increased by two full-time equivalents in the past 12 months, to 360 FTEs. Other operating costs increased by NOK 5 million from the same period last year.

The cost income ratio for the second quarter of 2020 was 40.3 per cent, 0.3 percentage points higher than in the second quarter of last year.

Credit-impaired commitments

NOK 42 million (NOK 6 million) was charged in losses on loans and guarantees in the quarter. This amounts to 0.21 per cent (0.03 per cent) of average total assets on an annualised basis. Losses in the corporate segment increased by NOK 51 million in the quarter, while losses in the retail segment decreased by NOK 9 million.

At the end of the second quarter of 2020, total expected losses amounted to NOK 446 million, equivalent to 0.65 per cent of loans and guarantees (NOK 354 million and 0.55 per cent). Of the total expected losses, NOK 24 million are linked to a credit-impaired commitment more than 90 days past due (NOK 11 million), which amounts to 0.03 per cent of loans and guarantees (0.02 per cent). NOK 272 million relates to other credit-impaired commitments (NOK 239 million), which is equivalent to 0.41 per cent of gross loans and guarantees (0.38 per cent).

Net credit-impaired commitments (loans more than 90 days past due and other commitments in Stage 3) have increased by NOK 194 million in the past 12 months. At the end of the second quarter of 2020, the corporate market accounted for NOK 856 million of net credit-impaired commitments and the retail market NOK 85 million. In total, this represents 1.41 per cent of gross loans and guarantees (1.17 per cent).

Lending to customers

At the end of the second quarter of 2020, lending to customers amounted to NOK 65,094 million (NOK 62,529 million). Customer lending has increased by a total of NOK 2,565 million, or 4.1 per cent, in the past

12 months. Retail lending has increased by 3.2 per cent, while corporate lending has increased by 6.4 per cent in the past 12 months. Lending to corporate customers decreased by 2.0 per cent in the second quarter of 2020, while lending to retail customers rose by 1.2 per cent. Retail lending accounted for 68.5 per cent of total lending at the end of the second quarter of 2020 (69.3 per cent).

Deposits from customers

Customer deposits have increased by NOK 1,734 million, or 4.6 per cent, in the past 12 months. At the end of the second quarter of 2020, deposits amounted to NOK 39,055 million (NOK 37,321 million). Retail deposits have increased by 8.1 per cent in the past 12 months, while corporate deposits have decreased by 0.7 per cent and public sector deposits have increased by 9.4 per cent. The retail market's relative share of deposits amounted to 60.6 per cent (58.7 per cent), while deposits from the corporate market accounted for 37.1 per cent (39.1 per cent) and from the public sector market 2.3 per cent (2.2 per cent).

The deposit-to-loan ratio was 60.0 per cent at the end of the second quarter of 2020 (59.7 per cent).

CAPITAL ADEQUACY

Sparebanken Møre is very well capitalised. At the end of the second quarter, the Common Equity Tier 1 capital ratio was 17.3 per cent (15.1 per cent), incl. 50 per cent of the result for the year to date. This is 4.6 percentage points higher than the total regulatory minimum requirement of 12.7 per cent for the Common Equity Tier 1 capital ratio. The primary capital ratio, including 50 per cent of the result for the year to date, was 21.2 per cent (19.1 per cent), while the Tier 1 capital ratio was 19.1 per cent (17.2 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 most important changes applicable from 31 December 2019 are the elimination of the transitional rule for the Basel I floor and the introduction of an SME discount of 23.82 per cent for SME customers with loans of up to EUR 1.5 million and an annual turnover of less than EUR 50 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 determined by the Ministry of Finance based on advice from Norges Bank.

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 second quarter of 2020. 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.

The leverage ratio (LR) at the end of the second quarter of 2020 was 7.7 per cent, 0.2 percentage points lower than at the end of the second quarter of 2019. 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 96 million after tax in the first half of 2020 (NOK 99 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 second quarter of 2020, the company had outstanding bonds of NOK 27.4 billion in the market. Around 32 per cent was issued in currencies other than NOK. NOK 2.1 billion of the volume of bonds issued by the company was held by the Parent Bank at the end of the second quarter of 2020. Møre Boligkreditt AS contributed NOK 94 million to the result in the first half of 2020 (NOK 97 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 0.7 million to the result in the first half of 2020 (NOK 0.9 million). At the end of the quarter, the company employed 14 full-time equivalents.

Sparebankeiendom AS's purpose is to own and manage the Bank's commercial properties. The company

contributed NOK 0.9 million to the result in the first half of 2020 (NOK 0.7 million). The company has no employees.

EQUITY CERTIFICATES

At the end of the second quarter of 2020, there were 5,747 holders of Sparebanken Møre's equity certificates. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.6 per cent of the Bank's total equity.

Note 11 includes a list of the 20 largest holders of the Bank's equity certificates. As at 30 June 2020, the Bank owned 22,111 of its own equity certificates. These were purchased on the Oslo Børs at market prices.

COVID-19: LIQUIDITY, FINANCING AND PROFITS

Sparebanken Møre entered the corona crisis with good key figures for capital and liquidity. At the start of the year, the net stable funding ratio (NSFR) was 113 and the Group's Common Equity Tier 1 capital was 17.7 per cent. The liquidity coverage ratio (LCR) was 172 at the end of February 2020.

The Group's first market loan matures on 23 September 2020, NOK 3,000 million in MOBK14 from Møre Boligkreditt AS. The next major maturity date is in February 2021, a NOK 2,100 million MORG44 senior loan. At the end of the first half-year, buybacks in the market resulted in the outstanding amounts related to these loans decreasing to NOK 1,283 million and NOK 1,850 million, respectively.

At the end of the second quarter, NSFR was 115, LCR 170 and Common Equity Tier 1 capital 17.3 per cent.

As the Group has not reached any maturity dates for market funding in H1, it is the normal seasonal variations and changes in growth rates for loans and deposits due to the current situation that have affected the Bank's liquidity in the last few months. The government's tax deferral measures, as well as support schemes, etc. related to Covid-19 have also, to some extent, affected the liquidity situation.

Following a slight drop in institutional deposits in March, April saw relatively weak lending growth with a good influx of deposits. Deposit growth continued in the retail market in May, while tax payments and other factors resulted in a negative development in deposits from the corporate market. Overall, the growth in deposits and lending was reasonable balanced in May. Seasonally, deposits increased sharply in June. In the first six months of this year, deposits increased by almost NOK 1,200 million more than loans and the Group saw its deposit-to-loan ratio increase from 57.5 per cent to 60.0 per cent.

Sparebanken Møre has received liquidity from Norges Bank's F-loan scheme with two loans totalling NOK 1,000 million. NOK 500 million with a six-month term to maturity and NOK 500 million with a 12-month term to maturity. The liquidity from these loans has been used to strengthen the Bank's LCR liquidity portfolio correspondingly. At the same time, the Group has followed its planned funding strategy. In June, we accordingly placed a covered bond issue in the market of NOK 3,000 million with a maturity of 5.25 years, replacing the bond maturing in September. The issue was well received.

