3 Interim report

2023 Unaudited

Sparebanken Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q3 2023		Q3 2022		30.09.2023		30.09.2022		2022	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	487	2.05	398	1.87	1 394	1.99	1 085	1.72	1 517	1.78
Net commission and other operating income	65	0.28	65	0.30	180	0.26	179	0.28	246	0.29
Net result from financial instruments	23	0.10	-30	-0.14	44	0.06	-42	-0.07	-7	-0.01
Total income	575	2.43	433	2.03	1 618	2.31	1 222	1.93	1 756	2.06
Total operating expenses	208	0.88	179	0.84	617	0.88	531	0.84	747	0.87
Profit before impairment on loans	367	1.55	254	1.19	1 001	1.43	691	1.09	1 009	1.19
Impairment on loans, guarantees etc.	34	0.14	2	0.01	64	0.09	-6	-0.01	-4	0.00
Pre-tax profit	333	1.41	252	1.18	937	1.34	697	1.10	1 013	1.19
Taxes	80	0.34	63	0.29	222	0.32	162	0.25	236	0.28
Profit after tax	253	1.07	189	0.89	715	1.02	535	0.85	777	0.91

Balance sheet

(NOK million)	30.09.2023	YTD-change 2023 (%)	31.12.2022	Change over the last 12 months (%)	30.09.2022
Total assets 4)	94 675	5.8	89 501	8.0	87 634
Average assets 4)	93 394	9.3	85 436	10.8	84 278
Loans to and receivables from customers	79 739	4.8	76 078	8.2	73 689
Gross loans to retail customers	53 267	4.8	50 818	7.0	49 799
Gross loans to corporate and public entities	26 851	5.0	25 575	10.9	24 209
Deposits from customers	46 653	6.3	43 881	4.4	44 686
Deposits from retail customers	28 489	8.1	26 344	9.4	26 051
Deposits from corporate and public entities	18 164	3.6	17 537	-2.5	18 635

Key figures and Alternative Performance Measures (APMs)

	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Return on equity (annualised) 3) 4)	13.1	10.5	12.5	10.1	10.9
Cost/income ratio 4)	36.2	41.4	38.1	43.5	42.5
Losses as a percentage of loans and guarantees (annualised) 4)	0.17	0.01	0.11	-0.01	-0.01
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.02	1.03	1.02	1.03	1.44
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.74	0.73	0.74	0.73	1.20
Deposit-to-loan ratio 4)	58.2	60.4	58.2	60.4	57.4
Liquidity Coverage Ratio (LCR)	176	152	176	152	185
NSFR (Net Stable Funding Ratio)	123	125	123	125	123
Lending growth as a percentage 4)	0.9	1.9	8.2	6.1	8.8
Deposit growth as a percentage 4)	0.7	-0.6	4.4	9.6	4.8
Capital adequacy ratio 1)	22.5	22.5	22.5	22.5	22.1
Tier 1 capital ratio 1)	19.9	20.1	19.9	20.1	19.7
Common Equity Tier 1 capital ratio (CET1) 1)	18.1	18.2	18.1	18.2	17.9
Leverage Ratio (LR) 1)	7.5	7.6	7.5	7.6	7.6
Man-years	390	380	390	380	374

Equity Certificates (ECs)

	30.09.2023	30.09.2022	2022	2021	2020	2019
Profit per EC (Group) (NOK) 2) 5)	6.84	5.17	7.50	31.10	27.10	34.50
Profit per EC (parent bank) (NOK) 2) 5)	7.27	6.31	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)	77.50	70.00	84.41	444.00	296.00	317.00
Stock market value (NOK million)	3 831	3 460	4 173	4 390	2 927	3 134
Book value per EC (Group) (NOK) 4) 5)	77.6	72.4	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)	8.5	10.2	11.3	14.3	10.9	9.2
Price/Book value (P/B) (Group) 2) 4)	1.00	0.97	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 AS PER Q3 2023
Sparebanken Møre's profit before tax after the first three quarters of 2023 was NOK 937 million, compared with NOK 697 million for the same period in 2022, an increase of 34.4 per cent.

Total income was NOK 396 million higher than for the same period in 2022. Net interest income rose by NOK 309 million and other income increased by NOK 87 million. Capital losses from the bond portfolio amounted to NOK 1 million, compared with capital losses of NOK 93 million in the first three quarters of 2022. Capital gains from equities amounted to NOK 6 million, compared with capital gains of NOK 12 million after the first three quarters of 2022. Income from foreign exchange and interest rate business for customers amounted to NOK 34 million after the first three quarters, NOK 7 million less than in the same period last year. Income from other financial instruments was NOK 7 million higher than in the same period last year.

Costs amounted to NOK 617 million and were NOK 86 million higher after the first three quarters of 2023 than in 2022. Personnel costs were NOK 39 million higher than last year and other costs NOK 47 million higher.

Losses on loans and guarantees amounted to NOK 64 million and were NOK 70 million higher than in the same period last year.

The cost income ratio was 38.1 per cent after the third quarter, a reduction of 5.4 percentage points compared with the same period in 2022.

Profit after tax amounted to NOK 715 million, compared with NOK 535 million for the same period last year.

Return on equity after the first three quarters of 2023 ended at 12.5 per cent compared with 10.1 per cent for the same period in 2022.

Earnings per equity certificate were NOK 6.84 (NOK 5.17) for the Group and NOK 7.27 (NOK 6.31) for the parent bank.

RESULTS FOR Q3 2023
Profit before losses amounted to NOK 367 million for the third quarter of 2023, or 1.55 per cent of average assets, compared with NOK 254 million, or 1.19 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 253 million for the third quarter of 2023, or 1.07 per cent of average assets, compared with NOK 189 million, or 0.89 per cent, for the corresponding quarter last year.

Return on equity was 13.1 per cent for the third quarter of 2023, compared with 10.5 per cent for the third quarter of 2022, and the cost income ratio was 36.2 per cent compared with 41.4 per cent for the third quarter of 2022.

Earnings per equity certificate were NOK 2.42 (NOK 1.82) for the Group and NOK 2.25 (NOK 1.41) for the parent bank.

