Interim report

3

2022 Unaudited

Sparebanken Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q3 2022		Q3 2021		30.09.2022		30.09.2021		2021	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	398	1.87	320	1.58	1 085	1.72	931	1.54	1 266	1.56
Net commission and other operating income	65	0.30	56	0.29	179	0.28	157	0.26	218	0.27
Net result from financial instruments	-30	-0.14	13	0.06	-42	-0.07	59	0.10	43	0.05
Total income	433	2.03	389	1.93	1 222	1.93	1 147	1.90	1 527	1.88
Total operating costs	179	0.84	158	0.79	531	0.84	471	0.78	645	0.80
Profit before impairment on loans	254	1.19	231	1.14	691	1.09	676	1.12	882	1.08
Impairment on loans, guarantees etc.	2	0.01	2	0.01	-6	-0.01	44	0.07	49	0.06
Pre-tax profit	252	1.18	229	1.13	697	1.10	632	1.05	833	1.02
Tax	63	0.29	53	0.27	162	0.25	143	0.24	191	0.24
Profit after tax	189	0.89	176	0.86	535	0.85	489	0.81	642	0.78

Statement of financial position

(NOK million)	30.09.2022	YTD-change in per cent	31.12.2021	Change in per cent over the last 12 months	30.09.2021
Total assets 4)	87 634	5.8	82 797	4.0	84 262
Average assets 4)	84 278	4.1	80 942	4.9	80 329
Loans to and receivables from customers	73 689	5.4	69 925	6.1	69 423
Gross loans to retail customers	49 799	4.7	47 557	5.8	47 068
Gross loans to corporate and public entities	24 209	6.7	22 697	6.8	22 670
Deposits from customers	44 686	6.8	41 853	9.6	40 780
Deposits from retail customers	26 051	5.6	24 667	6.3	24 515
Deposits from corporate and public entities	18 635	8.4	17 186	14.6	16 265

Key figures and alternative performance measures (APMs)

	Q3 2022	Q3 2021	30.09.2022	30.09.2021	2021
Return on equity (annualised) 3) 4)	10.5	10.5	10.1	9.7	9.5
Cost/income ratio 4)	41.4	40.4	43.5	41.0	42.2
Losses as a percentage of loans and guarantees (annualised) 4)	0.01	0.01	-0.01	0.09	0.07
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.03	1.57	1.03	1.57	1.52
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.73	1.22	0.73	1.22	1.16
Deposit-to-loan ratio 4)	60.4	58.5	60.4	58.5	59.6
Liquidity Coverage Ratio (LCR)	152	147	152	147	122
NSFR (Net Stable Funding Ratio)	125	109	125	109	111
Lending growth as a percentage 4)	1.9	0.4	6.1	6.2	4.6
Deposit growth as a percentage 4)	-0.6	-1.7	9.6	3.7	7.3
Capital adequacy ratio 1)	22.5	20.8	22.5	20.8	20.9
Tier 1 capital ratio 1)	20.1	18.8	20.1	18.8	18.9
Common Equity Tier 1 capital ratio (CET1) 1)	18.2	17.1	18.2	17.1	17.2
Leverage Ratio (LR) 1)	7.6	7.6	7.6	7.6	7.7
Man-years	380	361	380	361	364

Equity Certificates (ECs)

	30.09.2022	30.09.2021	2021	2020	2019	2018
Profit per EC (Group) (NOK) 2)	5.17	23.71	31.10	27.10	34.50	29.60
Profit per EC (parent bank) (NOK) 2)	6.31	25.99	30.98	26.83	32.00	28.35
Number of EC	49 434 770	9 886 954	9 886 954	9 886 954	9 886 954	9 886 954
Nominal value pr EC (NOK)	20.00	100.00	100.00	100.00	100.00	100.00
EC fraction 1.1 as a percentage (parent bank)	49.7	49.6	49.7	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)	70.00	396	444	296	317	283
Stock market value (NOK million)	3 460	3 915	4 390	2 927	3 134	2 798
Book value per EC (Group) (NOK) 4)	72	350	350	332	320	303
Dividend per EC (NOK) 5)	16.00	4.50	16.00	13.50	14.00	15.50
Price/Earnings (Group, annualised)	10.2	12.5	14.3	10.9	9.2	9.6
Price/Book value (P/B) (Group) 2) 4)	0.97	1.13	1.27	0.89	0.99	0.93

1) Incl. 50 % of the comprehensive income

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

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

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

5) Our EC(MORG) was split 1:5 in April 2022. The restated dividend per EC is thus NOK 3.20

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 2022
Sparebanken Møre's profit before tax after the first three quarters of 2022 was NOK 697 million, compared with NOK 632 million for the same period in 2021.

Total income was NOK 75 million higher than for the same period in 2021. Net interest income rose by NOK 154 million and other operating income fell by NOK 79 million. Capital losses from the bond portfolio amounted to NOK 93 million, compared with no recognised change in value after the first three quarters of 2021. Capital gains from equities amounted to NOK 12 million, compared with NOK 11 million after the first three quarters of 2021. Income from other financial instruments showed a reduction of NOK 9 million compared with the same period in 2021.

Costs were NOK 60 million higher in the first three quarters of 2022 than in 2021. Personnel costs were NOK 45 million higher than last year and other operating costs NOK 15 million higher.

Receipts on losses on loans and guarantees amounted to NOK 6 million, which improved the profit by NOK 50 million compared with the same period last year.

The cost income ratio amounted to 43.5 per cent after the third quarter this year. This is 2.5 percentage points higher than in the same period in 2021.

Profit after tax was NOK 535 million, NOK 46 million higher than for the same period in 2021. The results at the end of the third quarter represent an annualised return on equity of 10.1 per cent, compared with 9.7 per cent after the first three quarters of 2021.

Earnings per equity certificate were NOK 5.17 for the Group and NOK 6.31 for the parent bank.

RESULTS FOR Q3 2022
Profit before losses amounted to NOK 254 million for the third quarter of 2022, or 1.19 per cent of average assets, compared with NOK 231 million, or 1.15 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 189 million for the third quarter of 2022, or 0.89 per cent of average assets, compared with NOK 176 million, or 0.87 per cent, for the corresponding quarter last year.

Return on equity was 10.5 per cent for the third quarter of 2022, the same as in the third quarter of 2021, and the cost income ratio amounted to 41.4 per cent compared with 40.4 per cent for the third quarter of 2021.

Earnings per equity certificate were NOK 1.82 for the Group and NOK 1.41 for the parent bank.

Net interest income
Net interest income was NOK 398 million, which is NOK 78 million, or 24.4 per cent, higher than in the corresponding quarter of last year. This represents 1.87 per cent of total assets, which is 0.29 percentage points higher than for the corresponding quarter last year.

In the retail market, the interest margin for lending has contracted and the deposit margin has widened compared with the third quarter of 2021. In the corporate market, the interest margin for lending was stable, while the interest margin for deposits widened compared with the same period.

Other operating income

Other operating income was NOK 35 million in the quarter, which is NOK 34 million lower than in the third quarter of last year. The net result from financial instruments was NOK -30 million and this is NOK 43 million less than in the third quarter of 2021. Capital losses from bond holdings were NOK 27 million in the quarter, compared with capital losses of NOK 3 million in the corresponding quarter last year. Capital losses from equities amounted to NOK 13 million, compared with capital losses of NOK 1 million in the third quarter of 2021. The negative change in value for fixed-rate lending amounted NOK 1 million, compared with a positive change in value of NOK 3 million in the same quarter last year. The value of issued bonds decreased by NOK 2 million, compared with an increase of NOK 5 million in the third quarter of 2021. Income from foreign exchange and interest trading amounted to NOK 13 million, NOK 5 million more than in the same quarter last year.

Other operating income, excluding financial instruments, increased by NOK 9 million compared with the third quarter of 2021. The increase was mainly attributable to income from insurance sales, paymenttransfer services and real estate brokerage.

See Note 7 for a specification of other operating income.