The Bank has monitored liquidity developments closely over the past few months: liquidity, financial status and risk assessment. Frequent meetings have been held by the contingency group for liquidity, reporting to the executive management team and Board on a very frequent basis. The status of liquidity and the development of deposits have also been regular items on the agenda in the Bank's Crisis management group. LCR has been monitored continuously and reported daily throughout the period and we have not registered any days without robust margins in relation to the minimum requirement.

The development of the market value of the Bank's LCR liquidity portfolio was the item with the largest negative impact on the Bank's results in the first quarter. This effect significantly decreased in the second quarter, although it will remain an uncertain factor going forward as well. The Bank has no trading portfolio in equities or significant ownership stakes in product companies, which indicates that the volatility in relation to financial performance will be low for the remainder of the year as well.

The Group's market funding is raised at floating interest rates or by swapping fixed-rate issues to floating rates. The funding cost will therefore follow developments in the 3 month NIBOR with a time lag corresponding to the timing of the rate fixing. It takes a quarter before the funding portfolio is fully repriced

to the new levels for the money market rate. Sparebanken Møre will thus not see normal funding costs until July.

The funding portfolio's interest rate fixing profile, and the fact that our lending rates to customers were reduced immediately after the central bank's cut its rates while deposit rates were not cut until six weeks later, markedly weakened the Bank's net interest income in the second quarter. Net interest income was also negatively impacted by a lower return on the Bank's equity. This has led to a lowering of the net interest income forecast for the year as a whole. We expect, however, a significant increase in net interest income in the coming quarters compared to the second quarter.

The major economic uncertainty that arose at the end of the first quarter of 2020 due to the Covid-19 situation and fall in oil prices resulted in increased credit risk and increased expected losses. In spite of the macroeconomic conditions improving in the second quarter and continued low credit impaired commitments, uncertainty about the development of the Covid-19 situation and the consequences of the fall in oil prices still reigns. Changes in these conditions could impact the Group's level of losses.

The probability weightings for macro scenarios were kept unchanged at the end of the second quarter of 2020. In the first quarter of 2020, the probability of the pessimistic scenario occurring was increased from 10 to 40 per cent, while for the base scenario it was reduced from 80 to 50 per cent. For further information about the consequences of Covid-19 and the measurement of expected credit loss see note 3.

FUTURE PROSPECTS

Economic key figures indicate that output and demand in Møre og Romsdal increased during the second quarter of 2020. This was due to the easing of infection control measures. Comprehensive fiscal policy measures, lower interest rates and a weak Norwegian kroner exchange rate were positive contributory factors. Unemployment also fell sharply. At the end of June, unemployment in the county amounted to 4.1 per cent of the labour force. In comparison, the national unemployment rate was 4.8 per cent. If there are no new periods of activity reducing measures aimed at preventing the spread of infection, unemployment may continue to fall until the end of the year.

However, several business sectors face the prospect of declining earnings. This applies to sectors such as the tourism industry and the maritime industry. At the same time, oil-related industries will be negatively impacted by the prospects of a sharp decline in petroleum investments in the next few years. Therefore, although production growth is rising, it is likely that unemployment in the county and nationally will remain higher in the long term than it was prior to the coronavirus pandemic.

Household debt in Norway as a whole has decreased steadily in the year to date and at the end of June, the annualised rate is 4.4 per cent. The growth in lending in the corporate market has also fallen in the year to date to an annualised rate of 3.5 per cent.

During the first half of the year, the Bank noted somewhat slower growth in both lending to the retail market and lending to the corporate market compared with the annual growth at the end of the fourth quarter. Deposit growth in the year to date has been very good and the deposit-to-loan ratio is high and climbing.

The Bank expects the lending growth in 2020 to be somewhat lower than anticipated at the beginning of the year. This is due to tough competition, a strong growth in 2019, a lower level of investments as a result of the corona pandemic and the reduction in oil price.

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

Sparebanken Møre's long-term targets of a return on equity above 11 per cent and a cost income ratio below 40 per cent remain unchanged. The duration and consequences of the government's activity reducing measures aimed at countering the coronavirus are expected to have a significant effect on the level of activity in the remainder of the year. This, combined with weaker net interest income due in part to

market practices regarding changes to lending and deposit rates in spring 2020, means that it is unlikely that the Bank's strategic target for the return on equity will be achieved in 2020. The Bank expects, however, to achieve its long-term targets in 2021.

Ålesund, 30 June 2020

12 August 2020

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman of the Board

RAGNA BRENNE BJERKESET, Deputy Chairman

HENRIK GRUNG

JILL AASEN

ANN MAGRITT BJÅSTAD VIKERBAKK

KÅRE ØYVIND VASSDAL

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q2 2020	Q2 2019	30.06.2020	30.06.2019	2019
Interest income from assets at amortised cost		420	502	985	967	2 085
Interest income from assets at fair value		53	58	128	111	243
Interest expenses		207	240	505	454	1 014
Net interest income	<u>9</u>	266	320	608	624	1 314
Commission income and revenues from banking services		50	55	104	105	221
Commission costs and charges from banking services		6	6	13	13	26
Other operating income		7	6	13	12	24
Net commission and other operating income		51	55	104	104	219
Dividends		0	4	6	5	12
Net gains/losses on financial instruments	<u>5</u>	73	19	26	46	62
Net return on financial instruments		73	23	32	51	74
Total income		390	398	744	779	1 607
Wages, salaries etc.		81	89	170	174	354
Administration costs		41	36	80	74	143
Depreciation and impairment		11	11	24	22	50
Other operating costs		24	24	50	47	99
Total operating costs		157	160	324	317	646
Profit before impairment on loans		233	238	420	462	961
Impairment on loans, guarantees etc.	<u>3</u>	42	6	78	19	50
Pre-tax profit		191	232	342	443	911
Taxes		41	51	75	100	200
Profit after tax		150	181	267	343	711
Allocated to equity owners		142	176	251	335	688
Allocated to owners of Additional Tier 1 capital		8	5	16	8	23
Profit per EC (NOK) 1)		7.16	8.85	12.62	16.80	34.50
Diluted earnings per EC (NOK) 1)		7.16	8.85	12.62	16.80	34.50
Distributed dividend per EC (NOK)		14.00	15.50	14.00	15.50	15.50

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

(NOK million)	Q2 2020	Q2 2019	30.06.2020	30.06.2019	2019
Profit after tax	150	181	267	343	711
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	-6	7	0	2	2
Tax effect of changes in value on basisswap spreads	1	-2	0	-1	0
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-29
Tax effect of pension estimate deviations	0	0	0	0	7
Total comprehensive income after tax	145	186	267	344	691
Allocated to equity owners	137	181	251	336	668
Allocated to owners of Additional Tier 1 capital	8	5	16	8	23

