

2 quarter 2021

Unaudited

interim report



Sparebanken
Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q2 2021		Q2 2020		30.06.2021		30.06.2020		2020	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	307	1.53	266	1.35	612	1.53	608	1.57	1 228	1.57
Net commission and other operating income	54	0.27	51	0.37	105	0.26	104	0.27	211	0.27
Net result from financial instruments	12	0.06	73	0.26	46	0.12	32	0.08	74	0.09
Total income	373	1.86	390	1.98	763	1.91	744	1.92	1 513	1.93
Total operating costs	160	0.80	157	0.80	318	0.80	324	0.84	630	0.80
Profit before impairment on loans	213	1.06	233	1.18	445	1.11	420	1.08	883	1.13
Impairment on loans, guarantees etc.	28	0.14	42	0.21	42	0.11	78	0.20	149	0.19
Pre-tax profit	185	0.92	191	0.97	403	1.00	342	0.88	734	0.94
Tax	42	0.21	41	0.21	90	0.23	75	0.19	167	0.21
Profit after tax	143	0.71	150	0.76	313	0.77	267	0.69	567	0.73

Statement of financial position

(NOK million)	30.06.2021	Change as of 30.06.2021 (%)	31.12.2020	Change over the last 12 months (%)	30.06.2020
Total assets 4)	82 830	4.2	79 486	2.0	81 239
Average assets 4)	79 864	1.8	78 450	3.0	77 570
Loans to and receivables from customers	69 132	3.4	66 850	6.2	65 094
Gross loans to retail customers	46 919	2.9	45 592	4.8	44 765
Gross loans to corporate and public entities	22 526	4.6	21 534	9.2	20 633
Deposits from customers	41 484	6.3	39 023	6.2	39 055
Deposits from retail customers	24 905	6.6	23 366	5.2	23 675
Deposits from corporate and public entities	16 579	5.9	15 657	7.8	15 380

Key figures and alternative performance measures (APMs)

	Q2 2021	Q2 2020	30.06.2021	30.06.2020	2020
Return on equity (annualised) 3) 4)	8.5	9.2	9.4	8.2	8.6
Cost/income ratio 4)	42.9	40.3	41.7	43.5	41.6
Losses as a percentage of loans (annualised) 4)	0.17	0.26	0.13	0.24	0.23
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.59	1.85	1.59	1.85	1.53
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.25	1.41	1.25	1.41	1.22
Deposit-to-loan ratio 4)	59.7	59.7	59.7	59.7	58.1
Liquidity Coverage Ratio (LCR)	128	170	128	170	138
Lending growth as a percentage 4)	2.1	-0.1	6.2	4.1	4.4
Deposit growth as a percentage 4)	2.9	4.3	6.2	4.6	6.0
Capital adequacy ratio 1)	20.6	21.2	20.6	21.2	20.8
Tier 1 capital ratio 1)	18.6	19.1	18.6	19.1	18.7
Common Equity Tier 1 capital ratio (CET1) 1)	16.9	17.3	16.9	17.3	17.0
Leverage Ratio (LR) 1)	7.6	7.7	7.6	7.7	7.7
Man-years	343	360	343	360	346

Equity Certificates (ECs)

	30.06.2021	30.06.2020	2020	2019	2018	2017
Profit per EC (Group) (NOK) 2)	15.11	12.62	27.10	34.50	29.60	27.70
Profit per EC (Parent Bank) (NOK) 2)	20.92	19.23	26.83	32.00	28.35	27.00
EC fraction 1.1 as a percentage (Parent Bank)	49.6	49.6	49.6	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	368	296	296	317	283	262
Stock market value (NOK million)	3 638	2 927	2 927	3 134	2 798	2 590
Book value per EC (Group, incl. proposed dividends) (NOK) 4)	342	319	332	320	303	289
Dividend per EC (NOK)	4.50	14.00	4.50	14.00	15.50	14.00
Price/Earnings (Group, annualised)	12.2	11.7	10.9	9.2	9.5	9.4
Price/Book value (P/B) (Group) 2) 4)	1.08	0.93	0.89	0.99	0.93	0.91

1) Incl. 50 % of the profit after tax

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

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

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

Interim report from the Board of Directors

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

RESULTS FOR H1 2021

Sparebanken Møre's profit before after tax the first half of 2021 was NOK 403 million, compared with NOK 342 million after the first half of 2020.

Total income was NOK 19 million higher than for the same period in 2020. Net interest income rose by NOK 4 million and other operating income increased by NOK 15 million. Capital gains from bond holdings amounted to NOK 3 million, compared with capital losses of NOK 13 million in the first half of 2020. Capital gains on equities totalled NOK 12 million, compared with NOK 5 million in the first half of 2020. Income from other financial instruments showed a reduction of NOK 8 million compared with the first half of 2020.

Costs were NOK 6 million lower in the first half of 2021 than in 2020. Personnel costs were on a par with last year, while other operating costs showed a reduction of NOK 6 million in the same period.

Losses on loans and guarantees amounted to NOK 42 million and were NOK 36 million lower than in the same period last year.

The cost income ratio after the first half-year was 41.7 per cent. This represents a decrease of 1.8 percentage points compared with the same period in 2020.

Profit after tax was NOK 313 million, NOK 46 million higher than for the same period in 2020. The half-year results represent an annualised return on equity of 9.4 per cent, compared with 8.2 per cent after the first half of 2020.

Earnings per equity certificate were NOK 15.11 (NOK 12.62) for the Group and NOK 20.92 (NOK 19.23) for the parent bank.

RESULTS FOR Q2 2021

Profit after tax was NOK 143 million for the second quarter of 2021, or 0.71 per cent of average total assets, compared with NOK 150 million, or 0.76 per cent, for the corresponding quarter last year.

Return on equity was 8.5 per cent in the second quarter of 2021, compared with 9.2 per cent in the second quarter of 2020, and the cost income ratio ended at 42.9 per cent compared with 40.3 per cent in the second quarter of 2020.

Earnings per equity certificate were NOK 6.85 (NOK 7.16) for the Group and NOK 4.00 (NOK 4.76) for the parent bank.

Net interest income

Net interest income was NOK 307 million, which is NOK 41 million, or 15.4 per cent, higher than in the corresponding quarter of last year. This represents 1.53 per cent of total assets, which is 0.18 percentage points higher than for the second quarter of 2021.

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

The retail market saw a weak increase in the interest spread for lending, while there was a major reduction in the deposit spread compared with the first quarter of 2021. In the corporate market, the interest spread

for lending was stable, while the interest spread for deposits saw a reduction compared with the first quarter of 2021.