Net interest income
Net interest income was NOK 487 million, which is NOK 89 million, or 22.4 per cent, higher than in the

corresponding quarter of last year. This represents 2.05 per cent of total assets, which is 0.18 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 third 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 88 million in the quarter, which is NOK 53 million higher than in the third quarter of last year. Net result from financial instruments was positive for the quarter and NOK 53 million higher than in the third quarter of 2022. Capital gains from bond holdings were NOK 15 million in the quarter, compared with capital losses of NOK 27 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 0 million, compared with capital losses of NOK 13 million in the third quarter of 2022. The negative change in value for fixed-rate lending amounted to NOK 2 million, compared with a negative change in value of NOK 1 million in the same quarter last year. Income from foreign exchange and interest rate business for customers amounted to NOK 11 million in the quarter, NOK 2 million less than in the same quarter last year.

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

Costs

Operating costs amounted to NOK 208 million for the quarter, which is NOK 29 million higher than for the same quarter last year. Personnel costs accounted for NOK 17 million of the increase in relation to the same period last year and totalled NOK 120 million. The workforce has increased by 10 FTEs in the past 12 months and numbered 390 FTEs at the end of the quarter. Other costs have increased by NOK 11 million from the same period last year.

Provisions for expected losses and credit-impaired commitments

Losses on loans and guarantees increased by NOK 34 million (NOK 2 million), corresponding to 0.14 per cent of average assets (0.01 per cent of average assets). The corporate segment was charged NOK 19 million in losses in the quarter, while losses in the retail segment increased by NOK 15 million.

At the end of the third quarter of 2023, provisions for expected credit losses totalled NOK 396 million, equivalent to 0.49 per cent of gross loans and guarantee commitments (NOK 350 million and 0.46 per cent). Of the total provision for expected credit losses, NOK 21 million relates to credit-impaired commitments more than 90 days past due (NOK 11 million), which represents 0.03 per cent of gross loans and guarantee commitments (0.01 per cent), while NOK 205 million relates to other credit-impaired commitments (NOK 213 million), corresponding to 0.25 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 53 million in the past 12 months. At end of the third quarter of 2023, the corporate market accounted for NOK 450 million of net credit-impaired commitments and the retail market NOK 155 million. In total, this represents 0.74 per cent of gross loans and guarantee commitments (0.73 per cent).

Lending to customers

At the end of the third quarter of 2023, lending to customers amounted to NOK 79,739 million (NOK 73,689 million). In the past 12 months, customer lending has increased by a total of NOK 6,050 million, equivalent to 8.2 per cent. Retail lending has increased by 7.0 per cent and corporate lending has increased by 10.9 per cent in the past 12 months. Retail lending accounted for 66.5 per cent of total lending at the end of the second quarter (67.3 per cent).

Customer deposits

Customer deposits have increased by NOK 1,967 million, or 4.4 per cent, in the past 12 months. At the end of the third quarter of 2023, deposits amounted to NOK 46,653 million (NOK 44,686 million). Retail deposits have increased by 9.4 per cent in the past 12 months, while corporate deposits have decreased by 2.1 per cent and public sector deposits have decreased by 12.7 per cent. The retail market’s relative share of deposits amounted to 61.1 per cent (58.3 per cent), while deposits from the corporate market accounted for 37.5 per cent (40.0 per cent) and from the public sector market 1.4 per cent (1.7 per cent).

The deposit-to-loan ratio was 58.2 per cent at the end of the third quarter (60.4 per cent).

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

Sparebanken Møre's liquidity coverage ratio (LCR) was 176 for the Group and 162 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 inter alia, 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 123 at the end of the third quarter (consolidated figure), while the bank's and Møre Boligkreditt AS's NSFR ended at 123 and 112, respectively.

Total net money market funding amounted to almost NOK 36.5 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 2.82 years, while covered bond funding through Møre Boligkreditt AS correspondingly has a weighted remaining term to maturity of 2.96 years – overall for market funding in the Group (inclusive T2 and T3) the remaining term to maturity is 3.01 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 33,728 million at the end of the third quarter, corresponding to approximately 42 per cent of the bank's total lending.

RATING
On 2 October 2023, Møre Boligkreditt AS received a specific issuer rating. Moody's Investor Service assigned the covered bond company the same rating as the bank, A1. This rating of Møre Boligkreditt AS does not affect the Aaa rating of bonds issued by the covered bond company.

In a report published on 5 October this year, and following Moody's rating of Møre Boligkreditt AS, the rating agency confirms Sparebanken Møre's counterparty, deposit and issuer ratings as A1 with a stable outlook. The rating of the bank's Junior Senior Unsecured debt in domestic currency was also maintained at Baa1.

CAPITAL ADEQUACY
Sparebanken Møre is well capitalised. At the end of the third quarter of 2023, the Common Equity Tier 1(CET1) capital ratio was 18.1 per cent (18.2 per cent), including 50 per cent of the result for the year to date. This is 2.65 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 22.5 per cent (22.5 per cent) and the Tier 1 capital ratio was 19.9 per cent (20.1 per cent).

The EU's 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. Sparebanken Møre has previously applied to the Financial Supervisory Authority of Norway for model and calibration changes. A letter from the Financial Supervisory Authority dated 22 June 2023 grants approval for the proposed models for the corporate market. Sparebanken Møre will incorporate the new models in the fourth quarter of 2023. The model changes are estimated to result in an improved CET1 capital ratio of about 0.5 percentage points. The Financial Supervisory Authority 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'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 Financial Supervisory Authority of Norway has set an individual Pillar 2 requirement (P2R) for Sparebanken Møre of 1.7 per cent, as well as an expected capital adequacy margin of 1.25 per cent. The Financial Supervisory Authority 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 third quarter was 7.5 per cent (7.6 per cent). The regulatory minimum requirement (3 per cent) was met by a good margin.

MREL

The Financial Supervisory Authority 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 Senior Non-Preferred debt at the end of third quarter of 2023.

SUBSIDIARIES

The aggregate profit of the bank's subsidiaries amounted to NOK 109 million after tax after the first three quarters of 2023 (NOK 127 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The main purpose of the covered bond company is to issue covered bonds for sale to Norwegian and international investors. At the end of the third quarter of 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 NOK 388 million in bonds issued by the company. Møre Boligkreditt AS has contributed NOK 106 million to the Group's result so far in 2023 (NOK 122 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has made a profit contribution of NOK 1.3 million so far in 2023 (NOK 2 million).