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	30.06.2020	30.06.2019	31.12.2019
Cash and claims on Norges Bank	<u>5 6 10</u>	1 034	963	1 072
Loans to and receivables from credit institutions	<u>5 6 10</u>	2 633	2 861	1 088
Loans to and receivables from customers	<u>2 3 4 5 7 10</u>	65 094	62 529	64 029
Certificates, bonds and other interest-bearing securities	<u>5 7 10</u>	9 332	6 711	6 938
Financial derivatives	<u>5 7</u>	2 518	1 199	1 176
Shares and other securities	<u>5 7</u>	192	186	194
Deferred tax benefit		0	54	0
Intangible assets		52	40	53
Fixed assets		227	279	236
Other assets		157	106	89
Total assets		81 239	74 928	74 875

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.06.2020	30.06.2019	31.12.2019
Loans and deposits from credit institutions	<u>5 6 10</u>	2 807	1 365	817
Deposits from customers	<u>2 5 7 10</u>	39 055	37 321	36 803
Debt securities issued	<u>5 6 8</u>	29 796	27 178	28 271
Financial derivatives	<u>5 7</u>	797	357	288
Other liabilities		748	953	641
Incurring costs and prepaid income		73	82	86
Other provisions for incurred liabilities and costs		317	140	295
Additional Tier 1 capital	<u>5 6</u>	0	157	0
Subordinated loan capital	<u>5 6</u>	702	703	704
Total liabilities		74 295	68 256	67 905
EC capital	<u>11</u>	989	989	989
ECs owned by the Bank		-2	-3	-3
Share premium		357	356	357
Additional Tier 1 capital		599	599	599
Paid-in equity		1 943	1 941	1 942

Primary capital fund	2 819	2 649	2 819
Gift fund	125	125	125
Dividend equalisation fund	1 559	1 392	1 559
Other equity	231	221	525
Comprehensive income for the period	267	344	0
Retained earnings	5 001	4 731	5 028
Total equity	6 944	6 672	6 970
Total liabilities and equity	81 239	74 928	74 875

Statement of changes in equity - Group

GROUP 30.06.2020	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	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	-16							-16
Total profit for the period	267							267
Equity as at 30 June 2020	6 944	987	357	599	2 819	125	1 559	498

GROUP 30.06.2019	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as of 01.01.2019	6 394	986	356	349	2 649	125	1 391	538
Changes in own equity certificates	1						1	
Distributed dividend to the EC holders	-153							-153
Distributed dividend to the local community	-156							-156
Additional Tier 1 capital issued	250			250				
Interests on issued Additional Tier 1 capital	-8							-8
Total profit for the period	344							344
Equity as at 30 June 2019	6 672	986	356	599	2 649	125	1 392	565

GROUP 31.12.2019	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as at 31 December 2018	6 360	986	356	349	2 649	125	1 391	504
Changes in own equity certificates	1		1					
Distributed dividend to the EC holders	-153							-153
Distributed dividend to the local community	-156							-156
Additional Tier 1 capital issued	250			250				
Interests paid on Additional Tier 1 capital issued	-23							-23
Equity before allocation of profit for the year	6 279	986	357	599	2 649	125	1 391	172
Allocated to the primary capital fund	181				181			
Allocated to the dividend equalisation fund	179						179	
Allocated to owners of Additional Tier 1 capital	23							23
Allocated to other equity	49							49
Proposed dividend allocated for the EC holders	138							138
Proposed dividend allocated for the local community	141							141
Profit for the year	711	0	0	0	181	0	179	351
Changes in value - basis swaps	2							2
Tax effect of changes in value - basis swaps	0							0
Pension estimate deviations	-29				-15		-14	
Tax effect of pension estimate deviations	7				4		3	
Total other income and costs from comprehensive income	-20	0	0	0	-11	0	-11	2
Total profit for the year	691	0	0	0	170	0	168	353
Equity as at 31 December 2019	6 970	986	357	599	2 819	125	1 559	525

Statement of cash flow - Group

(NOK million)	30.06.2020	30.06.2019	31.12.2019
Cash flow from operating activities			
Interest, commission and fees received	1 146	1 137	2 449
Interest, commission and fees paid	-343	-243	-515
Dividend and group contribution received	6	5	12
Operating expenses paid	-268	-247	-548
Income taxes paid	-42	-201	-81
Changes relating to loans to and claims on other financial institutions	-1 545	-1 573	200
Changes relating to repayment of loans/leasing to customers	-1 029	-2 056	-3 755
Changes in utilised credit facilities	-82	-129	52
Net change in deposits from customers	2 252	2 908	2 390
Net cash flow from operating activities	95	-399	204
Cash flow from investing activities			
Interest received on certificates, bonds and other securities	71	64	134
Proceeds from the sale of certificates, bonds and other securities	4 266	5 315	8 462
Purchases of certificates, bonds and other securities	-8 183	-5 746	-8 649
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-5	-12	-33
Changes in other assets	1 468	285	63
Net cash flow from investing activities	-2 383	-94	-23
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-271	-259	-563
Net change in deposits from Norges Bank and other financial institutions	1 990	410	-138
Proceeds from bond issues raised	2 997	3 797	5 374
Redemption of debt securities	-980	-3 277	-4 317
Dividend paid	-138	-153	-153
Changes in other debt	-1 332	-161	-396
Proceeds from Additional Tier 1 capital issued	0	250	250
Paid interest on Additional Tier 1 capital issued	-16	-8	-23
Net cash flow from financing activities	2 250	599	34
Net change in cash and cash equivalents	-38	106	215
Cash balance at 01.01	1 072	857	857
Cash balance at 30.06/31.12	1 034	963	1 072

Note 1

Accounting principles

The Group's interim accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), implemented by the EU as at 30 June 2020. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2019 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 1.5 in the Annual report 2019 discloses the use of estimates applied in the preparation of the annual financial statements. One of the most important areas to which critical estimates and assumptions are linked is the measurement of expected credit losses (ECL) according to IFRS 9. Covid-19 has resulted in changed assumptions for the calculation of expected losses as at 30.06.2020. See note 3 for further information.

Note 2

Loans and deposits broken down according to sectors

GROUP	Loans		
Broken down according to sectors	30.06.2020	30.06.2019	31.12.2019
Agriculture and forestry	572	538	568
Fisheries	3 540	3 270	3 502
Manufacturing	2 380	2 686	2 346
Building and construction	1 127	797	915
Wholesale and retail trade, hotels	709	646	621
Supply/Offshore	1 110	986	1 042
Property management	7 313	7 247	7 692
Professional/financial services	933	988	1 186
Transport and private/public services	2 666	1 980	2 307
Activities abroad	283	255	262
Total corporate/public entities	20 633	19 393	20 441
Retail customers	44 765	43 381	43 847
Total loans (gross carrying amount)	65 398	62 774	64 288
Expected credit loss (ECL) - stage 1 - Corporate	-25	-24	-30
Expected credit loss (ECL) - stage 1 - Retail	-8	-5	-5
Expected credit loss (ECL) - stage 2 - Corporate	-56	-39	-58
Expected credit loss (ECL) - stage 2 - Retail	-53	-30	-36
Expected credit loss (ECL) - stage 3 - Corporate	-141	-125	-106
Expected credit loss (ECL) - stage 3 - Retail	-21	-22	-24
Loans to and receivables from customers (net carrying amount)	65 094	62 529	64 029
-of which loans with floating interest rate (amortised cost)	60 979	58 703	59 832
-of which loans with fixed interest rate (fair value)	4 115	3 826	4 197

