3 quarter 2020
Unaudited interim report

Sparebanken Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q3 2020		Q3 2019		30.09.2020		30.09.2019		2019	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	306	1.54	351	1.91	914	1.56	975	1.78	1 314	1.79
Net commission and other operating income	53	0.27	55	0.30	157	0.27	159	0.30	219	0.30
Net return on financial investments	24	0.12	8	0.04	56	0.09	59	0.10	74	0.10
Total income	383	1.93	414	2.25	1 127	1.92	1 193	2.18	1 607	2.19
Total operating costs	149	0.75	161	0.87	473	0.80	478	0.87	646	0.88
Profit before impairment on loans	234	1.18	253	1.38	654	1.12	715	1.31	961	1.31
Impairment on loans, guarantees etc.	36	0.18	16	0.09	114	0.19	35	0.06	50	0.07
Pre-tax profit	198	1.00	237	1.29	540	0.93	680	1.25	911	1.24
Tax	45	0.22	56	0.31	120	0.20	156	0.29	200	0.27
Profit after tax	153	0.78	181	0.98	420	0.73	524	0.96	711	0.97

Statement of financial position

(NOK million)	30.09.2020	% change YTD 2020	31.12.2019	% change during the last 12 months	30.09.2019
Total assets 4)	80 384	7.4	74 875	9.9	73 144
Average assets 4)	78 130	6.3	73 496	7.3	72 815
Loans to and receivables from customers	65 367	2.1	64 029	2.7	63 647
Gross loans to retail customers	45 136	2.9	43 847	3.4	43 666
Gross loans to corporate and public entities	20 555	0.6	20 441	1.6	20 234
Deposits from customers	39 329	6.9	36 803	8.8	36 147
Deposits from retail customers	23 273	7.3	21 685	7.6	21 631
Deposits from corporate and public entities	16 056	6.2	15 118	10.6	14 516

Key figures and alternative performance measures (APMs)

	Q3 2020	Q3 2019	30.09.2020	30.09.2019	2019
Return on equity (annualised) 3) 4)	9.4	11.8	8.6	11.6	11.7
Cost income ratio 4)	39.0	39.0	42.0	40.1	40.2
Losses as a percentage of loans (annualised) 4)	0.22	0.10	0.24	0.08	0.08
Gross credit-impaired commitments as a percentage of loans/guarantees	1.80	1.43	1.80	1.43	1.48
Net credit-impaired commitments as a percentage of loans/guarantees	1.31	1.07	1.31	1.07	1.12
Deposit-to-loan ratio 4)	60.2	56.8	60.2	56.8	57.5
Liquidity Coverage Ratio (LCR)	126	125	126	125	165
Lending growth as a percentage 4)	0.4	7.2	2.7	6.7	6.1
Deposit growth as a percentage 4)	0.7	-3.1	8.8	4.2	6.9
Capital adequacy ratio 1)	21.4	19.0	21.4	19.0	21.7
Tier 1 capital ratio 1)	19.3	17.0	19.3	17.0	19.5
Common Equity Tier 1 capital ratio (CET1) 1)	17.5	15.4	17.5	15.4	17.7
Leverage Ratio (LR) 1)	7.9	8.0	7.9	8.0	8.1
Man-years	353	354	353	354	357

Equity Certificates (ECs)

	30.09.2020	30.09.2019	2019	2018	2017	2016
Profit per EC (Group) (NOK) 2)	20.00	25.60	34.50	29.60	27.70	28.80
Profit per EC (Parent Bank) (NOK) 2)	22.95	25.90	32.00	28.35	27.00	29.85
EC fraction 1.1 as a percentage (Parent Bank)	49.6	49.6	49.6	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	298	309	317	283	262	254
Stock market value (NOK million)	2 946	3 055	3 134	2 798	2 590	2 511
Book value per EC (Group) (NOK) 4)	325	313	320	303	289	275
Dividend per EC (NOK)	14.00	15.50	14.00	15.50	14.00	14.00
Price/Earnings (Group, annualised)	11.1	9.1	9.2	9.5	9.4	8.8
Price/Book value (P/B) (Group) 2) 4)	0.91	0.99	0.99	0.93	0.91	0.93

1) Incl. 50 % of the profit after tax

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

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

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

Interim report from the Board of Directors

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

RESULTS AS PER Q3 2020
Sparebanken Møre's pre-tax profit for the first three quarters of 2020 was NOK 540 million, compared with NOK 680 million for the same period in 2019.

Total income was NOK 66 million lower than for the same period in 2019. Net interest income fell by NOK 61 million and other operating income fell by NOK 5 million. Market assessment of the bond portfolio showed losses of NOK 6 million, compared with losses of NOK 1 million after the first three quarters of 2019. Capital gains on equities totalled NOK 6 million, compared with NOK 12 million at the end of the third quarter of 2019. Income from other financial investments showed an increase of NOK 8 million compared with the same period in 2019.

Costs were NOK 5 million lower in the first three quarters of 2020 than in 2019. Personnel costs were NOK 12 million lower than last year and other costs show an increase of NOK 7 million in the same period.

Losses on loans and guarantees amounted to NOK 114 million and were NOK 79 million higher than in the same period last year.

The cost income ratio amounted to 42.0 per cent after the third quarter this year. This is 1.9 percentage points higher than in the same period in 2019.

The profit after tax was NOK 420 million; NOK 104 million lower than in the same period in 2019. The results at the end of the third quarter show an annualised return on equity of 8.6 per cent, compared with 11.6 per cent after the first three quarters of 2019.

Earnings per equity certificate were NOK 20.00 (NOK 25.60) for the Group and NOK 22.95 (NOK 25.90) for the Parent Bank.

RESULTS FOR Q3 2020
Profit after tax was NOK 153 million for the third quarter of 2020, or 0.78 per cent of average total assets, compared with NOK 181 million, or 0.98 per cent, for the corresponding quarter last year.

Return on equity was 9.4 per cent in the third quarter of 2020 compared with 11.8 per cent in the third quarter of 2019, and the cost income ratio amounted to 39.0 per cent, the same as in the third quarter of 2019.

Earnings per equity certificate were NOK 7.38 (NOK 8.80) for the Group and NOK 3.72 (NOK 5.30) for the Parent Bank.

Net interest income
Net interest income was NOK 306 million, which is NOK 45 million, or 12.8 per cent, lower than in the corresponding quarter of last year. This represents 1.54 per cent of total assets, which is 0.37 percentage points lower than in the third quarter of 2019.

Most of the interest rate changes for loans in both the retail and corporate market were introduced at the start of the third quarter. The last interest rate changes on deposits were implemented with effect from 15 July.

The repricing of the Group's capital market borrowing was completed during the quarter and increased net interest income.

Strong competition within both loans and deposits, as well as the lower contribution from the Bank's equity, reduced net interest income in the third quarter.

The combination of these factors resulted in an increase in net interest income in the quarter of around NOK 40 million compared with the second quarter of 2020.

Other operating income
Other operating income amounted to NOK 77 million in the quarter, which is NOK 14 million higher than in the third quarter of last year. The return on financial investments was NOK 16 million higher than in the third quarter of 2019. Capital gains from bond holdings were NOK 8 million in the quarter, compared with capital losses of NOK 3 million in the corresponding quarter last year. Capital gains on equities were NOK 1 million, compared with capital losses of NOK 1 million in the third quarter of 2019, and income from other financial investments increased by NOK 3 million compared with the same period last year.