At the end of the quarter, the company employed 20 FTEs. The purpose of Sparebankeiendom AS and Storgata 41-45 Molde AS is to own and manage the bank's own commercial properties. The companies have made a profit contribution of NOK 2 million so far in 2023 (NOK 3 million). The companies have no staff.

EQUITY CERTIFICATES

At the end of the third quarter of 2023, there were 6,527 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 2.6 per cent at the end of the quarter. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.7 per cent of the bank's total equity.

Note 14 includes a list of the 20 largest holders of the bank's equity certificates. As at 30 September 2023, the bank owned 86,565 equity certificates. These were purchased on the Oslo Stock Exchange at market prices.

FUTURE PROSPECTS

Central banks continued to hike interest rates in the third quarter in order to curb inflationary pressures. However, policy rates are now at or near their peak. This is because interest rates have risen sharply at the same time as global inflationary pressures have decreased. Inflation remains, however, far above the central banks' inflation targets. Interest rates are, therefore, likely to remain high for some time.

The US Federal Reserve raised its policy rate for the eleventh time at its monetary policy meeting on 26 July. The interval for the money market Fed Funds Rate thus rose to 5.25-5.50 per cent. However, at its monetary policy meeting on 21 September, the US Federal Reserve kept its policy rate unchanged. The central bank indicated there will be another rate hike this year and 'just' two rate cuts next year instead of four as previously signalled.

The European Central Bank (ECB) raised its policy rates twice in the third quarter. This included raising the deposit policy rate from 3.75 to 4.00 per cent in September. The hike in interest rates was based on a desire to prevent inflation from remaining too high for too long. The central bank noted that interest rates are now considered high enough to bring inflation down towards the target of 2.0 per cent, provided that they remain at the current level for a sufficiently long period. This indicates that interest rates in the eurozone may have peaked.

Norges Bank increased its policy rate by 0.25 percentage points to 4.25 per cent at its monetary policy meeting on 21 September. The interest rate path was also raised for both the short and long term. Norges Bank stated that "Whether additional tightening will be needed depends on economic developments. There will likely be one additional policy rate hike, most probably in December."

The interest rate path indicates that the policy rate will remain at 4.50 percent through 2024. The interest rate path was raised due to the prospects of higher price and wage inflation, higher domestic demand, higher oil prices and petroleum investments and higher interest rates abroad. At the same time, the likelihood that the policy rate will be reduced by 0.25 percentage points by March 2025 has been fully priced into the interest rate forecast. Thereafter, there are prospects of a gradual fall in interest rates in the period up to 2026. Norges Bank emphasises that there is considerable uncertainty related to the forecasts.

Output has levelled off since last autumn. Norway's Mainland GDP, which is a measure of the total output of goods and services in the Norwegian economy excluding oil activities and international shipping, was at about the same level in August as it was at the beginning of 2023. Nevertheless, the level of economic activity must be characterised as high. This is reflected in the labour market, which remains tight.

At the end of September, the number of unemployed people in Møre og Romsdal accounted for 1.5 per cent of the workforce according to the Norwegian Labour and Welfare Administration (NAV). The national unemployment rate was 1.8 per cent. It is common for unemployment to fall in September due to seasonal factors. However, even when adjusted for normal seasonal variations, the month saw a clear fall. One of the reasons for the decrease was more people switching to labour market schemes.

The rate of growth in lending to households and non-financial companies for Norway as a whole fell during the third quarter. With a rate of growth in lending to households of well under 4 per cent, the 12-month growth is the lowest measured in the 2000s. At the end of August this year, the overall 12-month growth in lending to the public was 4.0 per cent, compared with 5.5 per cent at the start of the year. As a result of higher interest rates and weaker growth in house prices, a further reduction in the growth rate for lending to households is expected in the coming period. The tighter monetary policy is beginning to have an effect and it appears that taking out new loans is no longer as attractive for Norwegian households and enterprises.

The bank's overall lending growth has remained good. The 12-month growth rate was 8.2 per cent at the end of the quarter, slightly below 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 7.0 per cent at the end of the third quarter, while lending growth in the corporate market amounted to 10.9 per cent. Deposits have increased by 4.4 per cent in the past 12 months and the deposit-to-loan ratio was high but edging slightly downwards during the third quarter.

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 three quarters of this year was 12.5 per cent and its cost income was 38.1 per cent. The Board's expectation for 2023 is that these financial results will be in line with the results as per the third quarter.

Ålesund, 30 September 2023
25 October 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	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Interest income from assets at amortised cost		1 137	616	3 014	1 582	2 386
Interest income from assets at fair value		184	86	491	215	344
Interest expenses		834	304	2 111	712	1 213
Net interest income	3	487	398	1 394	1 085	1 517
Commission income and revenues from banking services		68	64	186	180	248
Commission expenses and charges from banking services		12	8	31	25	34
Other operating income		9	9	25	24	32
Net commission and other operating income	7	65	65	180	179	246
Dividends		0	0	1	1	11
Net change in value of financial instruments		23	-30	43	-43	-18
Net result from financial instruments	7	23	-30	44	-42	-7
Total other income	7	88	35	224	137	239
Total income		575	433	1 618	1 222	1 756
Salaries, wages etc.		120	103	347	308	430
Depreciation and impairment of non-financial assets		13	12	37	34	46
Other operating expenses		75	64	233	189	271
Total operating expenses	8	208	179	617	531	747
Profit before impairment on loans		367	254	1 001	691	1 009
Impairment on loans, guarantees etc.	5	34	2	64	-6	-4
Pre-tax profit		333	252	937	697	1 013
Taxes		80	63	222	162	236
Profit after tax		253	189	715	535	777
Allocated to equity owners		240	182	680	515	746
Allocated to owners of Additional Tier 1 capital		13	7	35	20	31
Profit per EC (NOK) 1)		2.42	1.82	6.84	5.17	7.50
Diluted earnings per EC (NOK) 1)		2.42	1.82	6.84	5.17	7.50
Distributed dividend per EC (NOK)		0.00	0.00	4.00	16.00	16.00