Other operating income

Other operating income was NOK 66 million in the quarter, which is NOK 58 million lower than in the second quarter of last year. The net income from financial instruments of NOK 12 million was NOK 61 million lower than in the second quarter of 2020. Capital losses from bond holdings were NOK 5 million in the quarter, compared with capital gains of NOK 29 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 2 million compared with capital gains of NOK 12 million in the second quarter of 2020. The positive change in value for fixed-rate lending amounted NOK 1 million compared with NOK 6 million in the same quarter last year. The value of issued bonds increased by NOK 1 million, compared with NOK 8 million in the second quarter of 2020. Income from currency and interest rate business for customers decreased by NOK 5 million compared with the same period last year.

Other operating income, excluding financial instruments, increased by NOK 3 million compared with the second quarter of 2020. The increase was mainly due to guarantee commissions and income from portfolio management.

See Note 7 for a specification of other operating income.

Costs

Operating costs were NOK 160 million in the quarter, which is NOK 3 million higher than in the same quarter last year. Personnel costs were NOK 6 million higher than in the corresponding period last year and amounted to NOK 87 million. Staffing has been reduced by 17 FTEs in the past 12 months to 343 FTEs. Other operating costs were NOK 3 million lower than in the same period last year. See Note 8 for a specification of costs.

The cost income ratio for the second quarter of 2021 was 42.9 per cent, 2.6 percentage points higher than in the second quarter of last year.

Provisions for expected losses and credit-impaired commitments

The quarterly accounts were charged NOK 28 million (NOK 42 million) in losses on loans and guarantees. This amounts to 0.14 per cent (0.21 per cent) of average total assets on an annualised basis. Losses in the corporate segment increased by NOK 24 million in the quarter, while losses in the retail segment increased by NOK 3 million.

At the end of the second quarter of 2021, provisions for expected losses totalled NOK 364 million, equivalent to 0.51 per cent of gross loans and guarantee commitments (NOK 446 million and 0.65 per cent). Of the total provisions for expected losses, NOK 18 million concerns credit-impaired commitments more than 90 days past due (NOK 24 million), which amounts to 0.03 per cent of gross loans and guarantee commitments (0.03 per cent). NOK 224 million concerns other credit-impaired commitments (NOK 272 million), which is equivalent to 0.32 per cent of gross loans and guarantee commitments (0.41 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in Stage 3) have decreased by NOK 58 million in the past 12 months. At end of the second quarter of 2021, the corporate market accounted for NOK 786 million of net credit-impaired commitments and the retail market NOK 97 million. In total, this represents 1.25 per cent of net gross loans and guarantee commitments (1.41 per cent).

Lending to customers

At the end of the second quarter of 2021, lending to customers amounted to NOK 69,132 million (NOK 65,094 million). Customer lending has increased by a total of NOK 4,038 million, or 6.2 per cent, in the past 12 months. Retail lending has increased by 4.8 per cent and corporate lending has increased by 9.2 per cent in the past 12 months. Lending to corporate customers increased by 2.2 per cent in the second quarter of 2021, while lending to retail customers rose by 2.1 per cent. Retail lending accounted for 67.6 per cent of total lending at the end of the second quarter of 2021 (68.5 per cent).

Deposits from customers

Customer deposits have increased by NOK 2,429 million, or 6.2 per cent, in the past 12 months. At the end of the second quarter of 2021, deposits amounted to NOK 41,484 million (NOK 39,055 million). Retail deposits have increased by 5.2 per cent in the past 12 months, while corporate deposits have increased by 6.1 per cent and public sector deposits by 35.1 per cent. The retail market's relative share of deposits amounted to 60.0 per cent (60.6 per cent), while deposits from the corporate market accounted for 37.1 per cent (37.1 per cent) and from the public sector 2.9 per cent (2.3 per cent).

The deposit-to-loan ratio was 59.7 per cent at the end of the second quarter of 2021 (59.7 per cent).

CAPITAL ADEQUACY

Sparebanken Møre is well capitalised. At the end of the second quarter, the Common Equity Tier 1 capital ratio was 16.9 per cent (17.3 per cent), incl. 50 per cent of the result for the year to date. This is 4.2 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 20.6 per cent (21.2 per cent) and the Tier 1 capital ratio was 18.6 per cent (19.1 per cent).

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

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

Sparebanken Møre's internal target for its Common Equity Tier 1 capital ratio is 15.2 per cent.

The leverage ratio (LR) at the end of the second quarter of 2021 was 7.6 per cent, 0.1 percentage points lower than at the end of the second quarter of 2020. The regulatory minimum requirement (3 per cent) and buffer requirement (2 per cent), 5 per cent in total, were met by a good margin.

SUBSIDIARIES

The aggregate profit of the bank's three subsidiaries amounted to NOK 122 million after tax in the first half of 2021 (NOK 96 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 2021, the company had outstanding bonds of NOK 26 billion in the market. Around 30 per cent was issued in a currency other than NOK. NOK 1,732 million of the volume of bonds issued by the company was held by the parent bank at the end of the second quarter of 2021. Møre Boligkreditt AS contributed NOK 121 million to the Group's result in the first half of 2021 (NOK 94 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 0.1 million to the result in the first half of 2021 (NOK 0.7 million). At the end of the quarter, the company employed 17 full-time equivalents.

Sparebankeiendom AS's purpose is to own and manage the bank's commercial properties. The company contributed NOK 0.8 million to the result in the first half of 2021 (NOK 0.9 million). The company has no employees.

EQUITY CERTIFICATES

At the end of the second quarter of 2021, there were 5,615 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 5.4 per cent at the end of the quarter. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.6 per cent of the bank's total equity.

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

FUTURE PROSPECTS

Despite periodic shutdowns in parts of the service sector, unemployment in Møre og Romsdal fell throughout the second quarter. This indicates that activity in the county remained high during the spring. At the end of June, the number of unemployed people registered at job centres totalled to 2.4 per cent of the workforce according to NAV. In comparison, the national unemployment rate was 2.9 per cent. There has been a clear increase in the number of jobs adverts in recent months, including in the health sector, tourism, construction and transport.

In the longer term, there is reason to expect a further increase in output and demand in the county. The outlook for the Norwegian and international economies has improved as a result of infection control measures and because an increasing proportion of the population has been vaccinated. Moreover, it is possible that the financial support measures for business will be maintained for as long as this is deemed necessary. Nevertheless, there is a risk that the after-effects of the pandemic could result in more bankruptcies.

The growth rate for household lending for Norway as a whole has increased slightly so far in 2021. The growth in lending to the corporate market has also been accelerating and total 12-month retail lending growth is now at 5.3 per cent compared with 4.8 per cent at the end of last year.

The bank noted good activity throughout the first half-year with an accelerating growth rate in retail lending and a markedly higher growth rate in corporate lending compared with the annual growth rates at the end of 2020. The 12-month figures for growth were 4.8 per cent for retail lending and 9.2 per cent for corporate lending. Deposits increased by 6.2 per cent in the past 12 months up to the end of the first half of 2021, and the deposit-to-loan ratio remains high.