GROUP	Deposits		
	30.06.2020	30.06.2019	31.12.2019
Broken down according to sectors			
Agriculture and forestry	231	206	187
Fisheries	1 372	1 141	1 252
Manufacturing	2 258	1 603	1 659
Building and construction	899	752	841
Wholesale and retail trade, hotels	896	750	839
Property management	1 838	1 849	1 648
Transport and private/public services	4 724	6 014	5 448
Public entities	888	812	777
Miscellaneous	2 274	2 284	2 467
Total corporate/public entities	15 380	15 411	15 118
Retail customers	23 675	21 910	21 685
Total deposits	39 055	37 321	36 803

Note 3

Losses and impairment on loans and guarantees

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

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

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

Stage 3: If the credit risk increases further and there's evidence of loss or if an individual assessment has been made, the commitment is transferred to stage 3 with lifetime ECL measurement. The commitment is considered to be credit-impaired.

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

A commitment is defined as the total of loans, undrawn credit facilities and guarantees (undrawn credit facilities and guarantees are off-balance items).

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 NOK 1 000.

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.

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

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 interim report for Q2 2020 has been prepared in a period when the economic outlook differs from that in the annual financial statements for 2019.

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. Many corporate and retail customers have seen their income reduced in the short term, and the level of uncertainty associated with estimating the future cash flows and debt servicing capacity of these customers is high. The situation has impacted the ECL calculation as at 30.06.2020. Changes in economic conditions have impacted

macroeconomic scenarios and weightings. Weightings for Q1 2020 have been continued in Q2 2020.

Weighting in Q1 and Q2 2020:

- Best: 10%
- Base: 50%
- Worst: 40%

Weighting as at 31 December 2019:

- Best: 10%
- Base: 80%
- Worst: 10%

Changes made to the scenario weightings from 31.12.2019 are based on analyses and estimates from Norges Bank and Statistics Norway. The estimates for key macro factors have been adjusted downwards in relation to previous estimates. In addition to the external estimates, the Bank has applied its best judgement to ensure that the forecasts are unbiased. On the other hand, the government's package of measures might limit expected losses. State guarantees are reflected in the Bank's LGD model (reducing expected degree of loss).

In its assessments, the Bank has taken into account a significant increase in approved payment holidays. A specific, individual assessment is made of whether the payment holiday is forbearance and thus should migrate the commitment to stage 2 (performing) or stage 3 (non-performing).

This has been further supplemented with a more portfolio- or segment based (hotels, tourism, travel industry, personal services industry) approach to assess significantly increased credit risk and migration to stage 2. This due to the fact that changes in future prospects are not fully captured by the ECL model.

In addition to COVID-19, oil prices have fallen dramatically due to high output and a substantial drop in demand. This has resulted in the overriding of relevant variables in the ECL model in order to take account of the increased uncertainty for individual commitments within the oil services industry.

Specification of credit loss in the income statement

GROUP	Q2 2020	Q2 2019	30.06.2020	30.06.2019	2019
Changes in ECL - Stage 1	1	4	0	5	10
Changes in ECL - Stage 2	-3	11	15	13	37
Changes in ECL - Stage 3	2	-95	2	-138	-138
Increase in existing expected losses in stage 3 (individually assessed)	23	2	34	8	2
New expected losses in stage 3 (individually assessed)	19	87	31	139	155
Confirmed losses, previously impaired	2	1	6	4	12
Reversal of previous expected losses in stage 3 (individually assessed)	-1	-3	-10	-11	-30
Confirmed losses, not previously impaired	1	2	3	3	10
Recoveries	-2	-3	-3	-4	-8
Total impairments on loans and guarantees, etc	42	6	78	19	50

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

GROUP - 30.06.2020	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2019	36	99	240	375
New commitments	9	8	1	18
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-10	-3	-22
Changes in ECL in the period for commitments which have not migrated	-1	-9	0	-10
Migration to stage 1	6	-17	-1	-12
Migration to stage 2	-5	44	-1	38
Migration to stage 3	0	-1	6	5
Changes stage 3 (individually assessed)	-	-	54	54
ECL 30.06.2020	36	114	296	446
- of which expected losses on loans to retail customers	8	53	21	82
- of which expected losses on loans to corporate customers	25	56	141	222
- of which expected losses on guarantees	3	5	134	142

GROUP - 30.06.2019	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2018	26	61	251	338
New commitments	8	6	1	14
Disposal of commitments and transfer to stage 3 (individually assessed)	-3	-5	-118	-126
Changes in ECL in the period for commitments which have not migrated	0	-6	-2	-8
Migration to stage 1	1	-14	-1	-13
Migration to stage 2	-2	34	-22	10
Migration to stage 3	0	-1	5	3
Changes stage 3 (individually assessed)	-	-	136	136
ECL 30.06.2019	30	75	250	354
- of which expected losses on loans to retail customers	5	30	22	57
- of which expected losses on loans to corporate customers	24	39	125	188
- of which expected losses on guarantees	1	6	103	110

GROUP - 31.12.2019	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2018	26	61	251	338
New commitments	15	11	1	27
Disposal of commitments and transfer to stage 3 (individually assessed)	-5	-12	-125	-142
Changes in ECL in the period for commitments which have not migrated	2	2	0	4
Migration to stage 1	1	-22	-1	-22
Migration to stage 2	-3	60	-21	36
Migration to stage 3	0	-1	8	7
Changes stage 3 (individually assessed)	-	-	127	127
ECL 31.12.2019	36	99	240	375
- of which expected losses on loans to retail customers	5	36	24	65
- of which expected losses on loans to corporate customers	30	58	106	194
- of which expected losses on guarantees	1	5	110	116

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

GROUP - 30.06.2020	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	51 284	654	-	51 938
Medium risk (0.5 % - < 3 %)	7 426	2 278	-	9 704
High risk (3 % - <100 %)	833	1 097	-	1 930
Credit-impaired commitments	-	-	1 237	1 237
Total commitments before ECL	59 543	4 029	1 237	64 809
- ECL	-36	-114	-296	-446
Net commitments *)	59 507	3 915	941	64 363

GROUP - 30.06.2019	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	49 156	590	-	49 746
Medium risk (0.5 % - < 3 %)	7 283	2 959	-	10 242
High risk (3 % - <100 %)	983	666	-	1 649
Credit-impaired commitments	-	-	997	997
Total commitments before ECL	57 422	4 215	997	62 634
- ECL	-30	-75	-250	-355
Net commitments *)	57 392	4 140	747	62 279

GROUP - 31.12.2019	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	50 157	171	-	50 328
Medium risk (0.5 % - < 3 %)	7 369	2 489	-	9 858
High risk (3 % - <100 %)	1 726	1 004	-	2 730
Credit-impaired commitments	-	-	976	976
Total commitments before ECL	59 252	3 664	976	63 892
- ECL	-36	-99	-240	-375
Net commitments *)	59 216	3 565	736	63 517