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Profit after tax	253	189	715	535	777
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	-16	26	-23	58	30
Tax effect of changes in value on basisswap spreads	4	-6	5	-13	-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	241	209	697	580	835
Allocated to equity owners	228	202	662	560	804
Allocated to owners of Additional Tier 1 capital	13	7	35	20	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	30.09.2023	30.09.2022	31.12.2022
Cash and receivables from Norges Bank	9 10 13	170	677	394
Loans to and receivables from credit institutions	9 10 13	1 546	971	361
Loans to and receivables from customers	4 5 6 9 11 13	79 739	73 689	76 078
Certificates, bonds and other interest-bearing securities	9 11 13	11 076	10 546	11 013
Financial derivatives	9 11	1 325	1 115	987
Shares and other securities	9 11	209	221	246
Intangible assets		57	53	56
Fixed assets		213	204	202
Overfunded pension liability		53	0	47
Other assets		287	158	117
Total assets		94 675	87 634	89 501

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.09.2023	30.09.2022	31.12.2022
Loans and deposits from credit institutions	9 10 13	1 318	836	586
Deposits from customers	4 9 10 13	46 653	44 686	43 881
Debt securities issued	9 10 12	35 382	31 086	34 236
Financial derivatives	9 11	549	943	752
Other provisions for incurred costs and prepaid income		89	86	90
Pension liabilities		26	29	26
Tax payable		207	392	210
Provisions for guarantee liabilities		17	31	26
Deferred tax liabilities		106	61	106
Other liabilities		964	769	629
Subordinated loan capital	9 10	993	855	857
Total liabilities		86 304	79 774	81 399
EC capital	14	989	989	989
ECs owned by the bank		-2	-3	-3
Share premium		359	358	358
Additional Tier 1 capital		650	650	650
Paid-in equity		1 996	1 994	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	134	247	567
Comprehensive income for the period	697	580	-
Retained earnings	6 375	5 866	6 108
Total equity	8 371	7 860	8 102
Total liabilities and equity	94 675	87 634	89 501

Statement of changes in equity - Group

GROUP 30.09.2023	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	-35								-35
Comprehensive income for the period	697								697
Equity as at 30 September 2023	8 371	987	359	650	3 335	125	2 068	16	831

GROUP 30.09.2022	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	-3	-1	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	-20								-20
Comprehensive income for the period	580								580
Equity as at 30 September 2022	7 860	986	358	650	3 093	125	1 829	-8	827

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 - Group

(NOK million)	30.09.2023	30.09.2022	31.12.2022
Cash flow from operating activities			
Interest, commission and fees received	3 404	1 872	2 807
Interest, commission and fees paid	-1 069	-328	-580
Interest received on certificates, bonds and other securities	312	135	213
Dividend and group contribution received	1	1	11
Operating expenses paid	-549	-472	-630
Income taxes paid	-220	-116	-334
Changes relating to loans to and claims on other financial institutions	-1 185	-104	506
Changes relating to repayment of loans/leasing to customers	-3 311	-2 806	-5 169
Changes in utilised credit facilities	-414	-944	-966
Net change in deposits from customers	2 772	2 833	2 028
Proceeds from the sale of certificates, bonds and other securities	10 363	12 741	13 502
Purchases of certificates, bonds and other securities	-10 821	-13 512	-14 687
Net cash flow from operating activities	-717	-700	-3 299
Cash flow from investing activities			
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-30	-23	-35
Changes in other assets	-102	141	86
Net cash flow from investing activities	-132	118	51
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-1 186	-411	-702
Net change in deposits from Norges Bank and other financial institutions	732	-144	-394
Proceeds from bond issues raised	5 994	5 152	8 224
Redemption of debt securities	-5 264	-3 546	-3 546
Dividend paid	-198	-158	-158
Changes in other debt	582	-93	-230
Redemption of Additional Tier 1 capital	0	-349	-349
Proceeds from issued Additional Tier 1 capital	-35	400	400
Paid interest on Additional Tier 1 capital issued	0	-20	-31
Net cash flow from financing activities	625	831	3 214
Net change in cash and cash equivalents	-224	249	-34
Cash balance at 01.01	394	428	428
Cash balance at 30.09/31.12	170	677	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 September 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 3rd quarter of 2023, Sparebanken Møre has issued NOK 2,000 million in senior non-preferred debt (SNP).

Equity	**30.09.2023**	**30.09.2022**	**31.12.2022**
EC capital	989	989	989
- ECs owned by the bank	-2	-3	-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	134	239	169
Comprehensive income for the period	697	580	-
Total equity	8 371	7 860	8 102

Tier 1 capital (T1)	**30.09.2023**	**30.09.2022**	**31.12.2022**
Goodwill, intangible assets and other deductions	-57	-53	-56
Value adjustments of financial instruments at fair value	-16	-17	-17
Deduction of overfunded pension liability	-40	0	-35
Deduction of remaining permission for the acquisition of own equity certificates	-63	0	0
Additional Tier 1 capital (AT1)	-650	-650	-650
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-372	-589	-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	-697	-580	-
Total Common Equity Tier 1 capital (CET1)	6 476	5 971	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)	7 126	6 621	7 078

Tier 2 capital (T2)	30.09.2023	30.09.2022	31.12.2022
Subordinated loan capital of limited duration	993	855	857
Total Tier 2 capital (T2)	993	855	857

Net equity and subordinated loan capital	8 119	7 476	7 935

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	30.09.2023	30.09.2022	31.12.2022
Central governments or central banks	0	0	0
Local and regional authorities	306	240	296
Public sector companies	216	202	203
Institutions	207	281	245
Covered bonds	538	523	526
Equity	348	198	198
Other items	828	709	738
Total credit risk - standardised approach	2 443	2 153	2 206

Credit risk - IRB Foundation	30.09.2023	30.09.2022	31.12.2022
Retail - Secured by real estate	11 797	11 100	11 307
Retail - Other	320	336	304
Corporate lending	19 827	17 925	18 874
Total credit risk - IRB-Foundation	31 944	29 361	30 485

Market risk (standardised approach)	158	155	236
Operational risk (basic indicator approach)	2 996	2 903	2 996
Risk weighted assets (RWA)	**37 541**	**34 572**	**35 923**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 689	1 556	1 617

Buffer requirements	30.09.2023	30.09.2022	31.12.2022
Capital conservation buffer , 2.5 %	939	864	898
Systemic risk buffer, 3.0 %	1 126	1 037	1 078
Countercyclical buffer, 2.5 % (2.0 % per 31.12.2022 and 1.5 % per 30.09.2022)	939	519	718
Total buffer requirements for Common Equity Tier 1 capital	3 003	2 420	2 694
Available Common Equity Tier 1 capital after buffer requirements	1 783	1 995	2 117