Other income excluding financial investments decreased by NOK 2 million compared with the third quarter of 2019.

Costs
Operating costs in the quarter amounted to NOK 149 million, which is NOK 12 million lower than in the same quarter last year. Personnel costs were NOK 7 million lower than in the corresponding period last year and amounted to NOK 81 million. Staffing has been reduced by 1 full-time equivalent in the last 12 months, to 353 FTEs. Other operating costs decreased by NOK 5 million from the same period last year.

The cost income ratio was 39.0 per cent for the third quarter of 2020, which is the same as in the third quarter of 2019.

Credit-impaired commitments
NOK 36 million (NOK 16 million) was charged in losses on loans and guarantees in the quarter. This amounts to 0.18 per cent (0.09 per cent) of average total assets on an annualised basis. Losses in the corporate segment increased by NOK 45 million in the quarter, while losses in the retail segment decreased by NOK 9 million.

At the end of the third quarter of 2020, total expected losses amounted to NOK 481 million, equivalent to 0.72 per cent of loans and guarantees (NOK 370 million and 0.57 per cent). Of the total expected losses, NOK 22 million are linked to credit-impaired commitments more than 90 days past due (NOK 33 million), which amounts to 0.03 per cent of loans and guarantees (0.05 per cent). NOK 312 million relates to other credit-impaired commitments (NOK 217 million), which is equivalent to 0.46 per cent of gross loans and guarantees (0.33 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in Stage 3) have increased by NOK 195 million in the past 12 months. At the end of the third quarter of 2020, the corporate market accounted for NOK 793 million of net credit-impaired commitments and the retail market NOK 86 million. In total, this represents 1.31 per cent of gross loans and guarantees (1.07 per cent).

Lending to customers
At the end of the third quarter of 2020, lending to customers amounted to NOK 65,367 million (NOK 63,647 million). Customer lending has increased by a total of NOK 1,720 million, or 2.7 per cent, in the past 12 months. Retail lending has increased by 3.4 per cent, while corporate lending has increased by 1.6 per cent, in the past 12 months. Lending to corporate customers fell by 0.4 per cent in the third quarter of 2020, while lending to retail customers rose by 0.8 per cent. Retail lending accounted for 68.7 per cent of lending at the end of the third quarter of 2020 (68.3 per cent).

Deposits from customers
Customer deposits have increased by NOK 3,182 million, or 8.8 per cent, in the past 12 months. At the end of the third quarter of 2020, deposits amounted to NOK 39,329 million (NOK 36,147 million). Retail deposits

have increased by 7.6 per cent in the past 12 months, while corporate deposits have increased by 10.6 per cent, and public sector deposits have increased by 10.8 per cent. The retail market's relative share of deposits amounted to 59.2 per cent (59.8 per cent), while deposits from the corporate market accounted for 38.5 per cent (37.9 per cent), and from the public sector market 2.3 per cent (2.3 per cent).

The deposit-to-loan ratio was 60.2 per cent at the end of the third quarter of 2020 (56.8 per cent).

CAPITAL ADEQUACY
Sparebanken Møre is very well capitalised. At the end of the third quarter, the Common Equity Tier 1 capital ratio was 17.5 per cent (15.4 per cent), incl. 50 per cent of the result for the year to date. This is 4.8 percentage points higher than the total regulatory minimum requirement of 12.7 per cent for the Common Equity Tier 1 capital ratio. The primary capital ratio, including 50 per cent of the result for the year to date, was 21.4 per cent (19.0 per cent), while the Tier 1 capital ratio was 19.3 per cent (17.0 per cent).

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

The most important changes applicable from 31 December 2019 are the elimination of the transitional rule for the Basel I floor and the introduction of an SME discount of 23.82 per cent for SME customers with loans of up to EUR 1.5 million and an annual turnover of less than EUR 50 million.

The countercyclical capital buffer was reduced from 2.5 per cent to 1.0 per cent with effect from 13 March 2020. The level is determined by the Ministry of Finance based on advice from Norges Bank.

The total regulatory minimum requirement for Sparebanken Møre's Common Equity Tier 1 capital ratio, including the Pillar 2 supplement, was 12.7 per cent at the end of the third quarter of 2020. In its assessment of Sparebanken Møre's Pillar 2 supplement in 2018, the Financial Supervisory Authority of Norway set it at 1.7 per cent, although it was made subject to a minimum of NOK 590 million with effect from 31 March 2019.

The leverage ratio (LR) at the end of the third quarter of 2020 was 7.9 per cent, 0.1 percentage points lower than at the end of the third quarter of 2019. The regulatory minimum requirement (3 per cent) and buffer requirement (2 per cent), 5 per cent in total, were met by a good margin.

SUBSIDIARIES
The aggregate profit of the Bank's three subsidiaries amounted to NOK 167 million after tax in the first three quarters of 2020 (NOK 161 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 2020, the company had outstanding bonds of NOK 24.9 billion in the market. Around 35 per cent was issued in currencies other than NOK. NOK 498 billion of the volume of bonds issued by the company was held by the Parent Bank at the end of the third quarter of 2020. Møre Boligkreditt AS has contributed NOK 164 million to the result so far in 2020 (NOK 161 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has contributed NOK 2.2 million to the result so far in 2020 (NOK 1.5 million). At the end of the quarter, the company employed 14 full-time equivalents.

Sparebankeiendom AS's purpose is to own and manage the Bank's commercial properties. The company has contributed NOK 1 million to the result so far in 2020 (NOK -0.8 million). The company has no employees.

EQUITY CERTIFICATES
At the end of the third quarter of 2020, there were 5,753 holders of Sparebanken Møre's equity certificates. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.6 per cent of the Bank's total equity.

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

COVID-19: LIQUIDITY, FINANCING AND PROFITS
Sparebanken Møre entered the crisis with good key figures for liquidity and capital. At the end of 2019, LCR (short-term liquidity indicator) was at 165 and NSFR (long-term liquidity indicator) was at 113, while Common Equity Tier 1 capital (CET1) was at 17.7 per cent.

The Group's first major maturity date in the bond market this year came on 23 September 2020, with a gross amount of NOK 3,000 million in MOBK14 from Møre Boligkreditt AS. The next major maturity date is in February 2021, a NOK 2,100 million MORG44 senior loan. Early buyback had reduced MOBK14 to NOK 438 million upon maturity, while MORG44 had similarly been reduced to NOK 1,774 million at the end of the quarter.

At the end of the third quarter, LCR was 126, NSFR was 114 and Common Equity Tier 1 capital was 17.5 per cent.

In addition to maturity dates for market funding, it is the normal seasonal variations and changes in growth rates for loans and deposits due to the current situation that have affected the Bank's liquidity in the year to date. The government's tax deferral measures, as well as support schemes, etc. related to Covid-19 have, to some extent, also affected the liquidity situation.

In the first three quarters of this year, deposits have increased by almost NOK 1,200 million more than loans and the Group's deposit-to-loan ratio has increased from 57.5 per cent to 60.2 per cent.