Costs

Operating costs amounted to NOK 179 million for the quarter, which is NOK 21 million higher than for the same quarter last year. Personnel costs accounted for NOK 15 million of the rise in relation to the same period last year and totalled NOK 103 million. Staffing has increased by 19 FTEs in the past 12 months to 380 FTEs. Other operating costs have increased by NOK 6 million from the same period last year. See Note 8 for a specification of costs.

The cost income ratio for the third quarter of 2022 was 41.4 per cent, 1.0 percentage points higher than in the third quarter of last year.

Provisions for expected losses and credit-impaired commitments

The quarter’s accounts were charged NOK 2 million in losses on loans and guarantees (NOK 2 million), equivalent to 0.01 per cent of average assets (0.01 per cent of average assets). The corporate segment was charged NOK 6 million in losses in the quarter, while receipts on losses in the retail segment amounted to NOK 4 million.

At the end of the third quarter of 2022, provisions for expected credit losses totalled NOK 350 million, equivalent to 0.46 per cent of gross lending and guarantee commitments (NOK 365 million and 0.51 per cent). Of the total provisions for expected credit losses, NOK 11 million concern credit-impaired commitments more than 90 days past due (NOK 17 million), which amounts to 0.01 per cent of gross lending and guarantee commitments (0.02 per cent). NOK 213 million concerns other credit-impaired commitments (NOK 231 million), which is equivalent to 0.28 per cent of gross lending and guarantee commitments (0.32 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in Stage 3) have decreased by NOK 319 million in the past 12 months. At end of the third quarter of 2022, the corporate market accounted for NOK 486 million of net credit-impaired commitments and the retail market NOK 66 million. In total, this represents 0.73 per cent of gross lending and guarantee commitments (1.22 per cent).

Lending to customers

At the end of the third quarter of 2022, lending to customers amounted to NOK 73,689 million (NOK 69,423 million). In the past 12 months, customer lending has increased by a total of NOK 4,266 million, or 6.1 per cent. Retail lending has increased by 5.8 per cent and corporate lending has increased by 6.8 per cent in the past 12 months. Lending to corporate customers increased by 1.8 per cent in the third quarter of 2022, while lending to retail customers rose by 2.0 per cent. Retail lending accounted for 67.3 per cent of total lending at the end of the third quarter of 2022 (67.5 per cent).

Deposits from customers

Customer deposits have increased by NOK 3,906 million, or 9.6 per cent, in the past 12 months. At the end of the third quarter of 2022, deposits amounted to NOK 44,686 million (NOK 40,780 million). Retail deposits have increased by 6.3 per cent in the last 12 months, while corporate deposits have increased by 16.7 per cent and public sector deposits have decreased by 19.7 per cent. The retail market's relative share of deposits amounted to 58.3 per cent (60.1 per cent), while deposits from the corporate market accounted for 40.0 per cent (37.6 per cent) and from the public sector market 1.7 per cent (2.3 per cent).

The deposit-to-loan ratio was 60.4 per cent at the end of the third quarter of 2022 (58.5 per cent).

LIQUIDITY AND FUNDING

Sparebanken Møre's liquidity coverage ratio (LCR) was 152 for the Group and 142 for the parent bank at the end of the quarter. The EUR is a significant currency for the Group and Møre Boligkreditt AS. A currency is considered a 'significant currency' when liabilities denominated in that currency amount to 5 per cent of total liabilities. When the EUR and/or USD are significant currencies, a minimum requirement for NOK of 50 per cent applies.

The EU banking package was introduced in Norway from 1 June this year. This entails, among other things, the introduction of a binding requirement that the net stable funding ratio (NSFR) must be more than 100 at all reporting levels. CRR2 sets new weights for asset and liability items, and for off-balance sheet items. The bank has measured and reported NSFRs for several years, and the NSFR was 125 at the end of the third quarter (consolidated figure), while the NSFRs for the bank and Møre Boligkreditt AS were 125 and 115, respectively.

Total net market funding (excluding AT1) amounted to NOK 32.2 billion at the end of the third quarter. Senior bonds with a remaining term to maturity of 1 year have a weighted remaining term to maturity of 2.42 years, while covered bond funding through Møre Boligkreditt AS correspondingly has a weighted remaining term to maturity of 3.17 years – overall for market funding in the Group (inclusive of subordinated loan capital (T2) and SNP (T3)) the remaining term to maturity is 3.15 years. Møre Boligkreditt AS issues bonds based on the transfer of loans from the parent bank. The loans transferred to the mortgage company amounted to NOK 28,210 million at the end of the quarter, equal to around 38 per cent of the bank's total lending.

RATING

In an update dated 25 July this year, Moody's Investor Service confirmed Sparebanken Møre's counterparty, deposit and issuer rating of A1 with a stable outlook. The rating of the bank's Junior senior unsecured bank debt (SNP) in local currency was also maintained at Baa1.

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

CAPITAL ADEQUACY

Sparebanken Møre is well capitalised. At the end of the third quarter, the Common Equity Tier 1 capital ratio was 18.2 per cent (17.1 per cent), including 50 per cent of the result for the year to date. This is 5.0 percentage points higher than the total regulatory minimum requirement for the Common Equity Tier 1 capital ratio of 13.2 per cent. The primary capital ratio, including 50 per cent of the result for the year to date, was 22.5 per cent (20.8 per cent) and the Tier 1 capital ratio was 20.1 per cent (18.8 per cent).

Capital adequacy is calculated in line with the EU's Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR).

The EU's banking package came into force on 1 June and introduces a number of changes to financial strength and liquidity requirements, as well as to crisis management regulations. The banking package also includes an expansion of the SME discount, which reduces the bank's capital requirements for lending to SMEs. The effect of this change in the regulations amounts to an improvement of 1.3 percentage points in the Common Equity Tier 1 capital ratio for the bank.

Sparebanken Møre's total Common Equity Tier 1 capital ratio requirement is 13.2 per cent. The requirement consists of a minimum requirement of 4.5 percent, a capital conservation buffer of 2.5 per cent, a systemic risk buffer of 3.0 per cent and countercyclical buffer of 1.5 per cent. In addition, the Financial Supervisory Authority of Norway has set an individual Pilar 2 requirement for Sparebanken Møre of 1.7 per cent, as well as an expected capital adequacy margin of 1.25 per cent.

The leverage ratio (LR) at the end of the third quarter of 2022 was 7.6 per cent, the same as it was at the end of the third quarter of 2021. The regulatory minimum requirement (3 per cent) was met by a good margin.

MREL

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

The MREL requirement must be covered by own funds or debt instruments with a lower priority than ordinary, unsecured, non-prioritised debt (senior debt). The subordination requirement (lower priority) must be met in full by no later than 1 January 2024. Until then, senior debt with a remaining term to maturity of more than one year can be used to help meet the subordination requirement.

The overall subordination requirement must as a minimum be phased in linearly. From 1 January 2022, the effective subordination requirement is 20 per cent of the adjusted risk-weighted assets.

Sparebanken Møre had issued NOK 2,000 million in subordinated bond debt at the end of third quarter of 2022.

SUBSIDIARIES

The aggregate profit of the bank's three subsidiaries amounted to NOK 127 million at the end of the first three quarters of 2022 (NOK 191 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 2022, the company had outstanding bonds of NOK 24.0 billion in the market. Around 33 per cent of this was denominated in a currency other than NOK. At the end of the quarter, the parent bank held no bonds issued by the company. Møre Boligkreditt AS has contributed NOK 122 million to the Group's result so far in 2022 (NOK 190 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company has made a profit contribution of NOK 2 million so far in 2022 (NOK 0 million). At the end of the quarter, the company employed 19 FTEs.

The purpose of Sparebankeiendom AS and Storgata 41-45 Molde AS is to own and manage the bank's own commercial properties. The companies have made a profit contribution of NOK 3 million so far in 2022 (NOK 1 million). The companies have no staff.

EQUITY CERTIFICATES

At the end of the third quarter of 2022, there were 6,039 holders of Sparebanken Møre's equity certificate. The proportion of equity certificates owned by foreign nationals amounted to 2.3 per cent at the end of the quarter. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.66 per cent of the bank's total equity.