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

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

Sparebanken Møre's strategic financial performance targets are a return on equity exceeding 11 per cent and a cost income ratio below 40 per cent. The activity-reducing measures due to the coronavirus pandemic have impacted and will continue to affect the market so that the targets will not be achieved in 2021. The Board expects an improvement in our target figures in the second half of 2021, and steps have been taken aimed at achieving the targets in 2022.

Ålesund, 30 June 2021

11 August 2021

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chair of the Board

HENRIK GRUNG, Deputy Chair

JILL AASEN

ANN MAGRITT BJÅSTAD VIKERBAKK

KÅRE ØYVIND VASSDAL

THERESE MONSÅS LANGSET

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q2 2021	Q2 2020	30.06.2021	30.06.2020	2020
Interest income from assets at amortised cost		394	420	778	985	1 762
Interest income from assets at fair value		33	53	69	128	192
Interest expenses		120	207	235	505	726
Net interest income	<u>3</u>	307	266	612	608	1 228
Commission income and revenues from banking services		55	50	108	104	210
Commission expenses and charges from banking services		7	6	15	13	26
Other operating income		6	7	12	13	27
Net commission and other operating income	<u>7</u>	54	51	105	104	211
Dividends		0	0	1	6	22
Net change in value of financial instruments		12	73	45	26	52
Net result from financial instruments	<u>7</u>	12	73	46	32	74
Total other income		66	124	151	136	285
Total income	<u>7</u>	373	390	763	744	1 513
Salaries, wages etc.		87	81	170	170	332
Depreciation and impairment of non-financial assets		11	11	23	24	46
Other operating expenses		62	65	125	130	252
Total operating expenses	<u>8</u>	160	157	318	324	630
Profit before impairment on loans		213	233	445	420	883
Impairment on loans, guarantees etc.	<u>5</u>	28	42	42	78	149
Pre-tax profit		185	191	403	342	734
Taxes		42	41	90	75	167
Profit after tax		143	150	313	267	567
Allocated to equity owners		138	142	302	251	540
Allocated to owners of Additional Tier 1 capital		5	8	11	16	27
Profit per EC (NOK) 1)		6.85	7.16	15.11	12.62	27.10
Diluted earnings per EC (NOK) 1)		6.85	7.16	15.11	12.62	27.10
Distributed dividend per EC (NOK)		4.50	14.00	4.50	14.00	14.00

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q2 2021	Q2 2020	30.06.2021	30.06.2020	2020
Profit after tax	143	150	313	267	567
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	-2	-6	-11	0	3
Tax effect of changes in value on basisswap spreads	0	1	2	0	-1
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-36
Tax effect of pension estimate deviations	0	0	0	0	9
Total comprehensive income after tax	141	145	304	267	542
Allocated to equity owners	136	137	293	251	515
Allocated to owners of Additional Tier 1 capital	5	8	11	16	27

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

Statement of financial position - Group

ASSETS (COMPRESSED)

(NOK million)	Note	30.06.2021	30.06.2020	31.12.2020
Cash and claims on Norges Bank	<u>9 10 13</u>	213	1 034	542
Loans to and receivables from credit institutions	<u>9 10 13</u>	2 272	2 633	1 166
Loans to and receivables from customers	<u>4 5 6 9 11 13</u>	69 132	65 094	66 850
Certificates, bonds and other interest-bearing securities	<u>9 11 13</u>	9 005	9 332	8 563
Financial derivatives	<u>9 11</u>	1 233	2 518	1 793
Shares and other securities	<u>9 11</u>	189	192	178
Intangible assets		53	52	56
Fixed assets		212	227	224
Other assets		521	157	114
Total assets		82 830	81 239	79 486

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.06.2021	30.06.2020	31.12.2020
Loans and deposits from credit institutions	<u>9 10 13</u>	1 747	2 807	2 209
Deposits from customers	<u>4 9 10 13</u>	41 484	39 055	39 023
Debt securities issued	<u>9 10 12</u>	29 728	29 796	28 774
Financial derivatives	<u>9 11</u>	405	797	537
Other provisions for incurred costs and prepaid income		66	73	78
Pension liabilities		48	29	57
Tax payable		83	132	111
Provisions for guarantee liabilities		51	142	50
Deferred tax liabilities		194	146	194
Other liabilities		910	616	543
Subordinated loan capital	<u>9 10</u>	702	702	702
Total liabilities		75 418	74 295	72 278
EC capital	<u>14</u>	989	989	989
ECs owned by the bank		-2	-2	-2
Share premium		357	357	357
Additional Tier 1 capital		599	599	599
Paid-in equity		1 943	1 943	1 943

Primary capital fund	2 939	2 819	2 939
Gift fund	125	125	125
Dividend equalisation fund	1 679	1 559	1 679
Other equity	422	231	522
Comprehensive income for the period	304	267	0
Retained earnings	5 469	5 001	5 265
Total equity	7 412	6 944	7 208
Total liabilities and equity	82 830	81 239	79 486

Statement of changes in equity - Group

GROUP 30.06.2021	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as of 31.12.2020	7 208	987	357	599	2 939	125	1 679	522
Changes in own equity certificates	0							
Distributed dividends to the EC holders	-44							-44
Distributed dividends to the local community	-45							-45
Interests on issued Additional Tier 1 capital	-11							-11
Comprehensive income for the period	304							304
Equity as at 30 June 2021	7 412	987	357	599	2 939	125	1 679	726

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
Comprehensive income for the period	267							267
Equity as at 30 June 2020	6 944	987	357	599	2 819	125	1 559	498

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

Statement of cash flow - Group

(NOK million)	30.06.2021	30.06.2020	31.12.2020
Cash flow from operating activities			
Interest, commission and fees received	900	1 146	2 069
Interest, commission and fees paid	-154	-343	-521
Dividend and group contribution received	0	6	22
Operating expenses paid	-254	-268	-552
Income taxes paid	-115	-42	-99
Changes relating to loans to and claims on other financial institutions	-1 106	-1 545	-78
Changes relating to repayment of loans/leasing to customers	-1 597	-1 029	-2 632
Changes in utilised credit facilities	-721	-82	-207
Net change in deposits from customers	2 460	2 252	2 220
Net cash flow from operating activities	-587	95	222
Cash flow from investing activities			
Interest received on certificates, bonds and other securities	55	71	115
Proceeds from the sale of certificates, bonds and other securities	2 356	4 266	7 359
Purchases of certificates, bonds and other securities	-4 134	-8 183	-8 919
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-7	-5	-37
Changes in other assets	-320	1 468	-65
Net cash flow from investing activities	-2 050	-2 383	-1 547
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-141	-271	-388
Net change in deposits from Norges Bank and other financial institutions	-462	1 990	1 392
Proceeds from bond issues raised	3 523	2 997	5 821
Redemption of debt securities	-962	-980	-5 912
Dividend paid	-44	-138	-138
Changes in other debt	405	-1 332	47
Proceeds from Additional Tier 1 capital issued	0	0	0
Paid interest on Additional Tier 1 capital issued	-11	-16	-27
Net cash flow from financing activities	2 308	2 250	795
Net change in cash and cash equivalents	-329	-38	-530
Cash balance at 01.01	542	1 072	1 072
Cash balance at 30.06/31.12	213	1 034	542