Sparebanken Møre received liquidity from Norges Bank's F-loan scheme with two loans totalling NOK 1,000 million. NOK 500 million with a 6-month term to maturity and NOK 500 million with a 12-month term to maturity. The first loan matured in September. The liquidity from the loans has been used to strengthen the Bank's LCR liquidity portfolio correspondingly. Besides this, the Group has also followed a planned funding strategy. In June, we accordingly placed a covered bond issue in the market of NOK 3,000 million with a term to maturity of 5.25 years, replacing the bond maturing in September. The issue was well received. In September, Møre Boligkreditt AS issued a further EUR 30 million in a private placing with a term to maturity of 7 years.

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

The Group's market funding is raised at floating interest rates or by swapping the fixed-rate issues to floating rates. The funding cost of borrowing will therefore follow developments in the 3-month NIBOR with a time lag corresponding to the timing of the rate fixing. Therefore, it was not until July that Sparebanken Møre's funding costs for outstanding market funding were adjusted to the new lower level of market interest rates.

The above-mentioned interest rate fixing profile and the fact that our lending rates to customers were reduced immediately after the central bank cut its rates, while deposit rates were not cut until 6 weeks later, markedly weakened the Bank's net interest income in the second quarter. Net interest income is also generally negatively affected by lower returns on the Bank's distributable equity as well as opportunities to maintain the deposit margin in a low interest rate environment. This has led to a lowering of the net interest income forecast for the year as a whole. However, the Bank strengthened net interest income by NOK 40 million in the third quarter compared with the second quarter.

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

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

Parts of the corporate portfolio were granted interest-only periods during the spring due to Covid-19. Most corporate customers were granted interest-only periods of 6 months. A survey of customers granted an interest-only period in spring was conducted in September. Feedback shows that a very low proportion require a further interest-only period.

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

FUTURE PROSPECTS

Economic key figures indicate that output and demand in Møre og Romsdal continued to increase during the third quarter of 2020. Unemployment in the county fell from 3.7 per cent to 3.1 per cent of the labour force from August to September. In comparison, the national unemployment rate was 3.7 per cent. If there are no new lockdown periods, unemployment may continue to fall further until the end of the year.

However, the economic situation for a number of industries remains serious. These include the tourism industry, the maritime industry and oil-related industries. Therefore, any further fall in unemployment will probably be slower as the labour market normalises and the economic effects of the second wave of the coronavirus pandemic bite.

After having fallen up to June, the latest figures show that the annual growth rate for lending to households in Norway as a whole, has again seen a slight rise. The growth rate in lending to the corporate market is now at its highest since February this year.

During the first three quarters of the year, the Bank noted somewhat slower growth in both lending to the retail market and lending to the corporate market compared with the annual growth rate at the end of the fourth quarter of 2019. The annual growth in lending was 2.7 per cent at the end of the quarter. The growth in deposits so far this year has been very good with an annual rate of 8.8 per cent. The deposit-to-loan ratio is high and rising.

The Bank expects lending growth to be somewhat lower in 2020 than expected at the start of the year. This is due to good growth in 2019 and a lower level of investments due to the coronavirus pandemic and fall in oil prices. Nevertheless, the growth in lending is expected to rise during the fourth quarter and be higher at the end of 2020 than it was at the end of the third quarter. The growth in deposits is expected to remain high.

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

The economic second wave effects of the coronavirus pandemic are expected to impact the market during the fourth quarter. This, combined with weaker net interest income due in part to market practices regarding changes in lending and deposit rates in spring 2020, entails that the Bank's financial strategic targets will not be achieved in 2020.

Sparebanken Møre's targets of a return on equity exceeding 11 per cent and a cost income ratio of less than 40 per cent remain unchanged, and the Bank has implemented measures to achieve these targets.

Ålesund, 30 September 2020
21 October 2020

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

LEIF-ARNE LANGØY, Chairman of the Board
RAGNA BRENNE BJERKESET, Deputy Chairman
HENRIK GRUNG
JILL AASEN
ANN MAGRITT BJÅSTAD VIKEBAKK
KÅRE ØYVIND VASSDAL
HELGE KARSTEN KNUDSEN
MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q3 2020	Q3 2019	30.09.2020	30.09.2019	2019
Interest income from assets at amortised cost		389	533	1 374	1 500	2 085
Interest income from assets at fair value		34	75	162	186	243
Interest expenses		117	257	622	711	1 014
Net interest income	9	306	351	914	975	1 314
Commission income and revenues from banking services		52	57	156	162	221
Commission costs and charges from banking services		6	6	19	19	26
Other operating income		7	4	20	16	24
Net commission and other operating income		53	55	157	159	219
Dividends		0	1	6	6	12
Net gains/losses on financial instruments	5	24	7	50	53	62
Net return on financial instruments		24	8	56	59	74
Total income		383	414	1 127	1 193	1 607
Wages, salaries etc.		81	88	251	263	354
Administration costs		32	35	112	109	143
Depreciation and impairment		11	11	35	33	50
Other operating costs		25	27	75	73	99
Total operating costs		149	161	473	478	646
Profit before impairment on loans		234	253	654	715	961
Impairment on loans, guarantees etc.	3	36	16	114	35	50
Pre-tax profit		198	237	540	680	911
Taxes		45	56	120	156	200
Profit after tax		153	181	420	524	711
Allocated to equity owners		148	174	399	509	688
Allocated to owners of Additional Tier 1 capital		5	7	21	15	23
Profit per EC (NOK) 1)		7.38	8.80	20.00	25.60	34.50
Diluted earnings per EC (NOK) 1)		7.38	8.80	20.00	25.60	34.50
Distributed dividend per EC (NOK)		0.00	0.00	14.00	15.50	15.50

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q3 2020	Q3 2019	30.09.2020	30.09.2019	2019
Profit after tax	153	181	420	524	711
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	-7	-1	-7	1	2
Tax effect of changes in value on basisswap spreads	1	1	1	0	0
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-29
Tax effect of pension estimate deviations	0	0	0	0	7
Total comprehensive income after tax	147	181	414	525	691
Allocated to equity owners	142	174	393	510	668
Allocated to owners of Additional Tier 1 capital	5	7	21	15	23

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

Statement of financial position - Group

ASSETS (COMPRESSED)

(NOK million)	Note	30.09.2020	30.09.2019	31.12.2019
Cash and claims on Norges Bank	5 6 10	650	179	1 072
Loans to and receivables from credit institutions	5 6 10	2 732	697	1 088
Loans to and receivables from customers	2 3 4 5 7 10	65 367	63 647	64 029
Certificates, bonds and other interest-bearing securities	5 7 10	8 517	6 584	6 938
Financial derivatives	5 7	2 507	1 370	1 176
Shares and other securities	5 7	191	190	194
Deferred tax benefit		0	54	0
Intangible assets		52	37	53
Fixed assets		219	279	236
Other assets		149	107	89
Total assets		80 384	73 144	74 875

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.09.2020	30.09.2019	31.12.2019
Loans and deposits from credit institutions	5 6 10	2 462	813	817
Deposits from customers	2 5 7 10	39 329	36 147	36 803
Debt securities issued	5 6 8	28 781	27 208	28 271
Financial derivatives	5 7	863	450	288
Other liabilities		765	737	641
Incurred costs and prepaid income		65	92	86
Other provisions for incurred liabilities and costs		331	147	295
Subordinated loan capital	5 6	702	703	704
Total liabilities		73 298	66 297	67 905
EC capital	11	989	989	989
ECs owned by the Bank		-2	-3	-3
Share premium		357	356	357
Additional Tier 1 capital		599	599	599
Paid-in equity		1 943	1 941	1 942