Note 14 includes a list of the 20 largest holders of the bank's equity certificates. As at 30 September 2022, the bank owned 120,937 treasury equity certificates. These were purchased on the Oslo Børs at market prices. As far as the aforementioned holding is concerned, the bank acquired 10,000 equity certificates in the third quarter through seven transactions.

FUTURE PROSPECTS

The outlook for the global economy weakened further during the third quarter. This was due to the continued war between Russia and Ukraine, higher inflation and more central banks raising their key policy rates, some of them sharply, in order to curb inflationary pressures. The central banks' forecasts indicate that rates will continue to rise in the coming period. The prospects for growth in 2023 are weak, both domestically and internationally.

In order to curb inflationary pressures, the US Federal Bank increased the range of its key federal funds rate by 0.75 percentage points to 3.00-3.25 per cent at its monetary policy meeting on 21 September. The bank has also indicated that the rate will be increased by a further 1.25 per cent over the following two l monetary policy meetings of the year.

The rate rises in the USA are due to very high inflation. In August, 12-month consumer price inflation was 8.3 per cent. Moreover, core inflation, i.e. inflation exclusive of taxes and energy, was at 6.3 per cent. The factors affecting prices in the US economy are therefore broadly based.

Global long interest rates have risen due to the prospect of higher rates in the US. During the third quarter, the 10-year Treasury note rate in the US, which is referred to as the world's most important rate, rose from 3.0 to 3.7 per cent. Long interest rates are based on expectations concerning the development of the key policy rate.

Furthermore, the European Central Bank (ECB) raised its key policy rate by 0.75 percentage point to 0.75 per cent at its monetary policy meeting on 8 September. This sharp rate rise must also be viewed in the context of high inflation. Consumer price inflation in the euro zone was 9.1 per cent in August.

Domestically, Norges Bank increased its key policy rate by 0.50 percentage points to 2.25 per cent at its monetary policy meeting on 22 September. In parallel with this, the bank published a new projected path for interest rates. This path indicates that interest rates will rise by 0.25 percentage points in November and December this year and in March 2023. Moreover, there is some likelihood of a final interest rate hike in June next year.

However, since the interest rate path was published, the development of inflation means that the probability of an interest rate increase of 0.50 percentage points in November has increased. In September, overall 12-month consumer price inflation was 6.9 per cent. Core inflation, i.e. inflation exclusive of taxes and energy, was at 5.3 per cent. Both inflation figures were clearly higher than Norges Bank had assumed.

So far, it appears that the interest rate hikes and high energy prices have had no significant impact on the development of output in Norway. Norway's Mainland GDP rose by 0.4 per cent from July to August, adjusted for seasonal and calendar effects. In addition, the figures for June and July were revised upwards.

Unemployment remains low due to demand for domestically produced goods and services remaining at a high level. At the end of September, the number of unemployed people in Møre og Romsdal accounted for 1.4 per cent of the workforce. The national unemployment rate was 1.6 per cent.

Growth in lending to households has fallen so far this year for Norway as a whole, while growth in lending to the corporate market has increased markedly. At the end of August this year, the overall 12-month growth in lending to the public was 5.2 per cent, compared with 5.0 per cent at the end of 2021. As a consequence of higher interest rates and the weaker development of house prices, a further slowdown in the growth of lending to households is expected going forward, while corporate investments, including petroleum investments, are helping to keep the rate of growth in corporate lending up.

The bank's overall lending growth remained good during the first three quarters of the year. The 12-month rate ended at 6.1 per cent at the end of the quarter, markedly above the level at the end of 2021 of 4.6 per cent. The year-on-year growth in lending to the retail market ended at 5.8 per cent at the end of the third quarter, while lending growth in the corporate market over the past 12 months to the end of September was 6.8 per cent. Deposits increased by 9.6 per cent in the past 12 months up to the end of the third quarter of 2022, and the deposit-to-loan ratio remains high.

Based on feedback the bank has received from customers, business- and industry asscociations and signals from the market following the presentation of the proposed State budget, proposed activity dampening measures will have negative impact on investments and consumption. This is expected to have significant consequences for the growth rate going forward. In particular, stricter taxation of the hydropower-, wind- and aquaculture industries, stricter taxation of owner's capital, as well as the tightening of the regulations on temporary employment, will have negative consequences in our region.

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

Sparebanken Møre's strategic financial performance targets are a return on equity of above 11 per cent and a cost income ratio of under 40 per cent. The Board expects the financial targets for 2022 to be achieved and the cost income ratio to be below 40 per cent at the end of the year.

Ålesund, 30 September 2022
26 October 2022

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE
LEIF-ARNE LANGØY, Chair of the Board
HENRIK GRUNG, Deputy Chair
JILL AASEN
KÅRE ØYVIND VASSDAL
THERESE MONSÅS LANGSET
SIGNY STARHEIM
BJØRN FØLSTAD
MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q3 2022	Q3 2021	30.09.2022	30.09.2021	2021
Interest income from assets at amortised cost		616	400	1 582	1 178	1 583
Interest income from assets at fair value		86	28	215	97	140
Interest expenses		304	108	712	344	457
Net interest income	3	398	320	1 085	931	1 266
Commission income and revenues from banking services		64	58	180	166	226
Commission expenses and charges from banking services		8	9	25	28	34
Other operating income		9	7	24	19	26
Net commission and other operating income	7	65	56	179	157	218
Dividends		0	1	1	2	3
Net change in value of financial instruments		-30	12	-43	57	40
Net result from financial instruments	7	-30	13	-42	59	43
Total other income	7	35	69	137	216	261
Total income		433	389	1 222	1 147	1 527
Salaries, wages etc.		103	88	308	263	360
Depreciation and impairment of non-financial assets		12	11	34	34	45
Other operating expenses		64	59	189	174	240
Total operating expenses	8	179	158	531	471	645
Profit before impairment on loans		254	231	691	676	882
Impairment on loans, guarantees etc.	5	2	2	-6	44	49
Pre-tax profit		252	229	697	632	833
Taxes		63	53	162	143	191
Profit after tax		189	176	535	489	642
Allocated to equity owners		182	170	515	472	619
Allocated to owners of Additional Tier 1 capital		7	6	20	17	23
Profit per EC (NOK) 1) *		1.82	8.60	5.17	23.71	31.10
Diluted earnings per EC (NOK) 1) *		1.82	8.60	5.17	23.71	31.10
Distributed dividend per EC (NOK)		0.00	0.00	16.00	4.50	13.50

* The figures for 2022 are calculated based on a split where the number of equity cerfitcates increased from 9,886,954 to 49,434,770.

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q3 2022	Q3 2021	30.09.2022	30.09.2021	2021
Profit after tax	189	176	535	489	642
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	26	6	58	-5	3
Tax effect of changes in value on basisswap spreads	-6	-1	-13	1	-1
Items that will not be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	12
Tax effect of pension estimate deviations	0	0	0	0	-3
Total comprehensive income after tax	209	181	580	485	653
Allocated to equity owners	202	175	560	468	630
Allocated to owners of Additional Tier 1 capital	7	6	20	17	23

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

Statement of financial position - Group

ASSETS (COMPRESSED)

(NOK million)	Note	30.09.2022	30.09.2021	31.12.2021
Cash and receivables from Norges Bank	9 10 13	677	480	428
Loans to and receivables from credit institutions	9 10 13	971	2 736	867
Loans to and receivables from customers	4 5 6 9 11 13	73 689	69 423	69 925
Certificates, bonds and other interest-bearing securities	9 11 13	10 546	9 814	10 185
Financial derivatives	9 11	1 115	1 198	810
Shares and other securities	9 11	221	193	204
Intangible assets		53	50	51
Fixed assets		204	203	204
Other assets		158	165	123
Total assets		87 634	84 262	82 797