Note 1

Accounting principles

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

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

Note 2

Capital adequacy

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

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

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

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

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

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

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

Equity	30.06.2021	30.06.2020	31.12.2020
EC capital	989	989	989
- ECs owned by the bank	-2	-2	-2
Share premium	357	357	357
Additional Tier 1 capital (AT1)	599	599	599
Primary capital fund	2 939	2 819	2 939
Gift fund	125	125	125
Dividend equalisation fund	1 679	1 559	1 679
Proposed dividend for EC holders	0	0	44
Proposed dividend for the local community	0	0	45
Equity that can be granted in accordance with board authorisation	179	0	179
Other equity	243	231	254
Comprehensive income for the period	304	267	-
Total equity	7 412	6 944	7 208

Tier 1 capital (T1)	30.06.2021	30.06.2020	31.12.2020
Goodwill, intangible assets and other deductions	-53	-52	-56
Value adjustments of financial instruments at fair value	-15	-16	-16
Deduction of overfunded pension liability	0	-3	0
Additional Tier 1 capital (AT1)	-599	-599	-599
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-506	-419	-480
Deduction for proposed dividend for EC holders	0	0	-44
Deduction for proposed dividend for the local community	0	0	-45
Deduction for equity that can be granted in accordance with board authorisation	-179	0	-179
Deduction of comprehensive income for the period	-304	-267	
Total Common Equity Tier 1 capital (CET1)	5 755	5 588	5 788
Additional Tier 1 capital - classified as equity	599	599	599
Additional Tier 1 capital - classified as debt	0	0	0
Total Tier 1 capital (T1)	6 354	6 187	6 387

Tier 2 capital (T2)	30.06.2021	30.06.2020	31.12.2020
Subordinated loan capital of limited duration	702	702	702
Total Tier 2 capital (T2)	702	702	702

Net equity and subordinated loan capital	7 056	6 889	7 089
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Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	30.06.2021	30.06.2020	31.12.2020
Central governments or central banks	0	0	0
Local and regional authorities	265	493	248
Public sector companies	195	71	99
Institutions	495	520	538
Covered bonds	444	417	454
Equity	173	173	173
Other items	645	719	640
Total credit risk - standardised approach	2 217	2 393	2 152

Credit risk - IRB Foundation	30.06.2021	30.06.2020	31.12.2020
Retail - Secured by real estate	10 256	8 904	9 932
Retail - Other	443	454	411
Corporate lending	18 870	18 042	18 419
Total credit risk - IRB-F	29 569	27 400	28 762
Credit value adjustment risk (CVA) - market risk	274	551	396
Operational risk (basic method)	2 840	2 735	2 840
Risk weighted assets (RWA)	34 900	33 079	34 150
Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 571	1 489	1 537
Buffer requirements	30.06.2021	30.06.2020	31.12.2020
Capital conservation buffer , 2.5 %	873	827	854
Systemic risk buffer, 3.0 %	1 047	992	1 025
Countercyclical buffer, 1.0 %	349	331	342
Total buffer requirements for Common Equity Tier 1 capital	2 269	2 150	2 220
Available Common Equity Tier 1 capital after buffer requirements	1 916	1 949	2 032
Capital adequacy as a percentage of risk weighted assets (RWA)	30.06.2021	30.06.2020	31.12.2020
Capital adequacy ratio	20.2	20.8	20.8
Capital adequacy ratio incl. 50 % of the profit	20.6	21.2	-
Tier 1 capital ratio	18.2	18.7	18.7
Tier 1 capital ratio incl. 50 % of the profit	18.6	19.1	-
Common Equity Tier 1 capital ratio	16.5	16.9	17.0
Common Equity Tier 1 capital ratio incl. 50 % of the profit	16.9	17.3	-
Leverage Ratio (LR)	30.06.2021	30.06.2020	31.12.2020
Basis for calculation of leverage ratio	85 690	82 334	82 643
Leverage Ratio (LR)	7.4	7.5	7.7
Leverage Ratio (LR) incl. 50 % of the profit	7.6	7.7	-

Note 3

Operating segments

Result - Q2 2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	307	1	-3	127	182	0
Other operating income	66	-16	24	23	27	8
Total income	373	-15	21	150	209	8
Operating costs	160	-16	48	26	94	8
Profit before impairment	213	1	-27	124	115	0
Impairment on loans, guarantees etc.	28	0	1	24	3	0
Pre-tax profit	185	1	-28	100	112	0
Taxes	42					
Profit after tax	143					

Result - 30.06.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	612	1	-6	252	365	0
Other operating income	151	-31	70	49	50	13
Total income	763	-30	64	301	415	13
Operating costs	318	-31	77	60	199	13
Profit before impairment	445	1	-13	241	216	0
Impairment on loans, guarantees etc.	42	0	1	35	6	0
Pre-tax profit	403	1	-14	206	210	0
Taxes	90					
Profit after tax	313					

Key figures - 30.06.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	69 446	-114	1 212	21 860	46 488	0
Expected credit loss on loans	-314	0	0	-250	-64	0
Net loans to customers	69 132	-114	1 212	21 610	46 424	0
Deposits from customers 1)	41 484	-17	629	14 413	26 459	0
Guarantee liabilities	1 624	0	0	1 620	4	0
Expected credit loss on guarantee liabilities	51	0	0	51	0	0
The deposit-to-loan ratio	59.7	14.9	51.9	65.9	56.9	0.0
Man-years	343	0	159	41	126	17

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
Gross loans to customers 1)	65 398	-118	1 354	20 061	44 101	0
Expected credit loss on loans	-304	0	0	-222	-82	0
Net loans to customers	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
Expected credit loss on guarantee liabilities	142	0	0	142	0	0
The deposit-to-loan ratio	59.7	15.3	51.5	66.3	56.8	0
Man-years	360	0	161	51	134	14

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

Key figures - 31.12.2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	67 126	-116	1 312	20 907	45 023	0
Expected credit loss on loans	-276	0	0	-217	-59	0
Net loans to customers	66 850	-116	1 312	20 690	44 964	0
Deposits from customers 1)	39 023	-26	651	13 665	24 733	0
Guarantee liabilities	1 530	0	0	1 525	5	0
Expected credit loss on guarantee liabilities	50	0	0	50	0	0
The deposit-to-loan ratio	58.1	0.0	49.6	65.4	54.9	0.0
Man-years	346	0	156	49	130	11