Primary capital fund	2 819	2 649	2 819
Gift fund	125	125	125
Dividend equalisation fund	1 560	1 392	1 559
Other equity	225	214	525
Comprehensive income for the period	414	525	0
Retained earnings	5 143	4 906	5 028
Total equity	7 086	6 847	6 970
Total liabilities and equity	80 384	73 144	74 875

Statement of changes in equity - Group

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

GROUP 30.09.2019	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as of 01.01.2019	6 394	986	356	349	2 649	125	1 391	538
Changes in own equity certificates	1						1	
Distributed dividend to the EC holders	-153							-153
Distributed dividend to the local community	-156							-156
Additional Tier 1 capital issued	250			250				
Interests on issued Additional Tier 1 capital	-15							-15
Total profit for the period	525							525
Equity as at 30 September 2019	6 847	986	356	599	2 649	125	1 392	739

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

Statement of cash flow - Group

(NOK million)	30.09.2020	30.09.2019	31.12.2019
Cash flow from operating activities			
Interest, commission and fees received	1 597	1 783	2 449
Interest, commission and fees paid	-433	-372	-515
Dividend and group contribution received	6	6	12
Operating expenses paid	-385	-391	-548
Income taxes paid	-33	-201	-81
Changes relating to loans to and claims on other financial institutions	-1 644	591	200
Changes relating to repayment of loans/leasing to customers	-1 384	-2 904	-3 755
Changes in utilised credit facilities	-18	-407	52
Net change in deposits from customers	2 525	1 733	2 390
Net cash flow from operating activities	231	-162	204
Cash flow from investing activities			
Interest received on certificates, bonds and other securities	94	97	134
Proceeds from the sale of certificates, bonds and other securities	6 594	6 514	8 462
Purchases of certificates, bonds and other securities	-10 604	-6 797	-8 649
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-10	-10	-33
Changes in other assets	-195	322	63
Net cash flow from investing activities	-4 121	126	-23
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-331	-402	-563
Net change in deposits from Norges Bank and other financial institutions	1 646	-142	-138
Proceeds from bond issues raised	3 331	3 711	5 374
Redemption of debt securities	-1 494	-3 422	-4 317
Dividend paid	-138	-153	-153
Changes in other debt	475	-469	-396
Proceeds from Additional Tier 1 capital issued	0	250	250
Paid interest on Additional Tier 1 capital issued	-21	-15	-23
Net cash flow from financing activities	3 468	-642	34
Net change in cash and cash equivalents	-422	-678	215
Cash balance at 01.01	1 072	857	857
Cash balance at 30.09/31.12	650	179	1 072

Note 1

Accounting principles

The Group's interim accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), implemented by the EU as at 30 September 2020. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2019 Financial statements.

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

Note 1.5 in the Annual report 2019 discloses the use of estimates applied in the preparation of the annual financial statements. One of the most important areas to which critical estimates and assumptions are linked is the measurement of expected credit losses (ECL) according to IFRS 9. Covid-19 has resulted in changed assumptions for the calculation of expected losses as at 30.09.2020. See note 3 for further information.

Note 2

Loans and deposits broken down according to sectors

GROUP	Loans		
Broken down according to sectors	**30.09.2020**	**30.09.2019**	**31.12.2019**
Agriculture and forestry	592	556	568
Fisheries	3 444	3 375	3 502
Manufacturing	2 638	2 874	2 346
Building and construction	957	883	915
Wholesale and retail trade, hotels	686	604	621
Supply/Offshore	1 105	1 145	1 042
Property management	7 650	7 334	7 692
Professional/financial services	943	1 073	1 186
Transport and private/public services	2 540	2 390	2 569
Total corporate/public entities	20 555	20 234	20 441
Retail customers	45 136	43 666	43 847
Total loans (gross carrying amount)	65 691	63 900	64 288
Expected credit loss (ECL) - stage 1 - Corporate	-26	-29	-30
Expected credit loss (ECL) - stage 1 - Retail	-7	-5	-5
Expected credit loss (ECL) - stage 2 - Corporate	-57	-44	-58
Expected credit loss (ECL) - stage 2 - Retail	-47	-36	-36
Expected credit loss (ECL) - stage 3 - Corporate	-169	-114	-106
Expected credit loss (ECL) - stage 3 - Retail	-18	-25	-24
Loans to and receivables from customers (net carrying amount) 1)	65 367	63 647	64 029
-of which loans with floating interest rate (amortised cost)	61 032	59 731	59 832
-of which loans with fixed interest rate (fair value)	4 335	3 916	4 197

1) Sparebanken Møre's total EAD is published in the bank's annual report, ref note 3 in the annual report for 2019. Total EAD is also published quarterly in the bank's Pillar 3 document, ref appendix CR6.

GROUP	Deposits		
Broken down according to sectors	**30.09.2020**	**30.09.2019**	**31.12.2019**
Agriculture and forestry	217	203	187
Fisheries	1 339	954	1 252
Manufacturing	2 790	1 486	1 659
Building and construction	858	714	841
Wholesale and retail trade, hotels	991	806	839
Property management	1 877	1 650	1 648
Transport and private/public services	4 797	5 470	5 448
Public entities	900	812	777
Miscellaneous	2 287	2 421	2 467
Total corporate/public entities	16 056	14 516	15 118
Retail customers	23 273	21 631	21 685
Total deposits from customers	39 329	36 147	36 803

Note 3

Losses and impairment on loans and guarantees

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

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

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

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

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

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

Classification and migration between the stages are governed by the following criteria:

- New accounts and accounts with increase in credit limits (based on credit applications) are placed in stage 1 the month after the opening date, with the following exceptions:
    - PD = 100 %. Account is placed in stage 3.
    - The customer is more than 30 days in default or has been granted payment relief due to payment difficulties, in which cases, all the customer's accounts are placed in stage 2.
- Accounts migrate from stage 1 to stage 2 if more than 30 days in default, if marked with payment relief due to payment difficulties or in case of a significant increase in credit risk. Significant increase in credit risk meaning:
    - If initial PD was less than 1 %:
        - PD has doubled since initial recognition and the increase in PD is more than 0.5 percentage points
    - If initial PD was higher than or equal to 1 %:
        - PD has doubled since initial recognition or the increase in PD is more than 2 percentage points

An account migrates from stage 2 to 1 if there is a significant reduction in credit risk compared to last time the account migrated to stage 2. Significant reduction in credit risk meaning:

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

An account migrates from stage 1 or stage 2 to stage 3 if PD equals 100 % (Risk class M or N).

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

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

Accounts that are not subject to the migration rules above are not assumed to have a significant change in credit risk and retain the same stage as the previous month.

A commitment is defined to be in default and credit-impaired (non-performing) if a claim is more than 90 days overdue and the overdue amount exceeds NOK 1 000.

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

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

If known/available information is not fully reflected in the model calculated ECL, management overrides are considered. Potential management overrides of expected credit loss are reviewed by the bank's management group.

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

Consequences of Covid-19 and measurement of expected credit loss (ECL) for loans and guarantees
Pursuant to the accounting rules (IAS 34), interim financial reports must provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of an entity since the last annual report. The information related to these events and transactions must take into account relevant information presented in the most recent annual report.