Capital adequacy as a percentage of risk weighted assets (RWA)	**30.09.2023**	**30.09.2022**	**31.12.2022**
Capital adequacy ratio	21.6	21.6	22.1
Capital adequacy ratio incl. 50 % of the profit	22.5	22.5	-
Tier 1 capital ratio	19.0	19.2	19.7
Tier 1 capital ratio incl. 50 % of the profit	19.9	20.1	-
Common Equity Tier 1 capital ratio	17.3	17.3	17.9
Common Equity Tier 1 capital ratio incl. 50 % of the profit	18.1	18.2	-

Leverage Ratio (LR)	**30.09.2023**	**30.09.2022**	**31.12.2022**
Basis for calculation of leverage ratio	98 855	91 214	93 218
Leverage Ratio (LR)	7.2	7.3	7.6
Leverage Ratio (LR) incl. 50 % of the profit	7.5	7.6	-

Note 3

Operating segments

Result - Q3 2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	487	0	65	196	226	0
Other operating income	88	-16	29	31	33	11
Total income	575	-16	94	227	259	11
Operating expenses	208	-16	34	45	136	9
Profit before impairment	367	0	60	182	123	2
Impairment on loans, guarantees etc.	34	0	0	19	15	0
Pre-tax profit	333	0	60	163	108	2
Taxes	80					
Profit after tax	253					

Result - 30.09.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 394	1	176	548	669	0
Other operating income	224	-50	76	80	91	27
Total income	1 618	-49	252	628	760	27
Operating costs	617	-49	143	119	379	25
Profit before impairment	1 001	0	109	509	381	2
Impairment on loans, guarantees etc.	64	0	0	60	4	0
Pre-tax profit	937	0	109	449	377	2
Taxes	222					
Profit after tax	715					

Key figures - 30.09.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	80 118	-108	1 328	25 543	53 355	0
Expected credit loss on loans	-379	0	-1	-282	-96	0
Net loans to customers	79 739	-108	1 327	25 261	53 259	0
Deposits from customers 1)	46 653	-196	945	15 251	30 653	0
Guarantee liabilities	1 474	0	0	1 471	3	0
Expected credit loss on guarantee liabilities	17	0	0	17	0	0
The deposit-to-loan ratio	58.2	181.5	71.2	59.7	57.5	0.0
Man-years	390	3	147	45	175	20

Result - Q3 2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	398	0	9	173	216	0
Other operating income	35	-15	-20	26	34	10
Total income	433	-15	-11	199	250	10
Operating costs	179	-6	32	34	110	9
Profit before impairment	254	-9	-43	165	140	1
Impairment on loans, guarantees etc.	2	0	0	6	-4	0
Pre-tax profit	252	-9	-43	159	144	1
Taxes	63					
Profit after tax	189					

Result - 30.09.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 085	1	24	462	598	0
Other operating income	137	-46	-10	77	91	25
Total income	1 222	-45	14	539	689	25
Operating costs	531	-36	132	97	315	23
Profit before impairment	691	-9	-118	442	374	2
Impairment on loans, guarantees etc.	-6	0	0	-10	4	0
Pre-tax profit	697	-9	-118	452	370	2
Taxes	162					
Profit after tax	535					

Key figures - 30.09.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	74 008	-110	1 231	23 224	49 663	0
Expected credit loss on loans	-319	0	0	-245	-74	0
Net loans to customers	73 689	-110	1 231	22 979	49 589	0
Deposits from customers 1)	44 686	-126	783	16 007	28 022	0
Guarantee liabilities	1 587	0	0	1 584	3	0
Expected credit loss on guarantee liabilities	31	0	0	31	0	0
The deposit-to-loan ratio	60.4	114.5	63.6	68.9	56.4	0.0
Man-years	380	0	174	42	145	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	159	57	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	**Q3 2023**	**Q3 2022**	**30.09.2023**	**30.09.2022**	**31.12.2022**
Net interest income	53	66	180	207	263
Other operating income	-17	-5	0	-7	-29
Total income	36	61	180	200	234
Operating expenses	13	11	43	38	51
Profit before impairment on loans	23	50	137	162	183
Impairment on loans, guarantees etc.	3	0	1	5	6
Pre-tax profit	20	50	136	157	177
Taxes	4	11	30	35	39
Profit after tax	16	39	106	122	138

MØRE BOLIGKREDITT AS			
Balance sheet	**30.09.2023**	**30.09.2022**	**31.12.2022**
Loans to and receivables from customers	33 717	28 200	30 464
Total equity	1 654	1 718	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.

30.09.2023	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	-2	-2	53	701
Fisheries	4 626	-7	-10	0	2	4 611
Manufacturing	3 779	-8	-7	-4	8	3 768
Building and construction	1 373	-2	-5	-13	15	1 368
Wholesale and retail trade, hotels	1 099	-2	-6	-3	32	1 120
Supply/Oil services	1 340	-13	-2	-141	0	1 184
Property management	8 669	-9	-8	-5	213	8 860
Professional/financial services	547	-1	-3	-2	13	554
Transport and private/public services/abroad	4 314	-3	-9	-4	116	4 414
Total corporate/public entities	26 399	-45	-52	-174	452	26 580
Retail customers	50 432	-13	-52	-43	2 835	53 159
Total loans to and receivables from customers	76 831	-58	-104	-217	3 287	79 739

30.09.2022	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	600	0	0	-4	48	644
Fisheries	3 909	-1	0	0	2	3 910
Manufacturing	3 101	-3	-3	-10	8	3 093
Building and construction	1 178	-3	-6	-2	6	1 173
Wholesale and retail trade, hotels	1 388	-1	-1	-2	5	1 389
Supply/Offshore	1 467	0	-16	-158	0	1 293
Property management	7 736	-6	-16	-5	293	8 002
Professional/financial services	791	-1	-1	-1	15	803
Transport and private/public services/abroad	3 624	-3	-1	-1	38	3 657
Total corporate/public entities	23 794	-18	-44	-183	415	23 964
Retail customers	46 641	-9	-50	-15	3 158	49 725
Total loans to and receivables from customers	70 435	-27	-94	-198	3 573	73 689

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	**30.09.2023**	**30.09.2022**	**31.12.2022**
Agriculture and forestry	279	274	262
Fisheries	1 682	1 889	1 950
Manufacturing	3 202	3 564	3 516
Building and construction	882	946	867
Wholesale and retail trade, hotels	1 124	1 409	1 183
Property management	2 643	2 664	2 324
Transport and private/public services	5 289	4 624	4 628
Public administration	656	751	669
Others	2 407	2 514	2 138
Total corporate/public entities	18 164	18 635	17 537
Retail customers	28 489	26 051	26 344
Total	46 653	44 686	43 881

Note 5

Losses and impairment 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").