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

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

MØRE BOLIGKREDITT AS

Statement of income	Q2 2021	Q2 2020	30.06.2021	30.06.2020	31.12.2020
Net interest income	90	69	178	150	345
Other operating income	3	4	4	-1	-1
Total income	93	73	182	149	344
Operating costs	14	14	27	26	49
Profit before impairment on loans	79	59	155	123	295
Impairment on loans, guarantees etc.	0	0	0	3	1
Pre-tax profit	79	59	155	120	294
Taxes	17	13	34	26	64
Profit after tax	62	46	121	94	230

MØRE BOLIGKREDITT AS

Statement of financial position	30.06.2021	30.06.2020	31.12.2020
Loans to and receivables from customers	29 535	28 736	29 041
Total equity	2 162	2 144	2 282

Note 4

Loans and deposits broken down according to sector and industry

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

30.06.2021		GROUP				
Sector/industry	Gross loans at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans at fair value	Net loans
Agriculture and forestry	556	0	-2	-1	57	610
Fisheries	3 600	-1	-1	0	3	3 601
Manufacturing	3 231	-8	-7	-13	13	3 216
Building and construction	922	-3	-5	-4	8	918
Wholesale and retail trade, hotels	1 077	-1	-2	-2	6	1 078
Supply/Offshore	1 234	0	-18	-150	0	1 066
Property management	7 680	-7	-6	-6	201	7 862
Professional/financial services	435	-1	-1	0	18	451
Transport and private/public services/abroad	3 453	-7	0	-3	32	3 475
Total corporate/public entities	22 188	-28	-42	-179	338	22 277
Retail customers	42 979	-6	-38	-20	3 940	46 855
Total loans to and receivables from customers	65 167	-34	-80	-199	4 278	69 132

30.06.2020		GROUP				
Sector/industry	Gross loans at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans at fair value	Net loans
Agriculture and forestry	521	0	-1	-3	51	568
Fisheries	3 540	-1	-1	0	0	3 538
Manufacturing	2 372	-9	-5	-6	8	2 360
Building and construction	1 124	-3	-5	-2	3	1 117
Wholesale and retail trade, hotels	703	-1	-5	-3	6	700
Supply/Offshore	1 110	-1	-17	-116	0	976
Property management	7 175	-6	-12	-8	138	7 287
Professional/financial services	919	-2	-1	0	14	930
Transport and private/public services/abroad	2 920	-2	-9	-3	29	2 935
Total corporate/public entities	20 384	-25	-56	-141	249	20 411
Retail customers	40 899	-8	-53	-21	3 866	44 683
Total loans to and receivables from customers	61 283	-33	-109	-162	4 115	65 094

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

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

DEPOSITS FROM CUSTOMERS	GROUP		
Sector/industry	30.06.2021	30.06.2020	31.12.2020
Agriculture and forestry	260	231	196
Fisheries	1 347	1 372	1 446
Manufacturing	2 216	2 258	2 321
Building and construction	803	899	909
Wholesale and retail trade, hotels	1 685	896	1 082
Property management	2 212	1 838	1 802
Transport and private/public services	4 312	4 722	4 773
Public administration	1 200	888	822
Others	2 544	2 276	2 306
Total corporate/public entities	16 579	15 380	15 657
Retail customers	24 905	23 675	23 366
Total	41 484	39 055	39 023

Note 5

Losses on loans and guarantees

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

Sparebanken Møre has developed an ECL model based on the Group's IRB parameters and applies a three-stage approach when assessing ECL on loans to customers and financial guarantees in accordance with IFRS 9.

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

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

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

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

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

Quantitative criteria

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

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

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

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

Qualitative criteria

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

"Backstops"

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

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

Significant reduction in credit risk – recovery

A customer migrates from stage 2 to stage 1 if:

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

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

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

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

Definition of default, credit-impaired and forbearance

The definition of default has been amended from 1 January 2021 and has been extended to include breaches of special covenants and agreed payment reliefs (forbearance).

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

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

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

Management override

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

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

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

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

Covid-19 has resulted in an extraordinary situation for the bank's customers. Due to both fluctuations in oil prices and the ongoing Covid-19 situation, there is still considerable uncertainty associated with expected developments both in Norway and in the world economy, and the picture is constantly changing. Some industries have changed fundamentally due to the rapid digitalization that occurred during Covid-19. Further, we will see changes in the economy due to the climate issue and the focus on sustainability. This means that there is greater uncertainty about critical estimates.

As a result of Covid-19, 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. On the other hand, other industries have experienced positive economic developments through 2020 and so far in 2021.

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

During the first half of 2021, the outlook has become more positive and clearer. There are improvements in macroeconomic conditions. The vaccination of the population has started well. There are very few bankruptcies and the level of default is relatively low. The authorities have come up with stimulus packages aimed at the hardest hit industries.

The bank granted payment relief in the first and second quarters of 2020 due to the consequences of Covid-19. Most of the customers granted interest-only periods are now paying their instalments in line with their original agreement.

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

The positive changes in the economic conditions from the 1st quarter of 2021 have continued in the second quarter of 2021 and the macroeconomic scenarios and weightings as at 31 March 2021 have been continued in the second quarter of 2021. The probability of a pessimistic scenario is 20 per cent, the base case scenario is 70 per cent probability and the best case scenario is 10 per cent.

Specification of credit loss in the income statement

GROUP	Q2 2021	Q2 2020	30.06.2021	30.06.2020	2020
Changes in ECL - stage 1	3	1	2	0	-3
Changes in ECL - stage 2	10	-3	2	15	-15
Changes in ECL - stage 3	-4	2	-1	2	-3
Increase in existing expected losses in stage 3 (individually assessed)	13	23	34	34	25
New expected losses in stage 3 (individually assessed)	10	19	12	31	113
Confirmed losses, previously impaired	2	2	5	6	161
Reversal of previous expected losses in stage 3 (individually assessed)	-6	-1	-9	-10	-165
Confirmed losses, not previously impaired	2	1	2	3	44
Recoveries	-2	-2	-5	-3	-8
Total impairments on loans and guarantees	28	42	42	78	149

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

GROUP - 30.06.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	33	84	209	326
New commitments	7	2	0	9
Disposal of commitments and transfer to stage 3 (individually assessed)	-4	-11	-2	-17
Changes in ECL in the period for commitments which have not migrated	0	-1	-1	-2
Migration to stage 1	2	-7	-1	-6
Migration to stage 2	-2	22	-1	19
Migration to stage 3	0	-1	4	3
Changes stage 3 (individually assessed)	-1	-3	36	32
ECL 30.06.2021	35	85	244	364
- of which expected losses on loans to retail customers	6	38	20	64
- of which expected losses on loans to corporate customers	28	42	179	249
- of which expected losses on guarantee liabilities	1	5	45	51

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 guarantee liabilities	3	5	134	142