The interim report for Q3 2020 has been prepared in a period when the economic outlook differs from that in the annual financial statements for 2019.

The Bank's loss provisions reflect expected credit loss (ECL) pursuant to IFRS 9. When assessing ECL, the relevant conditions at the time of reporting and expected economic developments are taken into account. COVID-19 has resulted in an extraordinary situation for the Bank's customers. Many corporate and retail customers have seen their income reduced in the short term, and the level of uncertainty associated with estimating the future cash flows and debt servicing capacity of these customers is high.

The situation has impacted the ECL calculation as at 30.09.2020. Changes in economic conditions have impacted macroeconomic scenarios and weightings. Weightings for Q1 2020 have been continued in Q3 2020.

Weighting as at 30.09.2020:		Weighting as at 31 December 2019:	
• Best:	10%	Best:	10 %
• Base:	50%	Base:	80 %
• Worst:	40%	Worst:	10 %

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

The major economic uncertainty that arose at the end of the first quarter of 2020 due to Covid-19 and the fall in oil prices, resulted in increased credit risk and increased credit losses. Despite of the macroeconomic conditions improving during the year and a continued low level of default, uncertainty regarding the development of the Covid-19 situation and the consequenses of the fall in oil prices still reigns. Changes in these conditions could impact the Group's level of credit losses.

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

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

Parts of the corporate portfolio were granted interest-only periods in spring due to Covid-19. Most corporate customers were granted interest-only periods of six months. A survey of customers granted interest-only periods in spring was conducted in September. Feedback shows that a very low proportion require a further interest-only period.

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

Specification of credit loss in the income statement

GROUP	Q3 2020	Q3 2019	30.09.2020	30.09.2019	2019
Changes in ECL - Stage 1	-1	5	-2	9	10
Changes in ECL - Stage 2	-2	10	14	24	37
Changes in ECL - Stage 3	-3	2	-1	-136	-138
Increase in existing expected losses in stage 3 (individually assessed)	10	-3	44	5	2
New expected losses in stage 3 (individually assessed)	34	13	65	152	155
Confirmed losses, previously impaired	3	1	9	5	12
Reversal of previous expected losses in stage 3 (individually assessed)	-5	-12	-15	-23	-30
Confirmed losses, not previously impaired	2	2	5	5	10
Recoveries	-2	-2	-5	-6	-8
Total impairments on loans and guarantees, etc	36	16	114	35	50

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

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

GROUP - 30.09.2019	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2018	26	61	251	338
New commitments	13	8	0	21
Disposal of commitments and transfer to stage 3 (individually assessed)	-6	-16	-122	-144
Changes in ECL in the period for commitments which have not migrated	2	4	0	6
Migration to stage 1	2	-12	-1	-11
Migration to stage 2	-2	42	-22	18
Migration to stage 3	0	-2	8	6
Changes stage 3 (individually assessed)	-	-	136	136
ECL 30.09.2019	35	85	250	370
- of which expected losses on loans to retail customers	5	36	25	66
- of which expected losses on loans to corporate customers	29	44	114	187
- of which expected losses on guarantees	1	5	111	117

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

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

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

GROUP - 30.09.2019	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	50 117	457	-	50 574
Medium risk (0.5 % - < 3 %)	6 574	3 507	-	10 081
High risk (3 % - <100 %)	1 669	15	-	1 684
Credit-impaired commitments	-	-	934	934
Total commitments before ECL	58 360	3 979	934	63 273
- ECL	-35	-85	-250	-370
Net commitments *)	58 325	3 894	684	62 903

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

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

Note 4

Credit-impaired commitments

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

	30.09.2020			30.09.2019			31.12.2019		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments in default above 90 days	104	76	28	152	69	83	162	76	86
Gross other credit-impaired commitments	1 109	29	1 080	782	12	770	814	34	780
Gross credit-impaired commitments	1 213	105	1 108	934	81	853	976	110	866
ECL on commitments in default above 90 days	22	12	10	33	20	13	24	19	5
ECL on other credit-impaired commitments	312	7	305	217	7	210	216	5	211
ECL on credit-impaired commitments	334	19	315	250	27	223	240	24	216
Net commitments in default above 90 days	82	64	18	119	49	70	138	57	81
Net other credit-impaired commitments	797	22	775	565	5	560	598	29	569
Net credit-impaired commitments	879	86	793	684	54	630	736	86	650
Gross credit-impaired commitments as a percentage of loans/guarantees	1.80	0.23	4.94	1.43	0.19	3.93	1.48	0.25	3.96
Net credit-impaired commitments as a percentage of loans/guarantees	1.31	0.19	3.53	1.07	0.15	2.92	1.12	0.20	2.98

Note 5

Classification of financial instruments

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

CLASSIFICATION AND MEASUREMENT

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

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

The classification of the financial assets depends on two factors:

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

Financial assets assessed at amortised cost

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

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

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

Financial liabilities assessed at amortised cost

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

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

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

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

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

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

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

LEVELS IN THE VALUATION HIERARCHY

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

Level 1 – Valuation based on prices in an active market

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

Level 2 – Valuation based on observable market data

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

Level 3 – Valuation based on other than observable market data

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

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

GROUP - 30.09.2019	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		179	179
Loans to and receivables from credit institutions		697	697
Loans to and receivables from customers	3 916	59 731	63 647
Certificates and bonds	6 584		6 584
Shares and other securities	190		190
Financial derivatives	1 370		1 370
Total financial assets	12 060	60 607	72 667
Loans and deposits from credit institutions		813	813
Deposits from and liabilities to customers		36 147	36 147
Financial derivatives	450		450
Debt securities		27 208	27 208
Subordinated loan capital		703	703
Total financial liabilities	450	64 871	65 321

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

Net gains/losses on financial instruments

	Q3 2020	Q3 2019	30.09.2020	30.09.2019	31.12.2019
Certificates and bonds	8	-3	-6	-1	-9
Securities	1	-1	6	12	16
Foreign exchange trading (for customers)	18	7	44	30	41
Fixed income trading (for customers)	3	3	14	11	16
Financial derivatives	-6	1	-8	1	-2
Net change in value and gains/losses from financial instruments	24	7	50	53	62

Note 6

Financial instruments at amortised cost

GROUP	30.09.2020		30.09.2019		31.12.2019	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	650	650	179	179	1 072	1 072
Loans to and receivables from credit institutions	2 732	2 732	697	697	1 088	1 088
Loans to and receivables from customers	61 032	61 032	59 731	59 731	59 832	59 832
Total financial assets	64 414	64 414	60 607	60 607	61 992	61 992
Loans and deposits from credit institutions	2 462	2 462	813	813	817	817
Deposits from and liabilities to customers	39 329	39 329	36 147	36 147	36 803	36 803
Debt securities	28 898	28 781	27 313	27 208	28 362	28 271
Subordinated loan capital and AT1 capital	712	702	711	703	714	704
Total financial liabilities	71 401	71 274	64 984	64 871	66 696	66 595

Note 7

Financial instruments at fair value

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

GROUP - 30.09.2020	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 335	4 335
Certificates and bonds	6 146	2 371		8 517
Shares and other securities	5		186	191
Financial derivatives		2 507		2 507
Total financial assets	6 151	4 878	4 521	15 550
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital and AT1 capital				-
Financial derivatives		863		863
Total financial liabilities	-	863	-	863