<u>Quantitative criteria</u>

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

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

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

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.

<u>Qualitative criteria</u>

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.

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

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

Significant reduction in credit risk – recovery
A customer migrates from stage 2 to stage 1 if:

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

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

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

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.

Customers who are going through probation period after default (at least 3 or 12 months), are initially held in stage 3. The customers can, hovewer, be overridden to stage 2 if that is considered to give the best estimate of expected credit loss.

Scenarios
Three scenarios are developed: Best, Basis and Worst. For each of the scenarios, expected values of different parameters are given, for each of 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
The definition of default is similar to that used in the capital adequacy regulation.

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.

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
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 so far in 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. So far in 2023, there has been a moderate increase in applications for payment holidays and reduced term payments.

The ECL as of 30.09.2023 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	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Changes in ECL - stage 1 (model-based)	11	-7	19	-5	6
Changes in ECL - stage 2 (model-based)	19	6	5	26	32
Changes in ECL - stage 3 (model-based)	0	-2	2	-1	9
Changes in individually assessed losses	0	6	36	-21	-47
Confirmed losses, not previously impaired	5	0	6	0	2
Recoveries	-1	-1	-4	-5	-6
Total impairments on loans and guarantees	34	2	64	-6	-4

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

GROUP - 30.09.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	39	104	198	341
New commitments	22	24	2	48
Disposal of commitments and transfer to stage 3 (individually assessed)	-8	-19	-7	-34
Changes in ECL in the period for commitments which have not migrated	-1	-1	1	-1
Migration to stage 1	13	-28	0	-15
Migration to stage 2	-6	32	-2	24
Migration to stage 3	0	-2	8	6
Changes stage 3 (individually assessed)	-	-	27	27
ECL 30.09.2023	59	110	227	396
- of which expected losses on loans to retail customers	13	52	43	108
- of which expected losses on loans to corporate customers	45	52	174	271
- of which expected losses on guarantee liabilities	1	6	10	17

GROUP - 30.09.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	8	34	0	42
Disposal of commitments and transfer to stage 3 (individually assessed)	-8	-20	-3	-31
Changes in ECL in the period for commitments which have not migrated	-4	1	0	-3
Migration to stage 1	2	-24	-1	-23
Migration to stage 2	-3	36	-1	32
Migration to stage 3	0	-1	4	3
Changes stage 3 (individually assessed)	-	-	-38	-38
ECL 30.09.2022	28	98	224	350
- of which expected losses on loans to retail customers	9	50	15	74
- of which expected losses on loans to corporate customers	18	44	183	245
- of which expected losses on guarantee liabilities	1	4	26	31

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 - 30.09.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	58 254	4 256	-	62 510
Medium risk (0.5 % - < 3 %)	9 604	6 608	-	16 212
High risk (3 % - <100 %)	1 476	2 413	-	3 889
PD = 100 %	-	-	817	817
Total commitments before ECL	69 334	13 277	817	83 428
- ECL	-59	-110	-227	-396
Total net commitments *)	69 275	13 167	590	83 032

Gross commitments with overridden migration	765	-760	-5	0

GROUP - 30.09.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	60 593	658	-	61 251
Medium risk (0.5 % - < 3 %)	8 814	3 936	-	12 750
High risk (3 % - <100 %)	1 372	1 675	-	3 047
Credit-impaired commitments	-	-	776	776
Total commitments before ECL	70 779	6 269	776	77 824
- ECL	-28	-98	-224	-350
Total net commitments *)	70 751	6 171	552	77 474

Gross commitments with overridden migration	-367	367	-	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.

	30.09.2023			30.09.2022			31.12.2022	
GROUP	Tot.	Ret.	Corp.	Tot.	Ret.	Corp.	Tot.	Ret.
Gross commitments in default for more than 90 days	69	56	13	42	34	8	47	35
Gross other credit-impaired commitments	762	140	622	734	47	687	1 076	146
Gross credit-impaired commitments	831	196	635	776	81	695	1 123	181
ECL on commitments in default for more than 90 days	21	15	6	11	7	4	12	6
ECL on other credit-impaired commitments	205	26	179	213	8	205	179	13
ECL on credit-impaired commitments	226	41	185	224	15	209	191	19
Net commitments in default for more than 90 days	48	41	7	31	27	4	35	29
Net other credit-impaired commitments	557	114	443	521	39	482	897	133
Net credit-impaired commitments	605	155	450	552	66	486	932	162
Total gross loans to customers - Group	80 118	53 267	26 851	74 008	49 799	24 209	76 393	50 818
Guarantees - Group	1 474	3	1 471	1 587	3	1 584	1 362	3
Gross credit-impaired commitments in % of loans/guarantee liabilities	1.02%	0.37%	2.24%	1.03%	0.16%	2.69%	1.44%	0.36%
Net credit-impaired commitments in % loans/guarantee liabilities	0.74%	0.29%	1.59%	0.73%	0.13%	1.88%	1.20%	0.32%

Commitments with probation period *)	30.09.2023			31.12.2022		
GROUP	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments with probation period	52	43	9	508	59	449
Gross commitments with probation period in % of gross credit-impaired commitments	6%	22%	1%	45%	33%	48%

*) As of 30.09.2022, commitments with probation periods were not classified as credit-impaired commitments.