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.09.2022	30.09.2021	31.12.2021
Loans and deposits from credit institutions	9 10 13	836	1 844	980
Deposits from customers	4 9 10 13	44 686	40 780	41 853
Debt securities issued	9 10 12	31 086	31 608	30 263
Financial derivatives	9 11	943	327	336
Other provisions for incurred costs and prepaid income		86	67	80
Pension liabilities		29	48	35
Tax payable		392	138	334
Provisions for guarantee liabilities		31	50	39
Deferred tax liabilities		61	194	61
Other liabilities		769	916	543
Subordinated loan capital	9 10	855	702	703
Total liabilities		79 774	76 674	75 227
EC capital	14	989	989	989
ECs owned by the bank		-3	-2	-2
Share premium		358	357	357
Additional Tier 1 capital		650	599	599
Paid-in equity		1 994	1 943	1 943

Primary capital fund	3 093	2 939	3 094
Gift fund	125	125	125
Dividend equalisation fund	1 829	1 679	1 831
Other equity	239	417	577
Comprehensive income for the period	580	485	0
Retained earnings	5 866	5 645	5 627
Total equity	7 860	7 588	7 570
Total liabilities and equity	87 634	84 262	82 797

Statement of changes in equity - Group

GROUP 30.09.2022	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as of 31.12.2021	7 570	987	357	599	3 094	125	1 831	577
Changes in own equity certificates	-3	-1	1		-1		-2	
Distributed dividends to the EC holders	-158							-158
Distributed dividends to the local community	-160							-160
Issued Additional Tier 1 capital	400			400				
Redemption of Additional Tier 1 capital	-349			-349				
Interests on issued Additional Tier 1 capital	-20							-20
Comprehensive income for the period	580							580
Equity as at 30 September 2022	7 860	986	358	650	3 093	125	1 829	819

GROUP 30.09.2021	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	-17							-17
Comprehensive income for the period	485							485
Equity as at 30 September 2021	7 588	987	357	599	2 939	125	1 679	902

GROUP 31.12.2021	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 2020	7 208	987	357	599	2 939	125	1 679	522
Changes in own equity certificates	0							
Distributed dividend to the EC holders	-133							-133
Distributed dividend to the local community	-135							-135
Interests paid on Additional Tier 1 capital issued	-23							-23
Equity before allocation of profit for the year	6 917	987	357	599	2 939	125	1 679	231
Allocated to the primary capital fund	150				150			
Allocated to the dividend equalisation fund	148						148	
Allocated to owners of Additional Tier 1 capital	23							23
Allocated to other equity	3							3
Proposed dividend allocated for the EC holders	158							158
Proposed dividend allocated for the local community	160							160
Profit for the year	642	0	0	0	150	0	148	344
Changes in value - basis swaps	3							3
Tax effect of changes in value - basis swaps	-1							-1
Pension estimate deviations	12				6		6	
Tax effect of pension estimate deviations	-3				-1		-2	
Total other income and costs from comprehensive income	11	0	0	0	5	0	4	2
Total profit for the year	653	0	0	0	155	0	152	346
Equity as at 31 December 2021	7 570	987	357	599	3 094	125	1 831	577

Statement of cash flow - Group

(NOK million)	30.09.2022	30.09.2021	31.12.2021
Cash flow from operating activities			
Interest, commission and fees received	1 872	1 364	1 884
Interest, commission and fees paid	-328	-214	-277
Interest received on certificates, bonds and other securities	135	85	94
Dividend and group contribution received	1	0	3
Operating expenses paid	-472	-380	-531
Income taxes paid	-116	-115	-104
Changes relating to loans to and claims on other financial institutions	-104	-1 570	299
Changes relating to repayment of loans/leasing to customers	-2 806	-2 073	-3 037
Changes in utilised credit facilities	-944	-539	-90
Net change in deposits from customers	2 833	1 756	2 829
Proceeds from the sale of certificates, bonds and other securities	12 741	3 915	6 286
Purchases of certificates, bonds and other securities	-13 512	-7 133	-10 013
Net cash flow from operating activities	-700	-4 904	-2 657
Cash flow from investing activities			
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-23	-9	-17
Changes in other assets	141	59	135
Net cash flow from investing activities	118	50	118
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-411	-206	-268
Net change in deposits from Norges Bank and other financial institutions	-144	-366	-1 229
Proceeds from bond issues raised	5 152	6 095	6 346
Redemption of debt securities	-3 546	-962	-2 150
Dividend paid	-158	-44	-133
Changes in other debt	-93	292	-118
Redemption of Additional Tier 1 capital	-349	0	0
Proceeds from issued Additional Tier 1 capital	400	0	0
Paid interest on Additional Tier 1 capital issued	-20	-17	-23
Net cash flow from financing activities	831	4 792	2 425
Net change in cash and cash equivalents	249	-62	-114
Cash balance at 01.01	428	542	542
Cash balance at 30.09/31.12	677	480	428

Note 1

Accounting principles

The Group`s interim accounts have been prepared in accordance with adopted International Financial Reporting Standards (IFRS), approved by the EU as at 30 September 2022. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2021 Financial statements.

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

Note 2

Capital adequacy

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

The EU Banking Package, CRR II/CRD V, entered into force in Norway 1st June and introduces a number of changes in the solvency and liquidity requirements as well as in the Bank and Resolution Directive, BRRD II. The Banking Package also includes an extension of the SME discount, which reduces the bank's capital requirements for lending to small and medium-sized enterprises. For Sparebanken Møre, the effect of this rule change is an improvement in CET1 of 1.3 percentage points.

Sparebanken Møre has a total requirement for Common Equity Tier 1 capital ratio (CET1) of 13.2 per cent. The requirement consists of a minimum requirement of 4.5 per cent, a capital conservation buffer of 2.5 per cent, a systemic risk buffer of 3.0 per cent and a countercyclical capital buffer of 1.5 per cent. In addition, the FSA has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, as well as an expectation of a capital margin of 1.25 per cent.

Norges Bank has decided to increase the countercyclical buffer to 2.0 per cent with effect from 31 December 2022 and further to 2.5 per cent from 31 March 2023. The Ministry of Finance has stated that the systemic risk buffer requirement will be increased from 3.0 per cent to 4.5 per cent with effect from 31 December 2022 for banks using the standardised approach and IRB basic.

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

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

The MREL requirement must be covered by own funds or debt instruments with a lower priority than ordinary, unsecured, non-prioritised debt (senior debt). The subordination requirement (lower priority) must be met in full by no later than 1 January 2024. Until then, senior debt with a remaining term to maturity of more than one year can be used to help meet the subordination requirement.

The overall subordination requirement must as a minimum be phased in linearly. From 1 January 2022, the effective subordination requirement is 20 per cent of the adjusted risk-weighted assets.

At the end of the 3rd quarter of 2022, Sparebanken Møre has issued NOK 2,000 million in senior non-preferred debt (SNP).

Equity	30.09.2022	30.09.2021	31.12.2021
EC capital	989	989	989
- ECs owned by the bank	-3	-2	-2
Share premium	358	357	357
Additional Tier 1 capital (AT1)	650	599	599
Primary capital fund	3 093	2 939	3 094
Gift fund	125	125	125
Dividend equalisation fund	1 829	1 679	1 831
Proposed dividend	0	0	158
Proposed dividend for the local community	0	0	160
Equity granted in accordance with board authorisation	0	179	0
Other equity	239	238	259
Comprehensive income for the period	580	485	0
Total equity	7 860	7 588	7 570

Tier 1 capital (T1)	30.09.2022	30.09.2021	31.12.2021
Goodwill, intangible assets and other deductions	-53	-50	-51
Value adjustments of financial instruments at fair value	-17	-16	-16
Additional Tier 1 capital (AT1)	-650	-599	-599
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-589	-509	-498
Deduction for proposed dividend	0	0	-158
Deduction for proposed dividend for the local community	0	0	-160
Deduction for dividend distributed in accordance with board authorisation	0	-179	0
Deduction of comprehensive income for the period	-580	-485	0
Total Common Equity Tier 1 capital (CET1)	5 971	5 750	6 088
Additional Tier 1 capital - classified as equity	650	599	599
Additional Tier 1 capital - classified as debt	0	0	0
Total Tier 1 capital (T1)	6 621	6 349	6 687