GROUP - 30.09.2019	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 916	3 916
Certificates and bonds	4 561	2 023		6 584
Shares and other securities	5		185	190
Financial derivatives		1 370		1 370
Total financial assets	4 566	3 393	4 101	12 060
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital and AT1 capital				-
Financial derivatives		450		450
Total financial liabilities	-	450	-	450

GROUP - 31.12.2019	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 197	4 197
Certificates and bonds	4 741	2 197		6 938
Shares	6		188	194
Financial derivatives		1 176		1 176
Total financial assets	4 747	3 373	4 385	12 505
Loans and deposits from credit institutions				-
Deposits from customers				-
Debt securities issued				-
Subordinated loan capital and AT1 capital				-
Financial derivatives		288		288
Total financial liabilities	-	288	-	288

Reconciliation of movements in level 3 during the period

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

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.18	3 811	175
Purchases/additions	605	5
Sales/reduction	-491	-9
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	-9	14
Book value as at 30.09.19	3 916	185

Note 8

Issued covered bonds

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

Covered bonds in the Group (NOK million)

ISIN code	Currency	Nominal value 30.09.2020	Interest	Issued	Maturity	Book value 30.09.2020	30.09.2019	31.12.2019
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 234	1 198	1 187
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	348	318	308
XS0984191873	EUR	30	6M Euribor + 0.20 %	2013	2020	332	297	296
NO0010696990	NOK	-	3M Nibor + 0.45 %	2013	2020	-	2 510	231
NO0010720204	NOK	-	3M Nibor + 0.24 %	2014	2020	-	3 001	3 001
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	1 021	996	999
NO0010777584	NOK	3 000	3M Nibor + 0.58 %	2016	2021	3 005	3 012	3 013
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 795	2 518	2 490
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	3 004	3 004
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 834	2 559	2 522
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	1 140	1 073	1 024
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	2 998	2 502	2 503
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 819	-	2 484
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	2 998	-	-
XS2233150890	EUR	30	3 mnd Euribor + 0.75 %	2020	2027	345	-	-
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						24 871	22 988	23 062

As at 30.09.2020, Sparebanken Møre held NOK 498 million in covered bonds issued by Møre Boligkreditt AS (NOK 589 million). Møre Boligkreditt AS held no own covered bonds as at 30.09.2020 (NOK 0 million).

Note 9

Operating segments

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

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

Key figures - 30.09.2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Loans to customers 1)	65 367	-117	1 337	19 675	44 472	0
Deposits from customers 1)	39 329		723	13 985	24 643	0
Guarantee liabilities	1 900	0	0	5	1 895	0
The deposit-to-loan ratio	60.2	0.0	54.1	71.1	55.4	0.0
Man-years	353	0	156	49	134	14

Result - Q3 2019	**Group**	**Eliminations**	**Other 2)**	**Corporate**	**Retail 1)**	**Real estate brokerage**
Net interest income	351	0	11	133	207	0
Other operating income	63	-13	19	21	31	5
Total income	414	-13	30	154	238	5
Operating costs	161	-13	36	33	101	4
Profit before impairment	253	0	-6	121	137	1
Impairment on loans, guarantees etc.	16	0	0	8	8	0
Pre-tax profit	237	0	-6	113	129	1
Taxes	56					
Profit after tax	181					

Result - 30.09.2019	**Group**	**Eliminations**	**Other 2)**	**Corporate**	**Retail 1)**	**Real estate brokerage**
Net interest income	975	0	20	373	582	0
Other operating income	218	-37	79	74	87	15
Total income	1 193	-37	99	447	669	15
Operating costs	478	-37	115	94	293	13
Profit before impairment	715	0	-16	353	376	2
Impairment on loans, guarantees etc.	35	0	0	27	8	0
Pre-tax profit	680	0	-16	326	368	2
Taxes	156					
Profit after tax	524					

Key figures - 30.09.2019	**Group**	**Eliminations**	**Other 2)**	**Corporate**	**Retail 1)**	**Real estate brokerage**
Loans to customers 1)	63 647	-120	1 375	19 461	42 931	0
Deposits from customers 1)	36 147	-22	973	12 258	22 938	0
Guarantee liabilities	1 501	0	0	1 494	7	0
Deposit-to-loan ratio	56.8	18.3	70.8	63.0	53.4	0
Man-years	354	0	155	50	135	14

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

Key figures - 31.12.2019	**Group**	**Eliminations**	**Other 2)**	**Corporate**	**Retail 1)**	**Real estate brokerage**
Loans to customers 1)	64 029	-120	1 204	19 794	43 151	0
Deposits from customers 1)	36 803	-21	696	13 134	22 994	0
Guarantee liabilities	1 360	0	0	1 355	5	0
Deposit-to-loan ratio	57.5	0.0	57.8	66.4	53.3	0.0
Man-years	357	0	156	51	137	13

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

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

	MØRE BOLIGKREDITT AS		
Statement of income	**Q3 2020**	**Q3 2019**	**31.12.2019**
Net interest income	100	80	308
Other operating income	0	2	-3
Total income	100	82	305
Operating costs	11	10	45
Profit before impairment on loans	89	72	260
Impairment on loans, guarantees etc.	-1	-10	-11
Pre-tax profit	90	82	271
Taxes	20	18	49
Profit after tax	70	64	222

Statement of income	**30.09.2020**	**30.09.2019**	**31.12.2019**
Net interest income	250	226	308
Other operating income	-1	1	-3
Total income	249	227	305
Operating costs	37	33	45
Profit before impairment on loans	212	194	260
Impairment on loans, guarantees etc.	2	-12	-11
Pre-tax profit	210	206	271
Taxes	46	45	49
Profit after tax	164	161	222

Statement of financial position	**30.09.2020**	**30.09.2019**	**31.12.2019**
Loans to and receivables from customers	26 724	23 261	25 655
Total equity	2 208	2 212	2 274

Note 10

Transactions with related parties

These are transactions between the Parent Bank and wholly-owned subsidiaries based on arm`s length principles.

The most important transactions eliminated in the Group accounts:

PARENT BANK	30.09.2020	30.09.2019	31.12.2019
Statement of income			
Net interest and credit commission income from subsidiaries	18	8	10
Received dividend from subsidiaries	227	172	172
Administration fee received from Møre Boligkreditt AS	30	27	36
Rent paid to Sparebankeiendom AS	10	10	13
Statement of financial position			
Claims on subsidiaries	2 751	123	2 290
Covered bonds	498	589	0
Liabilities to subsidiaries	1 821	1 452	848
Intragroup right-of-use of properties in Sparebankeiendom AS	99	110	107
Intragroup hedging	76	-	0
Accumulated loan portfolio transferred to Møre Boligkreditt AS	26 730	23 264	25 658

Note 11

EC capital

The 20 largest EC holders in Sparebanken Møre as at 30.09.2020	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	981 300	9.93
Cape Invest AS	883 972	8.94
Verdipapirfond Nordea Norge Verdi	390 343	3.95
Wenaasgruppen AS	380 000	3.84
MP Pensjon	339 781	3.44
Pareto AS	302 223	3.06
Verdipapirfond Pareto Aksje Norge	286 874	2.90
Wenaas Kapital AS	250 000	2.53
Verdipapirfondet Eika egenkapital	232 435	2.35
FLPS - Princ All Sec	204 728	2.07
Beka Holding AS	150 100	1.52
Lapas AS (Leif-Arne Langøy)	123 500	1.25
Forsvarets personell pensjonskasse	80 760	0.82
Stiftelsen Kjell Holm	79 700	0.81
PIBCO AS	75 000	0.76
BKK Pensjonskasse	58 828	0.60
Malme AS	55 000	0.56
Storebrand Norge I Verdipapirfond	51 962	0.53
U Aandals Eftf AS	50 000	0.51
Mertens	40 000	0.40
J E Devold AS	40 000	0.40
Total 20 largest EC holders	5 056 506	51.14
Total number of ECs	9 886 954	100.00

Note 12

Capital adequacy

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

The countercyclical capital buffer was reduced from 2.5 per cent to 1.0 per cent with effect from 13 March 2020. The level is set by the Ministry of Finance based on advice from Norges Bank.