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

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

GROUP - 30.06.2021	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	54 070	453	-	54 523
Medium risk (0.5 % - < 3 %)	7 389	2 532	-	9 921
High risk (3 % - <100 %)	1 139	1 150	-	2 289
Credit-impaired commitments	-	-	1 125	1 125
Total commitments before ECL	62 598	4 135	1 125	67 858
- ECL	-35	-85	-244	-364
Net commitments *)	62 563	4 050	881	67 494

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

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

Note 6

Credit-impaired commitments

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

GROUP	30.06.2021			30.06.2020			31.12.2020		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default above 90 days	84	70	14	104	76	28	83	72	11
Gross other credit-impaired commitments	1 041	46	995	1 133	30	1 103	967	39	928
Gross credit-impaired commitments	1 125	116	1 009	1 237	106	1 131	1 050	111	939
ECL on commitments in default above 90 days	18	11	7	24	14	10	18	12	6
ECL on other credit-impaired commitments	224	8	216	272	7	265	191	8	183
ECL on credit-impaired commitments	242	19	223	296	21	275	209	20	189
Net commitments in default above 90 days	66	59	7	80	62	18	65	60	5
Net other credit-impaired commitments	817	38	779	861	23	838	776	31	745
Net credit-impaired commitments	883	97	786	941	85	856	841	91	750
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.59	0.25	4.18	1.85	0.24	5.06	1.53	0.24	4.09
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.25	0.21	3.26	1.41	0.19	3.83	1.22	0.20	3.27

Note 7

Other income

(NOK million)	30.06.2021	30.06.2020	2020
Guarantee commission	19	17	36
Income from the sale of insurance services (non-life/personal)	12	13	23
Income from the sale of shares in unit trusts/securities	7	6	11
Income from Discretionary Asset Management	20	18	36
Income from payment transfers	37	38	81
Other fees and commission income	13	12	23
Commission income and income from banking services	108	104	210
Commission expenses and expenses from banking services	-15	-13	-26
Income from real estate brokerage	12	10	23
Other operating income	0	3	4
Total other operating income	12	13	27
Net commission and other operating income	105	104	211
Interest hedging (for customers)	7	11	15
Currency hedging (for customers)	20	25	52
Dividend received	1	6	22
Net gains/losses on shares	12	5	-3
Net gains/losses on bonds	3	-13	-4
Change in value of fixed-rate loans	-56	126	78
Derivates related to fixed-rate lending	65	-130	-77
Change in value of issued bonds	410	-1128	-600
Derivates related to issued bonds	-415	1130	596
Net gains/losses related to buy back of outstanding bonds	-1	0	-3
Net result from financial instruments	46	32	74
Total other income	151	136	285

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

Result - 30.06.2021	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	19	0	19	0	0
Income from the sale of insurance services	12	1	1	10	0
Income from the sale of shares in unit trusts/securities	7	2	0	5	0
Income from Discretionary Asset Management	20	1	10	9	0
Income from payment transfers	37	5	9	23	0
Other fees and commission income	13	0	3	10	0
Commission income and income from banking services	108	9	42	57	0
Commission expenses and expenses from banking services	-15	-4	-1	-10	0
Income from real estate brokerage	12	0	0	0	12
Other operating income	0	0	0	0	0
Total other operating income	12	0	0	0	12
Net commission and other income	105	5	41	47	12

Result - 30.06.2020	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	17	0	17	0	0
Income from the sale of insurance services	13	0	1	12	0
Income from the sale of shares in unit trusts/securities	6	1	0	5	0
Income from Discretionary Asset Management	18	1	9	8	0
Income from payment transfers	38	5	8	25	0
Other fees and commission income	12	1	3	8	0
Commission income and income from banking services	104	8	38	58	0
Commission expenses and expenses from banking services	-13	-4	0	-9	0
Income from real estate brokerage	10	0	0	0	10
Other operating income	3	2	1	0	0
Total other operating income	13	2	1	0	10
Net commission and other income	104	6	39	49	10

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

Note 8

Operating expenses

(NOK million)	30.06.2021	30.06.2020	2020
Wages	127	131	250
Pension expenses	9	9	20
Employers' social security contribution and Financial activity tax	26	26	53
Other personnel expenses	8	4	9
Wages, salaries, etc.	170	170	332
Depreciations	23	24	46
Operating expenses own and rented premises	8	9	19
Maintenance of fixed assets	4	5	9
IT-expenses	65	60	117
Marketing expenses	13	14	26
Purchase of external services	10	12	27
Expenses related to postage, telephone and newspapers etc.	3	5	10
Travel expenses	0	1	4
Capital tax	3	3	5
Other operating expenses	19	21	34
Total other operating expenses	125	130	252
Total operating expenses	318	324	630

Note 9

Classification of financial instruments

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

CLASSIFICATION AND MEASUREMENT

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

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

The classification of the financial assets depends on two factors:

- The purpose of the acquisition of the financial instrument
- The contractual cash flows from the financial assets

Financial assets assessed at amortised cost

The classification of the financial assets assumes that the following requirements are met:

- The asset is acquired to receive contractual cash flows
- The contractual cash flows consist solely of principal and interest

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

Financial liabilities assessed at amortised cost

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

Financial instruments assessed at fair value, any changes in value recognised through the income statement

The Group's portfolio of bonds in the liquidity portfolio is classified at fair value through the income statement. The portfolio is held solely for liquidity management and is traded to optimize returns within current quality requirements for the liquidity portfolio.

The Group's portfolio of fixed interest rate loans is assessed at fair value to avoid accounting mismatch in relation to the underlying interest rate swaps.

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

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

Losses and gains as a result of value changes on assets and liabilities assessed at fair value, with any value

changes being recognised in the income statement, are included in the accounts during the period in which they occur.

LEVELS IN THE VALUATION HIERARCHY

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

Level 1 – Valuation based on prices in an active market

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

Level 2 – Valuation based on observable market data

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

Level 3 – Valuation based on other than observable market data

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

GROUP - 30.06.2021	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		213	213
Loans to and receivables from credit institutions		2 272	2 272
Loans to and receivables from customers	4 278	64 854	69 132
Certificates and bonds	9 005		9 005
Shares and other securities	189		189
Financial derivatives	1 233		1 233
Total financial assets	14 705	67 339	82 044
Loans and deposits from credit institutions		1 747	1 747
Deposits from and liabilities to customers		41 484	41 484
Financial derivatives	405		405
Debt securities		29 728	29 728
Subordinated loan capital		702	702
Total financial liabilities	405	73 661	74 066