*) The tables above are based on exposure (incl. undrawn credit facilities and guarantees) 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 4

Credit-impaired commitments

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

GROUP	30.06.2020			30.06.2019			31.12.2019		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default above 90 days	104	76	28	134	56	78	162	76	86
Gross other credit-impaired commitments	1 133	30	1 103	863	18	845	814	34	780
Gross credit-impaired commitments	1 237	106	1 131	997	74	923	976	110	866
ECL on commitments in default above 90 days	24	14	10	11	6	5	24	19	5
ECL on other credit-impaired commitments	272	7	265	239	16	223	216	5	211
ECL on credit-impaired commitments	296	21	275	250	22	228	240	24	216
Net commitments in default above 90 days	80	62	18	123	50	73	138	57	81
Net other credit-impaired commitments	861	23	838	624	2	622	598	29	569
Net credit-impaired commitments	941	85	856	747	52	695	736	86	650
Gross credit-impaired commitments as a percentage of loans/guarantees	1.85	0.24	5.06	1.56	0.17	4.43	1.48	0.25	3.96
Net credit-impaired commitments as a percentage of loans/guarantees	1.41	0.19	3.83	1.17	0.12	3.34	1.12	0.20	2.98

Note 5

Classification of financial instruments

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

CLASSIFICATION AND MEASUREMENT

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

- 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 bank. Financial derivatives are recognised at fair value through the income statement and recognised gross per contract as an asset or liability.

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

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

LEVELS IN THE VALUATION HIERARCHY

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

Level 1 – Valuation based on prices in an active market

Level 1 comprises financial instruments valued by using quoted prices in active markets for identical assets or liabilities. This category includes listed shares, 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 - 30.06.2020	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		1 034	1 034
Loans to and receivables from credit institutions		2 633	2 633
Loans to and receivables from customers	4 115	60 979	65 094
Certificates and bonds	9 332		9 332
Shares and other securities	192		192
Financial derivatives	2 518		2 518
Total financial assets	16 157	64 646	80 803
Loans and deposits from credit institutions		2 807	2 807
Deposits from and liabilities to customers		39 055	39 055
Financial derivatives	797		797
Debt securities		29 796	29 796
Subordinated loan capital		702	702
Total financial liabilities	797	72 360	73 157

GROUP - 30.06.2019	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		963	963
Loans to and receivables from credit institutions		2 861	2 861
Loans to and receivables from customers	3 826	58 703	62 529
Certificates and bonds	6 711		6 711
Shares and other securities	186		186
Financial derivatives	1 199		1 199
Total financial assets	11 922	62 527	74 449
Loans and deposits from credit institutions		1 365	1 365
Deposits from and liabilities to customers		37 321	37 321
Financial derivatives	357		357
Debt securities		27 178	27 178
Subordinated loan capital		860	860
Total financial liabilities	357	66 724	67 081

GROUP - 31.12.2019	Financial instruments at fair value in the income statement	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		1 072	1 072
Loans to and receivables from credit institutions		1 088	1 088
Loans to and receivables from customers	4 197	59 832	64 029
Certificates and bonds	6 938		6 938
Shares and other securities	194		194
Financial derivatives	1 176		1 176
Total financial assets	12 505	61 992	74 497
Loans and deposits from credit institutions		817	817
Deposits from customers		36 803	36 803
Financial derivatives	288		288
Debt securities issued		28 271	28 271
Subordinated loan capital and Additional Tier 1 capital		704	704
Total financial liabilities	288	66 595	66 883

Net gains/losses on financial instruments

	Q2 2020	Q2 2019	30.06.2020	30.06.2019	31.12.2019
Certificates and bonds	28	-3	-14	3	-9
Securities	12	6	5	12	16
Foreign exchange trading (for customers)	14	11	26	24	41
Fixed income trading (for customers)	3	7	11	8	16
Financial derivatives	16	-2	-2	-1	-2
Net change in value and gains/losses from financial instruments	73	19	26	46	62

Note 6

Financial instruments at amortised cost

GROUP	30.06.2020		30.06.2019		31.12.2019	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	1 034	1 034	963	963	1 072	1 072
Loans to and receivables from credit institutions	2 633	2 633	2 861	2 861	1 088	1 088
Loans to and receivables from customers	60 979	60 979	58 703	58 703	59 832	59 832
Total financial assets	64 646	64 646	62 527	62 527	61 992	61 992
Loans and deposits from credit institutions	2 807	2 807	1 365	1 365	817	817
Deposits from and liabilities to customers	39 055	39 055	37 321	37 321	36 803	36 803
Debt securities	29 872	29 796	27 282	27 178	28 362	28 271
Subordinated loan capital and AT1 capital	707	702	865	860	714	704
Total financial liabilities	72 441	72 360	66 833	66 724	66 696	66 595

Note 7

Financial instruments at fair value

A change in the discount rate of 10 basis points will have an impact of about NOK 9 million on loans with fixed interest rate.

GROUP - 30.06.2020	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			4 115	4 115
Certificates and bonds	5 853	3 479		9 332
Shares and other securities	5		187	192
Financial derivatives		2 518		2 518
Total financial assets	5 858	5 997	4 302	16 157
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		797		797
Total financial liabilities	-	797	-	797

GROUP - 30.06.2019	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			3 826	3 826
Certificates and bonds	4 499	2 212		6 711
Shares and other securities	7		179	186
Financial derivatives		1 199		1 199
Total financial assets	4 506	3 411	4 005	11 922
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		357		357
Total financial liabilities	-	357	-	357

GROUP - 31.12.2019	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			4 197	4 197
Certificates and bonds	4 741	2 197		6 938
Shares	6		188	194
Financial derivatives		1 176		1 176
Total financial assets	4 747	3 373	4 385	12 505
Loans and deposits from credit institutions				-
Deposits from customers				-
Debt securities issued				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		288		288
Total financial liabilities	-	288	-	288

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.19	4 197	188
Purchases/additions	578	
Sales/reduction	-702	-9
Transferred to Level 3		
Transferred from Level 3		
Net gains/losses in the period	42	8
Book value as at 30.06.20	4 115	187

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.18	3 811	175
Purchases/additions	341	5
Sales/reduction	-319	-9
Transferred to Level 3		
Transferred from Level 3		
Net gains/losses in the period	-7	8
Book value as at 30.06.19	3 826	179

Note 8

Issued covered bonds

The debt securities in 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 covered bonds.