The requirement for Common Equity Tier 1 capital (CET1) for Pillar 1 is 11.0 per cent. The requirement consists of a minimum requirement of 4.5 per cent, a conservation buffer of 2.5 per cent, a systemic risk buffer of 3.0 per cent and a countercyclical capital buffer of 1.0 per cent. In addition, Finanstilsynet has set an individual Pillar 2 requirement of 1.7 per cent, however a minimum of NOK 590 million.

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

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

	30.09.2020	30.09.2019	31.12.2019
EC capital	989	989	989
- ECs owned by the Bank	-2	-3	-3
Share premium	357	356	357
Additional Tier 1 capital (AT1)	599	599	599
Primary capital fund	2 819	2 649	2 819
Gift fund	125	125	125
Dividend equalisation fund	1 560	1 392	1 559
Proposed dividend for EC holders	0	0	138
Proposed dividend for the local community	0	0	140
Other equity	225	214	246
Accumulated profit for the period	414	525	0
Total equity	7 086	6 847	6 970

Tier 1 capital (T1)

Goodwill, intangible assets and other deductions	-52	-36	-53
Value adjustments of financial instruments at fair value	-17	-13	-14
Deduction of overfunded pension liability	-3	-18	0
Additional Tier 1 capital (AT1)	-599	-599	-599
Expected IRB-losses exceeding ECL	-381	-367	-352
Deduction for proposed dividend for EC holders	0	0	-138
Deduction for proposed dividend for the local community	0	0	-140
Deduction of accumulated profit for the period	-414	-525	-
Total Common Equity Tier 1 capital (CET1)	5 620	5 291	5 673
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)	6 219	5 890	6 272

Tier 2 capital (T2)

Subordinated loan capital of limited duration	702	703	704
Total Tier 2 capital (T2)	702	703	704

Net equity and subordinated loan capital	6 921	6 593	6 976

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	**30.09.2020**	**30.09.2019**	**31.12.2019**
Central governments or central banks	0	0	0
Regional governments or local authorities	240	171	188
Public sector companies	81	76	73
Institutions (banks etc)	597	537	342
Covered bonds	450	357	373
Equity	173	148	148
Other items	695	681	666
Total credit risk - standardised approach	2 236	1 970	1 790

Credit risk - IRB Foundation			
Retail - Secured by real estate	9 390	8 859	8 684
Retail - Other	457	655	431
Corporate lending	17 895	19 270	17 969
Total credit risk - IRB-F	27 742	28 784	27 084
Credit value adjustment risk (CVA) - market risk	528	584	535
Operational risk (basic method)	2 735	2 582	2 735
Transitional scheme (Basel I)	0	2 169	0
Risk weighted assets (RWA)	**33 241**	**36 089**	**32 144**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 496	1 624	1 446

Buffer requirements	30.09.2020	30.09.2019	31.12.2019
Capital conservation buffer , 2.5 %	831	902	804
Systemic risk buffer, 3.0 %	997	1 083	964
Countercyclical buffer, 1.0 % (2.0% per 30.09.2019 and 2.5 % per 31.12.2019)	332	722	804
Total buffer requirements	2 161	2 707	2 572
Available Common Equity Tier 1 capital after buffer requirements	1 963	960	1 655

Capital adequacy as a percentage of risk weighted assets (RWA)	**30.09.2020**	**30.09.2019**	**31.12.2019**
Capital adequacy ratio	20.8	18.3	21.7
Capital adequacy ratio incl. 50 % of the result	21.4	19.0	-
Tier 1 capital ratio	18.7	16.3	19.5
Tier 1 capital ratio incl. 50 % of the result	19.3	17.0	-
Common Equity Tier 1 capital ratio	16.9	14.7	17.7
Common Equity Tier 1 capital ratio incl. 50 % of the result	17.5	15.4	-

Leverage Ratio (LR)	**30.09.2020**	**30.09.2019**	**31.12.2019**
Basis for calculation of leverage ratio	81 843	76 791	77 552
Leverage Ratio (LR)	7.6	7.7	8.1
Leverage Ratio (LR) incl. 50 % of the result	7.9	8.0	-

Note 13

Events after the reporting period

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

There is still great uncertainty associated with Covid-19 and the consequences of the fall in oil prices. This uncertainty is reflected in the calculations of expected losses. Please see the interim report from the Board of Directors as well as note 3 for further information.

Statement of income - Parent Bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q3 2020	Q3 2019	30.09.2020	30.09.2019	2019
Interest income from assets at amortised cost	251	343	882	988	1 367
Interest income from assets at fair value	26	75	148	186	245
Interest costs	72	149	366	426	605
Net interest income	205	269	664	748	1 007
Commission income and revenues from banking services	51	57	155	161	220
Commission costs and expenditure from banking services	6	6	19	19	26
Other operating income	11	10	33	28	38
Net commission and other operating income	56	61	169	170	232
Dividends	1	1	234	178	184
Net gains/losses on financial instruments	25	4	50	52	65
Net return on financial instruments	26	5	284	230	249
Total income	287	335	1 117	1 148	1 488
Wages, salaries etc.	78	87	242	254	340
Administration costs	32	34	111	108	143
Depreciation and impairment	13	13	39	39	54
Other operating costs	21	22	62	59	80
Total operating costs	144	156	454	460	617
Profit before impairment on loans	143	179	663	688	871
Impairment on loans, guarantees etc.	38	24	111	47	60
Pre-tax profit	105	155	552	641	811
Taxes	25	38	73	110	150
Profit after tax	80	117	479	531	661
Allocated to equity owners	75	110	458	516	638
Allocated to owners of Additional Tier 1 capital	5	7	21	15	23
Profit per EC (NOK) 1)	3.72	5.30	22.95	25.90	32.00
Diluted earnings per EC (NOK) 1)	3.72	5.30	22.95	25.90	32.00
Distributed dividend per EC (NOK)	0.00	0.00	14.00	15.50	15.50

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q3 2020	Q3 2019	30.09.2020	30.09.2019	2019
Profit after tax	80	117	479	531	661
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	0	0	0	0	0
Tax effect of changes in value on basisswap spreads	0	0	0	0	0
Items that will not subsequently be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	-29
Tax effect of pension estimate deviations	0	0	0	0	7
Total comprehensive income after tax	80	117	479	531	639
Allocated to equity owners	75	110	458	516	616
Allocated to owners of Additional Tier 1 capital	5	7	21	15	23