Tier 2 capital (T2)	30.09.2022	30.09.2021	31.12.2021
Subordinated loan capital of limited duration	855	702	703
Total Tier 2 capital (T2)	855	702	703

Net equity and subordinated loan capital	7 476	7 051	7 390

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	**30.09.2022**	**30.09.2021**	**31.12.2021**
Central governments or central banks	0	0	0
Local and regional authorities	240	335	336
Public sector companies	202	212	195
Institutions	281	507	434
Covered bonds	523	469	486
Equity	198	173	173
Other items	709	687	655
Total credit risk - standardised approach	2 153	2 382	2 279

Credit risk - IRB Foundation	**30.09.2022**	**30.09.2021**	**31.12.2021**
Retail - Secured by real estate	11 100	10 289	10 409
Retail - Other	336	403	359
Corporate lending	17 925	18 914	19 138
Total credit risk - IRB-F	29 361	29 605	29 906

Market risk (standardised approach)	155	255	225
Operational risk (basic indicator approach)	2 903	2 840	2 903
Risk weighted assets (RWA)	**34 572**	**35 082**	**35 313**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 556	1 579	1 589

Buffer requirements	**30.09.2022**	**30.09.2021**	**31.12.2021**
Capital conservation buffer , 2.5 %	864	877	883
Systemic risk buffer, 3.0 %	1 037	1 052	1 059
Countercyclical buffer, 1.5 % (1.0 % per 30.09.2021 and 31.12.2021)	519	351	353
Total buffer requirements for Common Equity Tier 1 capital	2 420	2 280	2 295
Available Common Equity Tier 1 capital after buffer requirements	1 995	1 891	2 204

Capital adequacy as a percentage of risk weighted assets (RWA)	**30.09.2022**	**30.09.2021**	**31.12.2021**
Capital adequacy ratio	21.6	20.1	20.9
Capital adequacy ratio incl. 50 % of the profit	22.5	20.8	-
Tier 1 capital ratio	19.2	18.1	18.9
Tier 1 capital ratio incl. 50 % of the profit	20.1	18.8	-
Common Equity Tier 1 capital ratio	17.3	16.4	17.2
Common Equity Tier 1 capital ratio incl. 50 % of the profit	18.2	17.1	-

Leverage Ratio (LR)	30.09.2022	30.09.2021	31.12.2021
Basis for calculation of leverage ratio	91 214	86 664	86 890
Leverage Ratio (LR)	7.3	7.3	7.7
Leverage Ratio (LR) incl. 50 % of the profit	7.6	7.6	-

Note 3

Operating segments

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

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

Key figures - 30.09.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	74 008	-110	1 231	23 224	49 663	0
Expected credit loss on loans	-319	0	0	-245	-74	0
Net loans to customers	73 689	-110	1 231	22 979	49 589	0
Deposits from customers 1)	44 686	-126	783	16 007	28 022	0
Guarantee liabilities	1 587	0	0	1 584	3	0
Expected credit loss on guarantee liabilities	31	0	0	31	0	0
The deposit-to-loan ratio	60.4	114.5	63.6	68.9	56.4	0.0
Man-years	380	0	174	42	145	19

Result - Q3 2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	320	0	-10	133	197	0
Other operating income	69	-14	23	24	29	7
Total income	389	-14	13	157	226	7
Operating costs	158	-15	17	44	105	7
Profit before impairment	231	1	-4	113	121	0
Impairment on loans, guarantees etc.	2	0	0	9	-7	0
Pre-tax profit	229	1	-4	104	128	0
Taxes	53					
Profit after tax	176					

Result - 30.09.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	931	1	-17	385	562	0
Other operating income	216	-45	89	73	79	20
Total income	1 147	-44	72	458	641	20
Operating costs	471	-46	102	91	304	20
Profit before impairment	676	2	-30	367	337	0
Impairment on loans, guarantees etc.	44	0	0	44	0	0
Pre-tax profit	632	2	-30	323	337	0
Taxes	143					
Profit after tax	489					

Key figures - 30.09.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	69 738	-113	1 177	21 981	46 693	0
Expected credit loss on loans	-315	0	0	-252	-63	0
Net loans to customers	69 423	-113	1 177	21 729	46 630	0
Deposits from customers 1)	40 780	-16	604	14 103	26 089	0
Guarantee liabilities	1 579	0	0	0	4	1 575
Expected credit loss on guarantee liabilities	50	0	0	50	0	0
The deposit-to-loan ratio	58.5	14.2	51.3	64.2	55.9	0.0
Man-years	361	0	163	44	137	17

Result - 31.12.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 266	2	-24	526	762	0
Other operating income	261	-64	97	98	103	27
Total income	1 527	-62	73	624	865	27
Operating costs	645	-62	149	123	408	27
Profit before impairment	882	0	-76	501	457	0
Impairment on loans, guarantees etc.	49	0	0	45	4	0
Pre-tax profit	833	0	-76	456	453	0
Taxes	191					
Profit after tax	642					

Key figures - 31.12.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	70 254	-113	1 221	21 939	47 207	0
Expected credit loss on loans	-329	0	0	-262	-67	0
Net loans to customers	69 925	-113	1 221	21 677	47 140	0
Deposits from customers 1)	41 853	-17	611	14 957	26 302	0
Guarantee liabilities	1 732	0	0	1 728	4	0
Expected credit loss on guarantee liabilities	39	0	0	39	0	0
The deposit-to-loan ratio	59.6	15.0	50.0	68.2	55.7	0.0
Man-years	364	0	175	40	132	17

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 2022**	**Q3 2021**	**30.09.2022**	**30.09.2021**	**31.12.2021**
Net interest income	66	96	207	274	360
Other operating income	-5	5	-7	9	-3
Total income	61	101	200	283	357
Operating costs	11	12	38	39	51
Profit before impairment on loans	50	89	162	244	306
Impairment on loans, guarantees etc.	0	0	5	0	0
Pre-tax profit	50	89	157	244	306
Taxes	11	20	35	54	67
Profit after tax	39	69	122	190	239

MØRE BOLIGKREDITT AS			
Statement of financial position	**30.09.2022**	**30.09.2021**	**31.12.2021**
Loans to and receivables from customers	28 200	29 531	28 971
Total equity	1 718	1 736	1 791

Note 4

Loans and deposits broken down according to sectors

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

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

30.09.2021	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	590	0	-2	-1	54	641
Fisheries	3 577	-1	-1	-1	2	3 576
Manufacturing	3 376	-9	-5	-13	9	3 358
Building and construction	951	-4	-2	-4	8	949
Wholesale and retail trade, hotels	1 047	-2	-2	-2	6	1 047
Supply/Offshore	1 289	-1	-20	-155	0	1 113
Property management	7 851	-6	-4	-4	200	8 037
Professional/financial services	442	-1	-1	0	16	456
Transport and private/public services/abroad	3 199	-5	-3	-3	53	3 241
Total corporate/public entities	22 322	-29	-40	-183	348	22 418
Retail customers	43 321	-7	-36	-20	3 747	47 005
Total loans to and receivables from customers	65 643	-36	-76	-203	4 095	69 423

31.12.2021	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	623	0	-2	-3	53	671
Fisheries	3 480	-4	-2	-1	2	3 475
Manufacturing	3 142	-6	-2	-12	10	3 132
Building and construction	1 006	-2	-1	-3	5	1 005
Wholesale and retail trade, hotels	1 065	-1	0	-1	5	1 068
Supply/Offshore	1 258	-1	-10	-181	0	1 066
Property management	7 694	-5	-2	-4	197	7 880
Professional/financial services	785	-1	-1	0	16	799
Transport and private/public services/abroad	3 319	-5	-9	-3	37	3 339
Total corporate/public entities	22 372	-25	-29	-208	325	22 435
Retail customers	43 925	-7	-39	-21	3 632	47 490
Total loans to and receivables from customers	66 297	-32	-68	-229	3 957	69 925