Covered bonds in the Group (NOK million)								
ISIN code	Currency	Nominal value 30.06.2020	Interest	Issued	Maturity	Book value 30.06.2020	30.06.2019	31.12.2019
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 278	1 238	1 187
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	350	310	308
XS0984191873	EUR	30	6M Euribor + 0.20 %	2013	2020	327	291	296
NO0010696990	NOK	-	3M Nibor + 0.45 %	2013	2020	-	2 509	231
NO0010720204	NOK	3 000	3M Nibor + 0.24 %	2014	2020	3 000	3 000	3 001
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	1 018	993	999
NO0010777584	NOK	3 000	3M Nibor + 0.58 %	2016	2021	3 006	3 011	3 013
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 757	2 463	2 490
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	2 500	3 004
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 793	2 496	2 522
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	1 134	1 058	1 024
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	2 998	2 502	2 503
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 777	-	2 484
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	2 998	-	-
Total covered bonds issued by Møre Boligkreditt AS						27 438	22 371	23 062

As at 30.06.2020, Sparebanken Møre held NOK 2,137 million in covered bonds issued by Møre Boligkreditt AS (NOK 0 million). Møre Boligkreditt AS held no own covered bonds as at 30.06.2020 (NOK 0 million).

Note 9

Operating segments

Result - Q2 2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	266	0	10	111	145	0
Other operating income	124	-15	82	25	26	6
Total income	390	-15	92	136	171	6
Operating costs	157	-14	49	27	90	5
Profit before impairment	233	-1	43	109	81	1
Impairment on loans, guarantees etc.	42	0	0	51	-9	0
Pre-tax profit	191	-1	43	58	90	1
Taxes	41					
Profit after tax	150					

Result - 30.06.2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	608	1	32	240	335	0
Other operating income	136	-28	47	53	54	10
Total income	744	-27	79	293	389	10
Operating costs	324	27	32	65	191	9
Profit before impairment	420	-54	47	228	198	1
Impairment on loans, guarantees etc.	78	0	0	60	18	0
Pre-tax profit	342	-54	47	168	180	1
Taxes	75					
Profit after tax	267					

Key figures - 30.06.2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	65 094	-118	1 354	19 839	44 019	0
Deposits from customers 1)	39 055	-18	697	13 306	25 070	0
Guarantee liabilities	1 767	0	0	1 762	5	0
The deposit-to-loan ratio	60.0	15.3	51.5	67.1	57.0	0
Man-years	360	0	161	51	134	14

Result - Q2 2019	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	320	0	3	126	191	0
Other operating income	78	-13	26	29	30	6
Total income	398	-13	29	155	221	6
Operating costs	160	-12	48	28	91	5
Profit before impairment	238	-1	-19	127	130	1
Impairment on loans, guarantees etc.	6	0	0	4	2	0
Pre-tax profit	232	-1	-19	123	128	1
Taxes	51					
Profit after tax	181					

Result - 30.06.2019	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	624	1	8	240	375	0
Other operating income	155	-25	61	53	56	10
Total income	779	-24	69	293	431	10
Operating costs	317	-24	79	61	192	9
Profit before impairment	462	0	-10	232	239	1
Impairment on loans, guarantees etc.	19	0	0	19	0	0
Pre-tax profit	443	0	-10	213	239	1
Taxes	100					
Profit after tax	343					

Key figures - 30.06.2019	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	62 529	-121	1 376	18 686	42 588	0
Deposits from customers 1)	37 321	-18	883	13 084	23 372	0
Guarantee liabilities	1 435	0	0	1 429	6	0
Deposit-to-loan ratio	59.7	14.9	64.2	70.0	54.9	0
Man-years	358	0	156	47	142	13

Result - 31.12.2019	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 314	2	5	509	798	0
Other operating income	293	-51	110	99	115	20
Total income	1 607	-49	115	608	913	20
Operating costs	646	-50	153	127	397	19
Profit before impairment	961	1	-38	481	516	1
Impairment on loans, guarantees etc.	50	0	0	40	10	0
Pre-tax profit	911	1	-38	441	506	1
Taxes	200					
Profit after tax	711					

Key figures - 31.12.2019	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	64 029	-120	1 372	19 693	43 084	0
Deposits from customers 1)	36 803	-21	711	13 134	22 979	0
Guarantee liabilities	1 360	0	0	1 355	5	0
Deposit-to-loan ratio	57.5	0.0	51.8	66.7	53.3	0.0
Man-years	357	0	156	51	137	13

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

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

Statement of income	Q2 2020	Q2 2019	31.12.2019
Net interest income	69	77	308
Other operating income	4	-2	-3
Total income	73	75	305
Operating costs	14	13	45
Profit before impairment on loans	59	62	260
Impairment on loans, guarantees etc.	0	-1	-11
Pre-tax profit	59	63	271
Taxes	13	13	49
Profit after tax	46	50	222

Statement of income	30.06.2020	30.06.2019	31.12.2019
Net interest income	150	146	308
Other operating income	-1	-1	-3
Total income	149	145	305
Operating costs	26	23	45
Profit before impairment on loans	123	122	260
Impairment on loans, guarantees etc.	3	-2	-11
Pre-tax profit	120	124	271
Taxes	26	27	49
Profit after tax	94	97	222

Statement of financial position	30.06.2020	30.06.2019	31.12.2019
Loans to and receivables from customers	28 736	24 993	25 655
Total equity	2 144	2 148	2 274

Note 10

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	30.06.2020	30.06.2019	31.12.2019
Statement of income			
Interest and credit commission income from subsidiaries	15	6	10
Received dividend from subsidiaries	227	172	172
Administration fee received from Møre Boligkreditt AS	20	17	36
Rent paid to Sparebankeiendom AS	7	7	13
Statement of financial position			
Claims on subsidiaries	2 866	1 251	2 290
Covered bonds	2 137	0	0
Liabilities to subsidiaries	2 750	166	848
Intragroup right-of-use of properties in Sparebankeiendom AS	103	113	107
Intragroup hedging	80	0	0
Accumulated loan portfolio transferred to Møre Boligkreditt AS	28 742	25 006	25 658

Note 11

EC capital

The 20 largest EC holders in Sparebanken Møre as at 30.06.2020	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	963 982	9.75
Cape Invest AS	884 548	8.95
Verdipapirfond Nordea Norge Verdi	390 343	3.95
Wenaasgruppen AS	380 000	3.84
MP Pensjon	339 781	3.44
Pareto AS	297 189	3.01
Verdipapirfond Pareto Aksje Norge	284 374	2.88
Wenaas Kapital AS	250 000	2.53
Verdipapirfondet Eika egenkapital	234 435	2.37
FLPS - Princ All Sec	204 903	2.07
Beka Holding AS	150 100	1.52
Lapas AS (Leif-Arne Langøy)	123 500	1.25
Stiftelsen Kjell Holm	79 700	0.81
PIBCO AS	75 000	0.76
Forsvarets personell pensjonskasse	70 660	0.71
BKK Pensjonskasse	58 828	0.60
Malme AS	55 000	0.56
Storebrand Norge I Verdipapirfond	54 807	0.55
U Aandals Eftf AS	50 000	0.51
Mertens	40 000	0.40
J E Devold AS	40 000	0.40
Total 20 largest EC holders	5 027 150	50.85
Total number of ECs	9 886 954	100.00

Note 12

Capital adequacy

Capital adequacy for Sparebanken Møre is calculated in accordance with IRB Foundation for credit risk. Market risk calculations are based on the standard method and operational risk calculations on the basic method.