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

Note 10

Financial instruments at amortised cost

GROUP	30.06.2021		30.06.2020		31.12.2020	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	213	213	1 034	1 034	542	542
Loans to and receivables from credit institutions	2 272	2 272	2 633	2 633	1 166	1 166
Loans to and receivables from customers	64 854	64 854	60 979	60 979	62 478	62 478
Total financial assets	67 339	67 339	64 646	64 646	64 186	64 186
Loans and deposits from credit institutions	1 747	1 747	2 807	2 807	2 209	2 209
Deposits from and liabilities to customers	41 484	41 484	39 055	39 055	39 023	39 023
Debt securities issued	29 889	29 728	29 872	29 796	28 907	28 774
Subordinated loan capital and AT1 capital	714	702	707	702	714	702
Total financial liabilities	73 834	73 661	72 441	72 360	70 853	70 708

Note 11

Financial instruments at fair value

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

GROUP - 30.06.2021	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 278	4 278
Certificates and bonds	6 595	2 410		9 005
Shares and other securities	10		179	189
Financial derivatives		1 233		1 233
Total financial assets	6 605	3 643	4 457	14 705
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		405		405
Total financial liabilities	-	405	-	405

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				-
Financial derivatives		797		797
Total financial liabilities	-	797	-	797

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

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2020	4 372	164
Purchases/additions	344	0
Sales/reduction	-390	-6
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	-48	21
Book value as at 30.06.2021	4 278	179

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.19	4 197	188
Purchases/additions	578	0
Sales/reduction	-702	-9
Transferred to Level 3	0	0
Transferred from Level 3	0	0
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 31.12.2019	4 197	188
Purchases/additions	1 204	4
Sales/reduction	-1 058	-17
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	29	-11
Book value as at 31.12.2020	4 372	164

Note 12

Issued covered bonds

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

Issued covered bonds in the Group (NOK million)								
ISIN code	Currency	Nominal value 30.06.2021	Interest	Issued	Maturity	Book value 30.06.2021	Book value 30.06.2020	Book value 31.12.2020
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 208	1 278	1 221
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	314	350	330
XS0984191873	EUR	-	6M Euribor + 0.20 %	2013	2020	-	327	-
NO0010720204	NOK	-	3M Nibor + 0.24 %	2014	2020	-	3 000	-
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	1 010	1 018	1 022
NO0010777584	NOK	3 000	3M Nibor + 0.58 %	2016	2021	3 005	3 006	3 006
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 560	2 757	2 647
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 585	2 793	2 684
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	1 065	1 134	1 086
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	2 998	2 998	2 998
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 576	2 777	2 670
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	2 998	2 998	2 998
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	316	-	327
NO0010951544	NOK	2 700	3M Nibor + 0.75 %	2021	2026	2 771	-	-
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						26 408	27 438	23 991

As at 30.06.2021, Sparebanken Møre held NOK 1,741 million in covered bonds issued by Møre Boligkreditt AS (NOK 2,137 million). Møre Boligkreditt AS held no own covered bonds as at 30.06.2021 (NOK 0 million).

Note 13

Transactions with related parties

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

The most important transactions eliminated in the Group accounts:

PARENT BANK	30.06.2021	30.06.2020	31.12.2020
Statement of income			
Net interest and credit commission income from subsidiaries	15	15	24
Received dividend from subsidiaries	237	227	227
Administration fee received from Møre Boligkreditt AS	22	20	41
Rent paid to Sparebankeiendom AS	7	7	14
Statement of financial position			
Claims on subsidiaries	3 508	2 866	4 876
Covered bonds	1 741	2 137	503
Liabilities to subsidiaries	2 003	2 750	1 475
Intragroup right-of-use of properties in Sparebankeiendom AS	91	103	96
Intragroup hedging	24	80	60
Accumulated loan portfolio transferred to Møre Boligkreditt AS	29 540	28 742	29 045

Note 14

EC-capital

The 20 largest EC holders in Sparebanken Møre as at 30.06.2021	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	943 300	9.54
Cape Invest AS	897 257	9.08
Wenaasgruppen AS	380 000	3.84
Verdipapirfond Nordea Norge Verdi	366 075	3.70
MP Pensjon	339 781	3.44
Verdipapirfondet Eika egenkapital	332 624	3.36
Pareto AS	299 189	3.03
Spesialfondet Borea utbytte	295 352	2.99
Verdipapirfond Pareto Aksje Norge	246 214	2.49
FLPS - Princ All Sec	203 937	2.06
Wenaas EFTF AS	200 000	2.02
Beka Holding AS	150 100	1.52
Lapas AS (Leif-Arne Langøy)	123 500	1.25
Forsvarets personellservice	84 160	0.85
Stiftelsen Kjell Holm	80 750	0.82
BKK Pensjonskasse	61 520	0.62
U Aandahls Eftf AS	50 000	0.51
PIBCO AS	45 000	0.46
Verdipapirfondet Storebrand Norge I	41 905	0.42
Borghild Hanna Møller	40 244	0.41
Total 20 largest EC holders	5 180 908	52.40
Total number of ECs	9 886 954	100.00

The proportion of equity certificates held by foreign nationals was 5.4 percent at the end of the quarter.

Note 15

Events after the reporting date

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

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

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q2 2021	Q2 2020	30.06.2021	30.06.2020	2020
Interest income from assets at amortised cost	253	270	513	631	1 140
Interest income from assets at fair value	26	49	52	122	169
Interest expenses	63	121	131	294	426
Net interest income	216	198	434	459	883
Commission income and revenues from banking services	55	50	108	104	209
Commission expenses and expenditure from banking services	7	6	15	13	26
Other operating income	11	12	22	22	44
Net commission and other operating income	59	56	115	113	227
Dividends	0	0	238	233	249
Net change in value of financial instruments	15	69	46	25	54
Net result from financial instruments	15	69	284	258	303
Total other income	74	125	399	371	530
Total income	290	323	833	830	1 413
Salaries, wages etc.	83	79	161	164	317
Depreciation and impairment of non-financial assets	12	12	25	26	51
Other operating expenses	58	59	117	120	234
Total operating expenses	153	150	303	310	602
Profit before impairment on loans	137	173	530	520	811
Impairment on loans, guarantees etc.	33	43	46	73	148
Pre-tax profit	104	130	484	447	663
Taxes	24	27	56	48	102
Profit after tax	80	103	428	399	561
Allocated to equity owners	75	95	417	383	534
Allocated to owners of Additional Tier 1 capital	5	8	11	16	27
Profit per EC (NOK) 1)	4.00	4.76	20.92	19.23	26.83
Diluted earnings per EC (NOK) 1)	4.00	4.76	20.92	19.23	26.83
Distributed dividend per EC (NOK)	4.50	14.00	4.50	14.00	14.00

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q2 2021	Q2 2020	30.06.2021	30.06.2020	2020
Profit after tax	80	103	428	399	561
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	0	0	0	0	0
Tax effect of changes in value on basisswap spreads	0	0	0	0	0
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-36
Tax effect of pension estimate deviations	0	0	0	0	9
Total comprehensive income after tax	80	103	428	399	534
Allocated to equity owners	75	95	417	383	507
Allocated to owners of Additional Tier 1 capital	5	8	11	16	27