Note 7

Other income

(NOK million)	30.09.2023	30.09.2022	2022
Guarantee commission	20	30	44
Income from the sale of insurance services (non-life/personal)	20	18	27
Income from the sale of shares in unit trusts/securities	12	12	15
Income from Discretionary Portfolio Management	35	33	43
Income from payment transfers	70	66	90
Other fees and commission income	29	21	29
Commission income and income from banking services	186	180	248
Commission expenses and expenses from banking services	-31	-25	-34
Income from real estate brokerage	25	24	31
Other operating income	0	0	1
Total other operating income	25	24	32
Net commission and other operating income	180	179	246
Interest hedging (for customers)	12	14	15
Currency hedging (for customers)	22	27	42
Dividend received	1	1	11
Net gains/losses on shares	6	12	24
Net gains/losses on bonds	-1	-93	-75
Change in value of fixed-rate loans	-50	-143	-121
Derivates related to fixed-rate lending	54	146	107
Change in value of issued bonds	-818	436	371
Derivates related to issued bonds	818	-441	-380
Net gains/losses related to buy back of outstanding bonds	0	-1	-1
Net result from financial instruments	44	-42	-7
Total other income	224	137	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 - 30.09.2023	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	20	0	20	0	0
Income from the sale of insurance services	20	0	1	19	0
Income from the sale of shares in unit trusts/securities	12	2	0	10	0
Income from Discretionary Portfolio Management	35	2	17	16	0
Income from payment transfers	70	6	15	49	0
Other fees and commission income	29	2	14	13	0
Commission income and income from banking services	186	12	67	107	0
Commission expenses and expenses from banking services	-31	-11	-2	-18	0
Income from real estate brokerage	25	0	0	0	25
Other operating income	0	0	0	0	0
Total other operating income	25	0	0	0	25
Net commision and other operating income	180	1	65	89	25

Net commission and other operating income - 30.09.2022	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	30	1	29	0	0
Income from the sale of insurance services	18	-2	2	18	0
Income from the sale of shares in unit trusts/securities	12	3	0	9	0
Income from Discretionary Portfolio Management	33	2	16	15	0
Income from payment transfers	66	6	13	47	0
Other fees and commission income	21	1	6	14	0
Commission income and income from banking services	180	11	66	103	0
Commission expenses and expenses from banking services	-25	-8	-1	-16	0
Income from real estate brokerage	24	-1	0	0	25
Other operating income	0	0	0	0	0
Total other operating income	24	-1	0	0	25
Net commision and other operating income	179	2	65	87	25

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)	30.09.2023	30.09.2022	2022
Wages	251	229	314
Pension expenses	20	18	23
Employers' social security contribution and Financial activity tax	57	45	67
Other personnel expenses	19	16	26
Wages, salaries, etc.	347	308	430
Depreciations	37	34	46
Operating expenses own and rented premises	14	11	15
Maintenance of fixed assets	6	5	7
IT-expenses	123	109	150
Marketing expenses	32	24	37
Purchase of external services	21	17	25
Expenses related to postage, telephone and newspapers etc.	7	6	8
Travel expenses	4	3	5
Capital tax	8	5	8
Other operating expenses	18	9	16
Total other operating expenses	233	189	271
Total operating expenses	617	531	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 - 30.09.2023	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		170	170
Loans to and receivables from credit institutions		1 546	1 546
Loans to and receivables from customers	3 287	76 452	79 739
Certificates and bonds	11 076		11 076
Shares and other securities	209		209
Financial derivatives	1 325		1 325
Total financial assets	15 897	78 168	94 065
Loans and deposits from credit institutions		1 318	1 318
Deposits from and liabilities to customers	122	46 531	46 653
Financial derivatives	549		549
Debt securities		35 382	35 382
Subordinated loan capital		993	993
Total financial liabilities	671	84 224	84 895

GROUP - 30.09.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		677	677
Loans to and receivables from credit institutions		971	971
Loans to and receivables from customers	3 573	70 116	73 689
Certificates and bonds	10 546		10 546
Shares and other securities	221		221
Financial derivatives	1 115		1 115
Total financial assets	15 455	71 764	87 219
Loans and deposits from credit institutions		836	836
Deposits from and liabilities to customers		44 686	44 686
Financial derivatives	943		943
Debt securities		31 086	31 086
Subordinated loan capital		855	855
Total financial liabilities	943	77 463	78 406

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	30.09.2023		30.09.2022		31.12.2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and receivebles from Norges Bank	170	170	677	677	394	394
Loans to and receivables from credit institutions	1 546	1 546	971	971	361	361
Loans to and receivables from customers	76 452	76 452	70 116	70 116	72 663	72 663
Total financial assets	78 168	78 168	71 764	71 764	73 418	73 418
Loans and deposits from credit institutions	1 318	1 318	836	836	586	586
Deposits from and liabilities to customers	46 531	46 531	44 686	44 686	43 833	43 833
Debt securities issued	35 429	35 382	30 905	31 086	34 175	34 236
Subordinated loan capital	978	993	840	855	848	857
Total financial liabilities	84 256	84 224	77 267	77 463	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 7.7 million on loans with fixed interest rate.

GROUP - 30.09.2023	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			3 287	3 287
Certificates and bonds	8 212	2 864		11 076
Shares and other securities	10		199	209
Financial derivatives		1 325		1 325
Total financial assets	8 222	4 189	3 486	15 897
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			122	122
Debt securities				-
Subordinated loan capital				-
Financial derivatives		549		549
Total financial liabilities	-	549	122	671

GROUP - 30.09.2022	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			3 573	3 573
Certificates and bonds	7 912	2 634		10 546
Shares and other securities	21		200	221
Financial derivatives		1 115		1 115
Total financial assets	7 933	3 749	3 773	15 455
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		943		943
Total financial liabilities	-	943	-	943

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	505	0	72
Sales/reduction	-583	0	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses in the period	-50	-8	2
Book value as at 30.09.2023	3 287	199	122

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2021	3 957	194
Purchases/additions	511	6
Sales/reduction	-785	0
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	-110	0
Book value as at 30.09.2022	3 573	200

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	Curr.	Nominal value 30.09.23	Interest	Issued	Maturity	Book value 30.09.23	Book value 30.09.22	Book value 31.12.22
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 040	1 070	1 087
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	275	262	261
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 005	3 004	3 004
XS1839386577	EUR	-	fixed EUR 0.375 %	2018	2023	-	2 605	2 606
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	935	962	957
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 015	3 007	3 010
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 703	2 493	2 481
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 006	3 002	3 004
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	346	326	324
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 079	5 098	5 094
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 540	2 355	2 341
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 860	-	2 638
NO0012908617	NOK	4 000	3M Nibor + 0.54 %	2023	2028	4 028	-	-
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						28 832	24 184	26 807