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 requirement for Common Equity Tier 1 capital (CET1) for Pillar 1 is 11.0 per cent. The requirement consists of a minimum requirement of 4.5 per cent, a 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, Finanstilsynet has set an individual Pillar 2 requirement of 1.7 per cent, however a minimum of NOK 590 million.

The capital adequacy reported in the 2019 Annual report was based on a proposed cash dividend of NOK 17.50 per equity certificate, a total of NOK 173 million, and an allocation to dividend funds for the local community totalling NOK 176 million. The final cash dividend for 2019 was approved by the General Meeting 16 April 2020, at NOK 14.00 per equity certificate, a total of NOK 138 million, and dividend funds for the local community was set at NOK 141 million. As a result of the reduced dividends, the Group's Common Equity Tier 1 was strengthened by 0.3 p.p, from 17.4 per cent to 17.7 per cent. Equally, the Tier 1 capital was increased from 19.3 per cent to 19.5 per cent and the Capital adequacy ratio increased from 21.5 per cent to 21.7 per cent.

The capital adequacy figures as of 31.12.2019 are in the interim report restated compared to the reported figures in the 2019 Annual report, thus reflecting the resolution of the General Meeting dated 16 April 2020.

	30.06.2020	30.06.2019	31.12.2019
EC capital	989	989	989
- ECs owned by the Bank	-2	-3	-3
Share premium	357	356	357
Additional Tier 1 capital (AT1)	599	599	599
Primary capital fund	2 819	2 649	2 819
Gift fund	125	125	125
Dividend equalisation fund	1 559	1 392	1 559
Proposed dividend for EC holders	0	0	138
Proposed dividend for the local community	0	0	140
Other equity	231	221	246
Accumulated profit for the period	267	344	0
Total equity	6 944	6 672	6 970

Tier 1 capital (T1)

Goodwill, intangible assets and other deductions	-52	-40	-53
Value adjustments of financial instruments at fair value	-16	-13	-14
Deduction of overfunded pension liability	-3	-18	0
Additional Tier 1 capital (AT1)	-599	-599	-599
Expected IRB-losses exceeding ECL	-419	-407	-352
Deduction for proposed dividend for EC holders	0	0	-138
Deduction for proposed dividend for the local community	0	0	-140
Deduction of accumulated profit for the period	-267	-344	-
Total Common Equity Tier 1 capital (CET1)	5 588	5 254	5 673
Additional Tier 1 capital - classified as equity	599	599	599
Additional Tier 1 capital - classified as debt	0	143	0
Total Tier 1 capital (T1)	6 187	5 996	6 272

Tier 2 capital (T2)

Subordinated loan capital of limited duration	702	703	704
Total Tier 2 capital (T2)	702	703	704
Net equity and subordinated loan capital	6 889	6 699	6 976

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	30.06.2020	30.06.2019	31.12.2019
Central governments or central banks	0	0	0
Regional governments or local authorities	493	315	188
Public sector companies	71	71	73
Institutions (banks etc)	520	536	342
Covered bonds	417	441	373
Equity	173	148	148
Other items	719	676	666
Total credit risk - standardised approach	2 393	2 187	1 790

Credit risk - IRB Foundation

Retail - Secured by real estate	8 904	9 012	8 684
Retail - Other	454	662	431
Corporate lending	18 042	21 023	17 969
Total credit risk - IRB-F	27 400	30 697	27 084
Credit value adjustment risk (CVA) - market risk	551	532	535
Operational risk (basic method)	2 735	2 582	2 735
Transitional scheme (Basel I)	0	0	0
Risk weighted assets (RWA)	33 079	35 999	32 144

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 489	1 620	1 446
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Buffer requirements	30.06.2020	30.06.2019	31.12.2019
Capital conservation buffer , 2.5 %	827	900	804
Systemic risk buffer, 3.0 %	992	1 080	964
Countercyclical buffer, 1.0 % (2.0% per 30.06.2019 and 2.5 % per 31.12.2019)	331	720	804
Total buffer requirements	2 150	2 700	2 572
Available Common Equity Tier 1 capital after buffer requirements	1 949	934	1 655

Capital adequacy as a percentage of risk weighted assets (RWA)	30.06.2020	30.06.2019	31.12.2019
Capital adequacy ratio	20.8	18.6	21.7
Capital adequacy ratio incl. 50 % of the result	21.2	19.1	-
Tier 1 capital ratio	18.7	16.7	19.5
Tier 1 capital ratio incl. 50 % of the result	19.1	17.2	-
Common Equity Tier 1 capital ratio	16.9	14.6	17.7
Common Equity Tier 1 capital ratio incl. 50 % of the result	17.3	15.1	-

Leverage Ratio (LR)	30.06.2020	30.06.2019	31.12.2019
Basis for calculation of leverage ratio	82 334	78 742	77 552
Leverage Ratio (LR)	7.5	7.6	8.1
Leverage Ratio (LR) incl. 50 % of the result	7.7	7.9	-

Note 13

Events after the reporting date

No events have occurred after the reporting period that will materially affect the figures presented as of 30 June 2020.

Statement of income - Parent Bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q2 2020	Q2 2019	30.06.2020	30.06.2019	2019
Interest income from assets at amortised cost	270	338	631	645	1 367
Interest income from assets at fair value	49	54	122	111	245
Interest costs	121	147	294	277	605
Net interest income	198	245	459	479	1 007
Commission income and revenues from banking services	50	54	104	104	220
Commission costs and expenditure from banking services	6	6	13	13	26
Other operating income	12	9	22	18	38
Net commission and other operating income	56	57	113	109	232
Dividends	0	4	233	177	184
Net gains/losses on financial instruments	69	21	25	47	65
Net return on financial instruments	69	25	258	224	249
Total income	323	327	830	812	1 488
Wages, salaries etc.	79	85	164	167	340
Administration costs	40	36	79	74	143
Depreciation and impairment	12	13	26	26	54
Other operating costs	19	18	41	37	80
Total operating costs	150	152	310	304	617
Profit before impairment on loans	173	175	520	508	871
Impairment on loans, guarantees etc.	43	8	73	22	60
Pre-tax profit	130	167	447	486	811
Taxes	27	37	48	72	150
Profit after tax	103	130	399	414	661
Allocated to equity owners	87	125	383	406	638
Allocated to owners of Additional Tier 1 capital	16	5	16	8	23
Profit per EC (NOK) 1)	4.76	6.20	19.23	20.35	32.00
Diluted earnings per EC (NOK) 1)	4.76	6.20	19.23	20.35	32.00
Distributed dividend per EC (NOK)	14.00	15.50	14.00	15.50	15.50

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q2 2020	Q2 2019	30.06.2020	30.06.2019	2019
Profit after tax	103	130	399	414	661
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	-29
Tax effect of pension estimate deviations	0	0	0	0	7
Total comprehensive income after tax	103	130	399	414	639
Allocated to equity owners	87	125	383	406	616
Allocated to owners of Additional Tier 1 capital	16	5	16	8	23