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

Statement of financial position - Parent Bank

ASSETS (COMPRESSED)

(NOK million)	30.09.2020	30.09.2019	31.12.2019
Cash and claims on Norges Bank	650	179	1 072
Loans to and receivables from credit institutions	5 365	697	3 259
Loans to and receivables from customers	38 760	40 506	38 494
Certificates, bonds and other interest-bearing securities	8 486	7 093	6 260
Financial derivatives	766	640	586
Shares and other securities	191	190	194
Equity stakes in Group companies	2 071	2 071	2 071
Deferred tax benefit	0	49	0
Intangible assets	52	37	53
Fixed assets	179	205	198
Other assets	143	106	84
Total assets	56 663	51 773	52 271

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.09.2020	30.09.2019	31.12.2019
Loans and deposits from credit institutions	3 369	2 009	1 519
Deposits from customers	39 351	36 168	36 824
Debt securities issued	4 408	4 809	5 209
Financial derivatives	835	422	242
Other liabilities	762	795	733
Incurred costs and prepaid income	65	94	86
Other provisions for incurred liabilities and costs	266	148	230
Subordinated loan capital	702	703	704
Total liabilities	49 758	45 148	45 547
EC capital	989	989	989
ECs owned by the Bank	-2	-3	-3
Share premium	357	356	357
Additional Tier 1 capital	599	599	599
Paid-in equity	1 943	1 941	1 942

Primary capital fund	2 819	2 649	2 819
Gift fund	125	125	125
Dividend equalisation fund	1 560	1 392	1 559
Other equity	-21	-13	279
Total comprehensive income for the period	479	531	0
Retained earnings	4 962	4 684	4 782
Total equity	6 905	6 625	6 724
Total liabilities and equity	56 663	51 773	52 271

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	306	266	342	339	351
Other operating income	77	124	12	75	63
Total operating costs	149	157	167	168	161
Profit before impairment on loans	234	233	187	246	253
Impairment on loans, guarantees etc.	36	42	36	15	16
Pre-tax profit	198	191	151	231	237
Tax	45	41	34	41	56
Profit after tax	153	150	117	190	181
As a percentage of average assets					
Net interest income	1.54	1.35	1.80	1.79	1.91
Other operating income	0.39	0.63	0.06	0.40	0.34
Total operating costs	0.75	0.80	0.88	0.89	0.87
Profit before impairment on loans	1.18	1.18	0.98	1.30	1.38
Impairment on loans, guarantees etc.	0.18	0.21	0.19	0.08	0.09
Pre-tax profit	1.00	0.97	0.79	1.22	1.29
Tax	0.22	0.21	0.18	0.21	0.31
Profit after tax	0.78	0.76	0.61	1.01	0.98

Alternative performance measures

Total assets	**Definition**	Total assets.
	Justification	Total assets is an industry-specific designation for the sum of all assets.
	Calculation	The total of all assets.
Average assets	**Definition**	The average sum of total assets for the year, calculated as a daily average.
	Justification	This key figure is used in the calculation of percentage ratios for the performance items.
	Calculation	This figures comes from daily calculations in the accounting system and cannot be directly reconciled with the balance sheet.
Return on equity	**Definition**	Profit/loss for the financial year as a percentage of the average equity for the year. Additional Tier 1 capital classified as equity is excluded from this calculation, both in profit/loss and in equity.
	Justification	Return on equity is one of Sparebanken Møre's most important financial performance figures. It provides relevant information about the profitability of the Group by measuring the profitability of the operation in relation to the invested capital. The profit/loss is adjusted for interest on Additional Tier 1 capital, which pursuant to IFRS, is classified as equity, but in this context more naturally is classified as liability since the Additional Tier 1 capital bears interest and does not entitle to dividends.
	Calculation	Pre tax profit - interests on AT1 capital / (OB Equity-AT1-allocated dividends-gifts+CB Equity-AT1-allocated dividends-gifts)/2
	Figures	30.09.2020: (420-21)/(((6,970-599-138-141)+(7,086-599-138-141))/2*274/366)= 8.6 %
		30.09.2019: (524-15)/(((6,394-349-153-156)+(6,847-599-153-156))/2*274/365)= 11.6 %
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	Total operating costs / Total income
	Figures	30.09.2020: 473/1,127 = 42.0 %
		30.09.2019: 478/1,193 = 40.1 %
Losses as a percentage of loans, guarantees, etc	**Definition**	«Impairment on loans, guarantees etc.» in percentage of «Net loans to and receivables from customers» at the beginning of the accounting period (annualized).
	Justification	This key figure specifies recognised impairments in relation to net lending and gives relevant information about the bank's losses compared to lending volume. This key figure is considered to be more suitable as a comparison figure to other banks than the impairments itself since this figure is viewed in context of lending volume.
	Calculation	Losses on loans and guarantees / Gross loans to and receivables from customers per 1.1.
	Figures	30.09.2020: 114/(64,288*274/366) = 0.24 %
		30.09.2019: 35/(60,589*274/365) = 0.08 %
Deposit-to-loan ratio	**Definition**	«Deposit from customers» as a percentage of «Net loans to and receivables from customers».
	Justification	The deposit-to-loan ratio provides important information about how the Group finances its operations. Receivables from customers represent an important share of the financing of the Group's lending, and this key figure provides important information about the Group's dependence on market funding.
	Calculation	Deposits from customers / Net loans to and receivables from customers
	Figures	30.09.2020: 39,329/65,367 = 60.2 %
		30.09.2019: 36,147/63,647= 56.8 %
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	CB Net loans to and recievables from customers - OB Net loans to and recievables from customers / OB Net loans to and recievables from customers
	Figures	30.09.2020: (65,367-63,647)/63,647 = 2.7 %
		30.09.2019: (63,647-59,624)/59,624= 6.7 %

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	CB Deposit from customers - OB Deposits from customers OB Deposits from customers
	Figures	30.09.2020: (39,329-36,147)/36,147 = 8.8 %
		30.09.2019: (36,147-34,684)/34,684= 4.2 %
Book value per equity certificate	**Defintion**	The total equity that belongs to the owners of the bank's equity certificates (equity certificate capital, share premium, dividend equalisation fund and equity certificate holders' share of other equity, including proposed dividends) divided by the number of issued equity certificates.
	Justification	This key figure provides information about the value of the book equity per equity certificate. This gives the reader the opportunity to assess whether the market price of the equity certificate is reasonable. The key figure is calculated as equity certificate holders' share of the equity at the end of the period, divided by the number of equity certificates.
	Calculation	(Total Equity+share premium+dividend equal.fund+EC holders' share of other equity, incl.proposed dividends) Number of ECs issued
	Figures	30.09.2020: (989+357+1,560+(225+414-21)*0.496)/9,886954 = 325
		30.09.2019: (989+356+1,392+(214+525-15)*0.496)/9.886954= 313
Price/book value (P/B)	**Definition**	Market price on the bank's equity certificates (MORG) divided by the book value per equity certificate for the Group.
	Justification	This key figure provides information about the book value per equity certificate compared to the market price at a certain time. This gives the reader the opportunity to assess whether the market price of the equity certificate is reasonable.
	Calculation	Market price per equity certificate Book value per equity certificate
	Figures	30.09.2020: 298/325= 0.91
		30.09.2019: 309/313= 0.99

Sparebanken Møre