As at 30.09.2023, Sparebanken Møre held NOK 389 million in covered bonds issued by Møre Boligkreditt AS (NOK 0 million, incl. accrued interest). Møre Boligkreditt AS held no own covered bonds as at 30.09.2023 (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	30.09.2023	30.09.2022	31.12.2022
Statement of income			
Net interest and credit commission income from subsidiaries	95	46	68
Received dividend from subsidiaries	152	241	241
Administration fee received from Møre Boligkreditt AS	36	32	43
Rent paid to Sparebankeiendom AS and Storgata 41-45 Molde AS	11	11	14
Balance sheet			
Claims on subsidiaries	4 676	3 211	3 614
Covered bonds	389	0	0
Liabilities to subsidiaries	1 509	1 296	1 747
Intragroup right-of-use of properties in Sparebankeiendom AS and Storgata 41-45 Molde AS	71	79	76
Intragroup hedging	401	115	125
Accumulated loan portfolio transferred to Møre Boligkreditt AS	33 728	28 210	30 474

Note 14

EC capital

The 20 largest EC holders in Sparebanken Møre as at 30.09.2023	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	4 905 611	9.92
Spesialfondet Borea utbytte	2 903 892	5.87
Verdipapirfondet Eika egenkapital	2 338 895	4.73
Wenaasgruppen AS	2 100 000	4.25
Verdipapirfond Pareto Aksje Norge	1 813 805	3.67
MP Pensjon	1 798 905	3.64
Kommunal Landspensjonskasse	1 548 104	3.13
Verdipapirfond Nordea Norge Verdi	1 505 120	3.04
Wenaas EFTF AS	1 100 000	2.23
Beka Holding AS	750 500	1.52
Lapas AS	627 500	1.27
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	201 967	0.41
Total 20 largest EC holders	24 664 897	49.89
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 3rd quarter of 2023.

During the 3rd quarter of 2023, Sparebanken Møre has not purchased own ECs.

Note 15

Events after the reporting date

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

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Interest income from assets at amortised cost	790	393	2 101	1 131	1 703
Interest income from assets at fair value	149	128	388	165	267
Interest expenses	505	189	1 273	418	715
Net interest income	434	332	1 216	878	1 255
Commission income and revenues from banking services	67	63	185	179	247
Commission expenses and expenditure from banking services	12	9	31	25	34
Other operating income	13	11	37	33	45
Net commission and other operating income	68	65	191	187	258
Dividends	1	0	154	242	252
Net change in value of financial instruments	35	-27	36	-39	3
Net result from financial instruments	36	-27	190	203	255
Total other income	104	38	381	390	513
Total income	538	370	1 597	1 268	1 768
Salaries, wages etc.	113	98	330	292	406
Depreciation and impairment of non-financial assets	15	13	44	39	53
Other operating expenses	71	61	218	178	257
Total operating expenses	199	172	592	509	716
Profit before impairment on loans	339	198	1 005	759	1 052
Impairment on loans, guarantees etc.	28	-1	57	-15	-18
Pre-tax profit	311	199	948	774	1 070
Taxes	75	51	190	126	195
Profit after tax	236	148	758	648	875
Allocated to equity owners	223	141	723	628	844
Allocated to owners of Additional Tier 1 capital	13	7	35	20	31
Profit per EC (NOK) 1) *	2.25	1.41	7.27	6.31	8.48
Diluted earnings per EC (NOK) 1) *	2.25	1.41	7.27	6.31	8.48
Distributed dividend per EC (NOK)	0.00	0.00	4.00	16.00	16.00

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Profit after tax	236	148	758	648	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	236	148	758	648	909
Allocated to equity owners	223	141	723	628	878
Allocated to owners of Additional Tier 1 capital	13	7	35	20	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)	30.09.2023	30.09.2022	31.12.2022
Cash and receivables from Norges Bank	170	677	394
Loans to and receivables from credit institutions	6 114	4 232	3 865
Loans to and receivables from customers	46 129	45 599	45 723
Certificates, bonds and other interest-bearing securities	11 312	10 425	10 892
Financial derivatives	1 054	755	643
Shares and other securities	209	221	246
Equity stakes in Group companies	1 571	1 571	1 571
Deferred tax benefit	0	9	0
Intangible assets	56	52	55
Fixed assets	159	156	151
Overfunded pension liability	53		47
Other assets	286	157	117
Total assets	67 113	63 854	63 704

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.09.2023	30.09.2022	31.12.2022
Loans and deposits from credit institutions	2 042	1 705	1 969
Deposits from customers	46 849	44 813	43 967
Debt securities issued	6 938	6 903	7 429
Financial derivatives	850	804	579
Incurred costs and prepaid income	86	83	86
Pension liabilities	26	29	26
Tax payable	181	212	180
Provisions for guarantee liabilities	17	31	26
Deferred tax liabilities	17	0	17
Other liabilites	867	750	651
Subordinated loan capital	993	855	857
Total liabilities	58 866	56 185	55 787

EC capital	989	989	989
ECs owned by the bank	-2	-3	-3
Share premium	359	358	358
Additional Tier 1 capital	650	650	650
Paid-in equity	1 996	1 994	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	-35	-20	398
Comprehensive income for the period	758	648	-
Retained earnings	6 251	5 675	5 923
Total equity	8 247	7 669	7 917
Total liabilities and equity	67 113	63 854	63 704

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net interest income	487	462	445	432	398
Other operating income	88	81	55	102	35
Total operating costs	208	211	198	216	179
Profit before impairment on loans	367	332	302	318	254
Impairment on loans, guarantees etc.	34	-3	33	2	2
Pre-tax profit	333	335	269	316	252
Taxes	80	80	62	74	63
Profit after tax	253	255	207	242	189

As a percentage of average assets					
Net interest income	2.05	1.94	1.98	1.95	1.87
Other operating income	0.38	0.34	0.24	0.46	0.16
Total operating costs	0.88	0.89	0.88	0.97	0.84
Profit before impairment on loans	1.55	1.39	1.34	1.44	1.19
Impairment on loans, guarantees etc.	0.14	-0.01	0.15	0.01	0.01
Pre-tax profit	1.41	1.40	1.19	1.43	1.18
Taxes	0.34	0.33	0.27	0.34	0.29
Profit after tax	1.07	1.07	0.92	1.09	0.89

Sparebanken
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