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

DEPOSITS FROM CUSTOMERS	GROUP		
Sector/industry	**30.09.2022**	**30.09.2021**	**31.12.2021**
Agriculture and forestry	274	237	234
Fisheries	1 889	1 170	1 679
Manufacturing	3 564	2 542	2 600
Building and construction	946	872	836
Wholesale and retail trade, hotels	1 409	1 731	1 682
Property management	2 664	2 199	2 306
Transport and private/public services	4 624	4 013	4 400
Public administration	751	935	946
Others	2 514	2 566	2 503
Total corporate/public entities	18 635	16 265	17 186
Retail customers	26 051	24 515	24 667
Total	44 686	40 780	41 853

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

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

Quantitative criteria

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

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

- PD has increased by 100 per cent or more and the increase in PD is more than 0.5 percentage points (if initial PD <1 per cent), or
- PD has increased by 100 per cent or more or the increase in PD is higher than 2 percentage points (if initial PD was >/= 1 per cent)

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

Qualitative criteria

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

"Backstops"

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

- the customer's contractual payments are 30 days past due
- the customer has been granted forbearance measures due to financial distress, though it is not

severe enough to be individually assessed in stage 3.

Significant reduction in credit risk – recovery

A customer migrates from stage 2 to stage 1 if:

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

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

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

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

Scenarios

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

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

Definition of default, credit-impaired and forbearance

The definition of default has been amended from 1 January 2021 and has been extended to include breaches of special covenants and agreed payment reliefs (forbearance). The new default definition has not changed the Group's assessment of credit risk associated with individual exposures, and there is therefore no significant effect on the Group's losses.

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

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

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

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

Management override

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

Consequences of increased macroeconomic uncertainty and measurement of expected credit loss (ECL) for loans and guarantees

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

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

Price inflation has risen rapidly in recent months and has been significantly higher than estimated by Norges Bank. Inflation is clearly above Norges Bank's target, and it is anticipated that it will remain high for longer than previously estimated. The job market is tight, but there are clear indications of a turnaround in the Norwegian economy. Less pressure in the economy will contribute to curbing price inflation. Capacity problems in production as a result of the reopening of the economy in combination with increased energy prices and raw material prices have led to rising inflation. Increased uncertainty about economic development and interest rate hikes have led to a sharp rise in market interest rates internationally.

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

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

Low required rates of return make commercial property prices particularly vulnerable to higher interest rates or risk premiums. An abrupt increase in the required rate of return may lead to a marked fall in selling prices. Many commercial real estate companies have high debt-to-income ratios, and higher interest rates will lead to a larger portion of the income being spent on servicing debt.

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 in the first three quarters of 2022. The probability of a pessimistic scenario is increased from 10 per cent to 20 per cent, the base case scenario is 70 per cent and the best case scenario is reduced from 20 per cent to 10 per cent.

The model-based provisions have increased in the quarter, which is attributed to increased uncertainty in the retail market due to increased energy prices, interest costs and general price increases in society. Overall, this will increase household expenses, reduce purchasing power and potentially increase default somewhat in the future. Overall, the level of model-based provisions is assessed as robust.

So far, no significant increase in arrears and forbearance has been observed as a result of increased interest costs and higher inflation.

The decrease in the individually assessed provisions in stage 3 in 2022 is primarily attributed to positive risk development on commitments in the offshore/supply sector.

Specification of credit loss in the income statement

GROUP	Q3 2022	Q3 2021	30.09.2022	30.09.2021	2021
Changes in ECL - stage 1 (model-based)	-7	2	-5	4	0
Changes in ECL - stage 2 (model-based)	6	-6	26	-4	-12
Changes in ECL - stage 3 (model-based)	-2	0	-1	-1	-1
Changes in existing expected losses in stage 3 (individually assessed)	6	5	-21	47	64
Confirmed losses, not previously impaired	0	3	0	5	7
Recoveries	-1	-2	-5	-7	-9
Total impairments on loans and guarantees	2	2	-6	44	49

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

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

GROUP - 30.09.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	33	84	209	326
New commitments	11	3	0	14
Disposal of commitments and transfer to stage 3 (individually assessed)	-6	-14	-3	-23
Changes in ECL in the period for commitments which have not migrated	1	-2	1	0
Migration to stage 1	1	-13	-1	-13
Migration to stage 2	-3	24	-2	19
Migration to stage 3	0	-2	4	2
Changes stage 3 (individually assessed)	-	-	40	40
ECL 30.09.2021	37	80	248	365
- of which expected losses on loans to retail customers	7	36	20	63
- of which expected losses on loans to corporate customers	29	40	183	252
- of which expected losses on guarantee liabilities	1	4	45	50

GROUP - 31.12.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	33	84	209	326
New commitments	13	12	0	25
Disposal of commitments and transfer to stage 3 (individually assessed)	-8	-20	-4	-32
Changes in ECL in the period for commitments which have not migrated	-5	-5	-1	-11
Migration to stage 1	1	-18	-2	-19
Migration to stage 2	-1	22	0	21
Migration to stage 3	0	-3	6	3
Changes stage 3 (individually assessed)	-	-	55	55
ECL 31.12.2021	33	72	263	368
- of which expected losses on loans to retail customers	7	39	21	67
- of which expected losses on loans to corporate customers	25	29	208	262
- of which expected losses on guarantee liabilities	1	4	34	39

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

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

GROUP - 30.09.2021	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	53 710	468	-	54 178
Medium risk (0.5 % - < 3 %)	7 817	2 788	-	10 605
High risk (3 % - <100 %)	1 403	1 181	-	2 584
Credit-impaired commitments	-	-	1 119	1 119
Total commitments before ECL	62 930	4 437	1 119	68 486
- ECL	-37	-80	-248	-365
Net commitments *)	62 893	4 357	871	68 121

GROUP - 31.12.2021	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	57 093	339	-	57 432
Medium risk (0.5 % - < 3 %)	10 186	2 024	-	12 210
High risk (3 % - <100 %)	1 974	1 261	-	3 235
Credit-impaired commitments	-	-	1 096	1 096
Total commitments before ECL	69 253	3 624	1 096	73 973
- ECL	-33	-72	-263	-368
Total net commitments *)	69 220	3 552	833	73 605

*) 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 for more than 90 days and other credit-impaired commitments (less than 90 days).

	30.09.2022			30.09.2021			31.12.2021		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments in default for more than 90 days	42	34	8	78	68	10	46	41	5
Gross other credit-impaired commitments	734	47	687	1 041	49	992	1 050	51	999
Gross credit-impaired commitments	776	81	695	1 119	117	1 002	1 096	92	1 004
ECL on commitments in default for more than 90 days	11	7	4	17	11	6	15	11	4
ECL on other credit-impaired commitments	213	8	205	231	9	222	248	10	238
ECL on credit-impaired commitments	224	15	209	248	20	228	263	21	242
Net commitments in default for more than 90 days	31	27	4	61	57	4	31	30	1
Net other credit-impaired commitments	521	39	482	810	40	770	802	41	761
Net credit-impaired commitments	552	66	486	871	97	774	833	71	762
Total gross loans to customers - Group	74 008	49 799	24 209	69 738	47 068	22 670	70 254	47 557	22 697
Guarantees - Group	1 587	3	1 584	1 579	4	1 575	1 732	4	1 728
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.03%	0.16%	2.69%	1.57%	0.25%	4.13%	1.52%	0.19%	4.11%
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.73%	0.13%	1.88%	1.22%	0.20%	3.19%	1.16%	0.15%	3.12%