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)	30.06.2020	30.06.2019	31.12.2019
Cash and claims on Norges Bank	1 034	963	1 072
Loans to and receivables from credit institutions	5 380	3 990	3 259
Loans to and receivables from customers	36 476	37 657	38 494
Certificates, bonds and other interest-bearing securities	11 363	6 631	6 260
Financial derivatives	893	578	586
Shares and other securities	192	186	194
Equity stakes in Group companies	2 071	2 071	2 071
Deferred tax benefit	0	50	0
Intangible assets	52	39	53
Fixed assets	188	208	198
Other assets	149	100	84
Total assets	57 798	52 473	52 271

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.06.2020	30.06.2019	31.12.2019
Loans and deposits from credit institutions	4 788	1 370	1 519
Deposits from customers	39 074	37 340	36 824
Debt securities issued	4 495	4 807	5 209
Financial derivatives	777	327	242
Other liabilities	807	1 033	733
Incurring costs and prepaid income	73	82	86
Other provisions for incurred liabilities and costs	252	140	230
Additional Tier 1 capital	0	157	0
Subordinated loan capital	702	703	704
Total liabilities	50 968	45 959	45 547
EC capital	989	989	989
ECs owned by the Bank	-2	-3	-3
Share premium	357	356	357
Additional Tier 1 capital	599	599	599
Paid-in equity	1 943	1 941	1 942

Primary capital fund	2 819	2 649	2 819
Gift fund	125	125	125
Dividend equalisation fund	1 559	1 392	1 559
Other equity	-16	-7	279
Total comprehensive income for the period	399	414	0
Retained earnings	4 887	4 573	4 782
Total equity	6 830	6 514	6 724
Total liabilities and equity	57 798	52 473	52 271

Statement

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

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 2020 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 2020

12 August 2020

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman of the Board
RAGNA BRENNE BJERKESET, Deputy Chairman

HENRIK GRUNG

JILL AASEN

ANN MAGRITT BJÅSTAD VIKEBAKK

KÅRE ØYVIND VASSDAL

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net interest income	266	342	339	351	320
Other operating income	124	12	75	63	78
Total operating costs	157	167	168	161	160
Profit before impairment on loans	233	187	246	253	238
Impairment on loans, guarantees etc.	42	36	15	16	6
Pre-tax profit	191	151	231	237	232
Tax	41	34	41	57	51
Profit after tax	150	117	190	180	181

As a percentage of average assets

Net interest income	1.35	1.80	1.79	1.91	1.75
Other operating income	0.63	0.06	0.40	0.34	0.43
Total operating costs	0.80	0.88	0.89	0.87	0.88
Profit before impairment on loans	1.18	0.98	1.30	1.38	1.30
Impairment on loans, guarantees etc.	0.21	0.19	0.08	0.09	0.03
Pre-tax profit	0.97	0.79	1.22	1.29	1.27
Tax	0.21	0.18	0.21	0.31	0.29
Profit after tax	0.76	0.61	1.01	0.98	0.98

Alternative performance measures

Total assets	Definition	Total assets.
	Justification	Total assets is an industry-specific designation for the sum of all assets.
	Calculation	The total of all assets.
Average assets	Definition	The average sum of total assets for the year, calculated as a daily average.
	Justification	This key figure is used in the calculation of percentage ratios for the performance items.
	Calculation	This figures comes from daily calculations in the accounting system and cannot be directly reconciled with the balance sheet.
Return on equity	Definition	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.
	Justification	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.
	Calculation	$\frac{\text{Pre tax profit} - \text{interests on AT1 capital}}{(\text{OB Equity-AT1-allocated dividends-gifts} + \text{CB Equity-AT1-allocated dividends-gifts})/2}$
	Figures	30.06.2020: $(267-16)/(((6,970-599-138-141)+(6,944-599))/2*182/366)=8.2\%$ 30.06.2019: $(341-6)/(((6,394-349-153-156)+(6,672-599))/2*182/365)=11.5\%$
Cost income ratio	Definition	Total operating costs in percentage of total income.
	Justification	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.
	Calculation	$\frac{\text{Total operating costs}}{\text{Total income}}$
	Figures	30.06.2020: $324/744 = 43.5\%$ 30.06.2019: $317/779 = 40.7\%$
Losses as a percentage of loans, guarantees, etc	Definition	«Impairment on loans, guarantees etc.» in percentage of «Net loans to and receivables from customers» at the beginning of the accounting period.
	Justification	This key figure specifies recognised impairments in relation to net 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.
	Calculation	$\frac{\text{Losses on loans and guarantees}}{\text{Net loans to and receivables from customers per 1.1.}}$
	Figures	30.06.2020: $78/(64,029*182/366) = 0.24\%$ 30.06.2019: $19/(60,346*182/365)=0.06\%$
Deposit-to-loan ratio	Definition	«Deposit from customers» as a percentage of «Net loans to and receivables from customers».
	Justification	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.
	Calculation	$\frac{\text{Deposits from customers}}{\text{Net loans to and receivables from customers}}$
	Figures	30.06.2020: $39,055/65,094 = 60.0\%$ 30.06.2019: $37,321/62,529=59.7\%$
Lending growth as a percentage	Definition	The period's change in «Lending to and receivables from customers» as a percentage of «Lending to and receivables from customers» at the beginning of the period (12 months).
	Justification	This key figure provides information about the activity and growth in the bank's lending.
	Calculation	$\frac{\text{CB Net loans to and recievables from customers} - \text{OB Net loans to and recievables from customers}}{\text{OB Net loans to and recievables from customers}}$
	Figures	30.06.2020: $(65,094-62,529)/62,529 = 4.1\%$ 30.06.2019: $(62,529-58,869)/58,869=6.2\%$

Deposit growth as a percentage	Definition	The period's change in «Receivables from customers» as a percentage of «Receivables from customers» at the beginning of the period (12 months).
	Justification	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.
	Calculation	$\frac{\text{CB Deposit from customers} - \text{OB Deposits from customers}}{\text{OB Deposits from customers}}$
	Figures	30.06.2020: $(39,055-37,321)/37,321 = 4.6 \%$ 30.06.2019: $(37,321-34,239)/34,239=9.0 \%$
Book value per equity certificate	Definition	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.
	Justification	This key figure provides information about the value of the book equity per equity certificate. This gives the reader the opportunity to assess whether the market price of the equity certificate is reasonable. 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.
	Calculation	$\frac{(\text{Total Equity} + \text{share premium} + \text{dividend equal.fund} + \text{EC holders' share of other equity, incl. proposed dividends})}{\text{Number of ECs issued}}$
	Figures	30.06.2020: $(989+357+1,559+(231+267-16)*0.496)/9,886954 = 319$ 30.06.2019: $(989+356+1,392+(223+341-6)*0.496)/9,886954=305$
Price/book value (P/B)	Definition	Market price on the bank's equity certificates (MORG) divided by the book value per equity certificate for the Group.
	Justification	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 whether the market price of the equity certificate is reasonable.
	Calculation	$\frac{\text{Market price per equity certificate}}{\text{Book value per equity certificate}}$
	Figures	30.06.2020: $296/319=0.93$ 30.06.2019: $318/305=1.04$



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