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

Statement of financial position - Parent bank

ASSETS (COMPRESSED)

(NOK million)	30.06.2021	30.06.2020	31.12.2020
Cash and claims on Norges Bank	213	1 034	542
Loans to and receivables from credit institutions	5 663	5 380	5 925
Loans to and receivables from customers	39 711	36 476	37 925
Certificates, bonds and other interest-bearing securities	10 630	11 363	8 950
Financial derivatives	429	893	677
Shares and other securities	189	192	178
Equity stakes in Group companies	2 071	2 071	2 071
Intangible assets	53	52	56
Fixed assets	168	188	183
Other assets	515	149	111
Total assets	59 642	57 798	56 618

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.06.2021	30.06.2020	31.12.2020
Loans and deposits from credit institutions	3 451	4 788	3 113
Deposits from customers	41 501	39 074	39 049
Debt securities issued	5 061	4 495	5 286
Financial derivatives	368	777	521
Incurring costs and prepaid income	63	73	79
Pension liabilities	48	29	57
Tax payable	51	106	109
Provisions for guarantee liabilities	51	142	50
Deferred tax liabilities	64	81	65
Other liabilities	1 000	701	633
Subordinated loan capital	702	702	702
Total liabilities	52 360	50 968	49 664
EC capital	989	989	989
ECs owned by the bank	-2	-2	-2
Share premium	357	357	357
Additional Tier 1 capital	599	599	599
Paid-in equity	1 943	1 943	1 943

Primary capital fund	2 939	2 819	2 939
Gift fund	125	125	125
Dividend equalisation fund	1 679	1 559	1 679
Other equity	168	-16	268
Comprehensive income for the period	428	399	0
Retained earnings	5 339	4 887	5 011
Total equity	7 282	6 830	6 954
Total liabilities and equity	59 642	57 798	56 618

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 2021 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 2021

11 August 2021

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chair of the Board

HENRIK GRUNG, Deputy Chair

JILL AASEN

ANN MAGRITT BJÅSTAD VIKEBAKK

KÅRE ØYVIND VASSDAL

THERESE MONSÅS LANGSET

HELGE KARSTEN KNUDSEN

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net interest income	307	305	314	306	266
Other operating income	66	85	72	77	124
Total operating costs	160	158	157	149	157
Profit before impairment on loans	213	232	229	234	233
Impairment on loans, guarantees etc.	28	14	35	36	42
Pre-tax profit	185	218	194	198	191
Tax	42	48	47	45	41
Profit after tax	143	170	147	153	150

As a percentage of average assets

Net interest income	1.53	1.51	1.58	1.54	1.35
Other operating income	0.33	0.42	0.36	0.39	0.63
Total operating costs	0.80	0.78	0.79	0.75	0.80
Profit before impairment on loans	1.06	1.15	1.15	1.18	1.18
Impairment on loans, guarantees etc.	0.14	0.07	0.18	0.18	0.21
Pre-tax profit	0.92	1.08	0.97	1.00	0.97
Tax	0.21	0.24	0.24	0.22	0.21
Profit after tax	0.71	0.84	0.73	0.78	0.76

Alternative Performance Measures - APMs

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

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	$\frac{\text{Pre tax profit - interests on AT1 capital}}{((\text{OB Equity-AT1-interests AT1-dividends-gifts})+(\text{CB Equity-AT1-interests AT1-dividends-gifts}))/2}$
	Figures	30.06.2021: $(313-11)/(((7,208-599-44-45-89-90)+(7,412-599-89-90))/2*181/365)=9.4\%$ 30.06.2020: $(267-16)/(((6,970-599-138-141)+(6,944-599))/2*182/366)=8.2\%$ 31.12.2020: $(567-27)*100/(((6,970-599-0-138-141)+(7,208-599-0-44-45))/2)=8.6\%$
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	30.06.2021: $318/763=41.7\%$ 30.06.2020: $324/744 = 43.5\%$ 31.12.2020: $630/1,513 = 41.6\%$
Losses as a percentage of loans, guarantees, etc	Definition	«Impairment on loans, guarantees etc.» in percentage of «Gross loans to and receivables from customers» at the beginning of the accounting period (annualized).
	Justification	This key figure specifies recognised impairments in relation to gross lending and gives relevant information about the bank's losses compared to lending volume. This key figure is considered to be more suitable as a comparison figure to other banks than the impairments itself since this figure is viewed in context of lending volume.
	Calculation	$\frac{\text{Losses on loans and guarantees}}{\text{Gross loans to and receivables from customers per 1.1.}}$
	Figures	30.06.2021: $42/67,125*365/181=0.13\%$ 30.06.2020: $78/64,029*366/182=0.24\%$ 31.12.2020: $149/64,288=0.23\%$
Deposit-to-loan ratio	Definition	«Deposit from customers» as a percentage of «Gross 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	$\frac{\text{Deposits from customers}}{\text{Gross loans to and receivables from customers}}$
	Figures	30.06.2021: $41,484/69,446=59.7\%$ 30.06.2020: $39,055/65,398=59.7\%$ 31.12.2020: $39,023/67,125=58.1\%$
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» over the last 12 months.
	Justification	This key figure provides information about the activity and growth in the bank's lending.
	Calculation	$\frac{\text{CB Net loans to and recievables from customers - OB Net loans to and recievables from customers}}{\text{OB Net loans to and recievables from customers}}$
	Figures	30.06.2021: $(69,132-65,094)/65,094=6.2\%$ 30.06.2020: $(65,094-62,529)/62,529 = 4.1\%$ 31.12.2020: $(66,850-64,029)/64,029=4.4\%$

Deposit growth as a percentage	Definition	The period's change in «Receivables from customers» as a percentage of «Receivables from customers» over the last 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	<p>30.06.2021: $(41,484-39,055)/39,055=6.2\%$</p> <p>30.06.2020: $(39,055-37,321)/37,321 = 4.6\%$</p> <p>31.12.2020: $(39,023-36,803)/36,803=6.0\%$</p>
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 the market price of the equity certificate. The key figure is calculated as equity certificate holders' share of the equity at the end of the period, divided by the number of equity certificates.
	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	<p>30.06.2021: $(989+357+1,679+(726*0.496))/9.886954=342$</p> <p>30.06.2020: $(989+357+1,559+(498*0.496))/9.886954=319$</p> <p>31.12.2020: $(989+357+1,679+(522*0.496))/9.886954=332$</p>
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 the market price of the equity certificate.
	Calculation	$\frac{\text{Market price per equity certificate}}{\text{Book value per equity certificate}}$
	Figures	<p>30.06.2021: $368/342=1.08$</p> <p>30.06.2020: $296/319=0.93$</p> <p>31.12.2020: $296/332=0.89$</p>