Note 7

Other income

(NOK million)	30.09.2022	30.09.2021	2021
Guarantee commission	30	29	39
Income from the sale of insurance services (non-life/personal)	18	18	26
Income from the sale of shares in unit trusts/securities	12	11	15
Income from Discretionary Portfolio Management	33	31	42
Income from payment transfers	66	59	79
Other fees and commission income	21	18	25
Commission income and income from banking services	180	166	226
Commission expenses and expenses from banking services	-25	-28	-34
Income from real estate brokerage	24	18	25
Other operating income	0	1	1
Total other operating income	24	19	26
Net commission and other operating income	179	157	218
Interest hedging (for customers)	14	9	12
Currency hedging (for customers)	27	26	35
Dividend received	1	2	3
Net gains/losses on shares	12	11	18
Net gains/losses on bonds	-93	0	-23
Change in value of fixed-rate loans	-143	-85	-107
Derivates related to fixed-rate lending	146	97	113
Change in value of issued bonds	436	446	771
Derivates related to issued bonds	-441	-446	-777
Net gains/losses related to buy back of outstanding bonds	-1	-1	-2
Net result from financial instruments	-42	59	43
Total other income	137	216	261

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

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

Net commission and other operating income - 30.09.2021	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	29	0	29	0	0
Income from the sale of insurance services	18	2	1	15	0
Income from the sale of shares in unit trusts/securities	11	3	0	8	0
Income from Discretionary Portfolio Management	31	12	10	9	0
Income from payment transfers	59	7	13	39	0
Other fees and commission income	18	-25	21	22	0
Commission income and income from banking services	166	-1	74	93	0
Commission expenses and expenses from banking services	-28	-13	-1	-14	0
Income from real estate brokerage	18	0	0	0	18
Other operating income	1	1	0	0	0
Total other operating income	19	1	0	0	18
Net commision and other income	157	-13	73	79	18

Net commission and other operating income - 31.12.2021	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	39	3	36	0	0
Income from the sale of insurance services	26	4	2	20	0
Income from the sale of shares in unit trusts/securities	15	4	1	10	0
Income from Discretionary Portfolio Management	42	2	21	19	0
Income from payment transfers	79	9	18	52	0
Other fees and commission income	25	-1	8	18	0
Commission income and income from banking services	226	21	86	119	0
Commission expenses and expenses from banking services	-34	-9	-2	-23	0
Income from real estate brokerage	25	0	0	0	25
Other operating income	1	1	0	0	0
Total other operating income	26	1	0	0	25
Net commision and other operating income	218	13	84	96	25

Note 8

Operating expenses

(NOK million)	30.09.2022	30.09.2021	2021
Wages	229	191	262
Pension expenses	18	16	21
Employers' social security contribution and Financial activity tax	45	39	57
Other personnel expenses	16	17	20
Wages, salaries, etc.	308	263	360
Depreciations	34	34	45
Operating expenses own and rented premises	11	12	19
Maintenance of fixed assets	5	6	7
IT-expenses	109	98	128
Marketing expenses	24	21	28
Purchase of external services	17	17	22
Expenses related to postage, telephone and newspapers etc.	6	5	7
Travel expenses	3	0	2
Capital tax	5	4	5
Other operating expenses	9	11	22
Total other operating expenses	189	174	240
Total operating expenses	531	471	645

Note 9

Classification of financial instruments

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

CLASSIFICATION AND MEASUREMENT

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

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

The classification of the financial assets depends on two factors:

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

Financial assets measured at amortised cost

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

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

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

Financial liabilities measured at amortised cost

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

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

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

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

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

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

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

LEVELS IN THE VALUATION HIERARCHY
Financial instruments are classified into different levels based on the quality of market data for each type of instrument.

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

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

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

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

GROUP - 30.09.2021	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		480	480
Loans to and receivables from credit institutions		2 736	2 736
Loans to and receivables from customers	4 095	65 328	69 423
Certificates and bonds	9 814		9 814
Shares and other securities	193		193
Financial derivatives	1 198		1 198
Total financial assets	15 300	68 544	83 844
Loans and deposits from credit institutions		1 844	1 844
Deposits from and liabilities to customers		40 780	40 780
Financial derivatives	327		327
Debt securities		31 608	31 608
Subordinated loan capital		702	702
Total financial liabilities	327	74 934	75 261

GROUP - 31.12.2021	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		428	428
Loans to and receivables from credit institutions		867	867
Loans to and receivables from customers	3 957	65 968	69 925
Certificates and bonds	10 185		10 185
Shares and other securities	204		204
Financial derivatives	810		810
Total financial assets	15 156	67 263	82 419
Loans and deposits from credit institutions		980	980
Deposits from and liabilities to customers		41 853	41 853
Financial derivatives	336		336
Debt securities		30 263	30 263
Subordinated loan capital		703	703
Total financial liabilities	336	73 799	74 135

Note 10

Financial instruments at amortised cost

GROUP	30.09.2022		30.09.2021		31.12.2021	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and receivebles from Norges Bank	677	677	480	480	428	428
Loans to and receivables from credit institutions	971	971	2 736	2 736	867	867
Loans to and receivables from customers	70 116	70 116	65 328	65 328	65 968	65 968
Total financial assets	71 764	71 764	68 544	68 544	67 263	67 263
Loans and deposits from credit institutions	836	836	1 844	1 844	980	980
Deposits from and liabilities to customers	44 686	44 686	40 780	40 780	41 853	41 853
Debt securities issued	30 905	31 086	31 775	31 608	30 387	30 263
Subordinated loan capital	840	855	713	702	710	703
Total financial liabilities	77 267	77 463	75 112	74 934	73 930	73 799

Note 11

Financial instruments at fair value

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

GROUP - 30.09.2022	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 573	3 573
Certificates and bonds	7 912	2 634		10 546
Shares and other securities	21		200	221
Financial derivatives		1 115		1 115
Total financial assets	7 933	3 749	3 773	15 455
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		943		943
Total financial liabilities	-	943	-	943

GROUP - 30.09.2021	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 095	4 095
Certificates and bonds	6 894	2 920		9 814
Shares and other securities	10		183	193
Financial derivatives		1 198		1 198
Total financial assets	6 904	4 118	4 278	15 300
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		327		327
Total financial liabilities	-	327	-	327

GROUP - 31.12.2021	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 957	3 957
Certificates and bonds	7 082	3 103		10 185
Shares and other securities	10		194	204
Financial derivatives		810		810
Total financial assets	7 092	3 913	4 151	15 156
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		336		336
Total financial liabilities	-	336	-	336

Reconciliation of movements in level 3 during the period

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

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2020	4 372	164
Purchases/additions	510	6
Sales/reduction	-821	-8
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	34	21
Book value as at 30.09.2021	4 095	183

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2020	4 372	164
Purchases/additions	648	9
Sales/reduction	-1 170	-8
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	107	29
Book value as at 31.12.2021	3 957	194

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 30.09.2022	Interest	Issued	Maturity	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 070	1 153	1 153
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	262	307	297
NO0010730187	NOK		fixed NOK 1.50 %	2015	2022	-	1 011	1 014
NO0010777584	NOK		3M Nibor + 0.58 %	2016	2021	-	3 004	-
XS1626109968	EUR		fixed EUR 0.125 %	2017	2022	-	2 562	2 503
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 004	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 605	2 588	2 526
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	962	1 056	1 028
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 007	2 999	3 001
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 493	2 578	2 505
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 002	2 999	2 999
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	326	317	309
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 098	2 769	2 766
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 355	2 581	2 500
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						24 184	28 926	25 603

As at 30.09.2022, Sparebanken Møre held NOK 0 million in covered bonds issued by Møre Boligkreditt AS (NOK 2,356 million, incl. accrued interest). Møre Boligkreditt AS held no own covered bonds as at 30.09.2022 (NOK 0 million).

Note 13

Transactions with related parties

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

The most important transactions eliminated in the Group accounts:

PARENT BANK	30.09.2022	30.09.2021	31.12.2021
Statement of income			
Net interest and credit commission income from subsidiaries	46	24	32
Received dividend from subsidiaries	241	237	237
Administration fee received from Møre Boligkreditt AS	32	33	44
Rent paid to Sparebankeiendom AS	11	10	14
Statement of financial position			
Claims on subsidiaries	3 211	1 755	3 514
Covered bonds	0	2 356	514
Liabilities to subsidiaries	1 296	1 755	1 061
Intragroup right-of-use of properties in Sparebankeiendom AS	79	88	85
Intragroup hedging	115	3	8
Accumulated loan portfolio transferred to Møre Boligkreditt AS	28 210	29 535	28 975

Note 14

EC capital

The 20 largest EC holders in Sparebanken Møre as at 30.09.2022	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	4 983 271	10.08
Cape Invest AS	4 913 706	9.94
Spesialfondet Borea utbytte	2 447 205	4.95
Verdipapirfondet Eika egenkapital	2 182 751	4.42
Wenaasgruppen AS	1 900 000	3.84
MP Pensjon	1 698 905	3.44
Verdipapirfond Pareto Aksje Norge	1 354 568	2.74
Verdipapirfond Nordea Norge Verdi	1 265 060	2.56
Kommunal Landspensjonskasse	1 148 104	2.32
Wenaas EFTF AS	1 000 000	2.02
Beka Holding AS	750 500	1.52
Lapas AS (Leif-Arne Langøy)	617 500	1.25
Pareto Invest Norge AS	565 753	1.14
Forsvarets personellservice	459 000	0.93
Stiftelsen Kjell Holm	419 750	0.85
BKK Pensjonskasse	378 350	0.77
U Aandahls Eftf AS	250 000	0.51
PIBCO AS	229 500	0.46
Morgan Stanley & Co. International	204 198	0.41
Borghild Hanna Møller	201 220	0.41
Total 20 largest EC holders	26 969 341	54.56
Total number of ECs	49 434 770	100.00

The proportion of equity certificates held by foreign nationals was 2.3 per cent at the end of the 3rd quarter of 2022.

During the 3rd quarter of 2022, Sparebanken Møre has purchased 10.000 of its own ECs.

Note 15

Events after the reporting date

No events have occurred after the reporting period that will materially affect the figures presented as of 30 September 2022.

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q3 2022	Q3 2021	30.09.2022	30.09.2021	2021
Interest income from assets at amortised cost	393	260	1 131	773	1 065
Interest income from assets at fair value	128	22	165	74	103
Interest expenses	189	58	418	190	261
Net interest income	332	224	878	657	907
Commission income and revenues from banking services	63	57	179	165	226
Commission expenses and expenditure from banking services	9	9	25	27	34
Other operating income	11	13	33	34	45
Net commission and other operating income	65	61	187	172	237
Dividends	0	2	242	240	240
Net change in value of financial instruments	-27	5	-39	51	44
Net result from financial instruments	-27	7	203	291	284
Total other income	38	68	390	463	521
Total income	370	292	1 268	1 120	1 428
Salaries, wages etc.	98	83	292	249	340
Depreciation and impairment of non-financial assets	13	13	39	38	50
Other operating expenses	61	54	178	161	225
Total operating expenses	172	150	509	448	615
Profit before impairment on loans	198	142	759	672	813
Impairment on loans, guarantees etc.	-1	2	-15	48	50
Pre-tax profit	199	140	774	624	763
Taxes	51	33	126	89	124
Profit after tax	148	107	648	535	639
Allocated to equity owners	141	101	628	518	616
Allocated to owners of Additional Tier 1 capital	7	6	20	17	23
Profit per EC (NOK) 1) *	1.41	5.00	6.31	25.99	30.98
Diluted earnings per EC (NOK) 1) *	1.41	5.00	6.31	25.99	30.98
Distributed dividend per EC (NOK)	0.00	0.00	16.00	4.50	13.50

* The figures for 2022 are calculated based on a split where the number of equity cerfitcates increased from 9,886,954 to 49,434,770.

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q3 2022	Q3 2021	30.09.2022	30.09.2021	2021
Profit after tax	148	107	648	535	639
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	0	0	0	0	0
Tax effect of changes in value on basisswap spreads	0	0	0	0	0
Items that will not be reclassified to the income statement:					
Pension estimate deviations	0	0	0	0	12
Tax effect of pension estimate deviations	0	0	0	0	-3
Total comprehensive income after tax	148	107	648	535	648
Allocated to equity owners	141	101	628	518	625
Allocated to owners of Additional Tier 1 capital	7	6	20	17	23

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

Statement of financial position - Parent bank

ASSETS (COMPRESSED)

(NOK million)	30.09.2022	30.09.2021	31.12.2021
Cash and receivables from Norges Bank	677	480	428
Loans to and receivables from credit institutions	4 232	4 378	4 268
Loans to and receivables from customers	45 599	40 006	41 067
Certificates, bonds and other interest-bearing securities	10 425	11 484	10 030
Financial derivatives	755	401	278
Shares and other securities	221	193	204
Equity stakes in Group companies	1 571	1 571	1 571
Deferred tax benefit	9	0	9
Intangible assets	52	50	51
Fixed assets	156	157	156
Other assets	157	154	117
Total assets	63 854	58 874	58 179

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.09.2022	30.09.2021	31.12.2021
Loans and deposits from credit institutions	1 705	3 342	1 877
Deposits from customers	44 813	40 796	41 870
Debt securities issued	6 903	5 038	5 174
Financial derivatives	804	297	264
Incurred costs and prepaid income	83	65	80
Pension liabilities	29	48	35
Tax payable	212	85	200
Provisions for guarantee liabilities	31	50	39
Deferred tax liabilities	0	64	0
Other liabilites	750	1 004	626
Subordinated loan capital	855	702	703
Total liabilities	56 185	51 491	50 868
EC capital	989	989	989
ECs owned by the bank	-3	-2	-2

Share premium	358	357	357
Additional Tier 1 capital	650	599	599
Paid-in equity	1 994	1 943	1 943
Primary capital fund	3 093	2 939	3 094
Gift fund	125	125	125
Dividend equalisation fund	1 829	1 679	1 831
Other equity	-20	162	318
Comprehensive income for the period	648	535	0
Retained earnings	5 675	5 440	5 368
Total equity	7 669	7 383	7 311
Total liabilities and equity	63 854	58 874	58 179

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net interest income	398	353	334	335	320
Other operating income	35	49	53	45	69
Total operating costs	179	174	178	174	158
Profit before impairment on loans	254	228	209	206	231
Impairment on loans, guarantees etc.	2	-8	0	5	2
Pre-tax profit	252	236	209	201	229
Tax	63	53	46	48	53
Profit after tax	189	183	163	153	176

As a percentage of average assets					
Net interest income	1.87	1.65	1.62	1.62	1.58
Other operating income	0.16	0.23	0.26	0.22	0.34
Total operating costs	0.84	0.82	0.86	0.84	0.77
Profit before impairment on loans	1.19	1.06	1.02	1.00	1.15
Impairment on loans, guarantees etc.	0.01	-0.04	0.00	0.03	0.01
Pre-tax profit	1.18	1.10	1.02	0.97	1.14
Tax	0.29	0.25	0.22	0.23	0.27
Profit after tax	0.89	0.85	0.80	0.74	0.87

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 APM's 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. All figures are stated in NOK million unless stated otherwise.

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(the proposed dividend in line with the Group's dividend policy is deducted). 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	$\frac{\text{Profit after tax-interests on AT1 capital}}{\text{((OB Equity-AT1 capital-allocated dividends and gifts)+(CB Equity-AT1 capital+interests on AT1 capital-proposed dividends and gifts))/2}}$
	Figures	30.09.2022: ((535-21)/9*12/(((7,571-599-158-160)+(7,860-650+21-257))/2))=10.1 %
		30.09.2021: ((489-17)/9*12/(((7,208-27-599-44-45-89-90)+(7,587-17-599-89-90-236))/2))=9.7 %
		31.12.2021: (642-23)/(((7,208-599-44-45-89-90)+(7,570-599-158-160))/2)=9.5 %
Cost income ratio	**Definition**	Total operating costs in percentage of total income.
	Justification	This key figure provides information about the relation between income and costs and is a useful performance indicator for evaluating the cost-efficiency of the Group.
	Calculation	$\frac{\text{Total operating costs}}{\text{Total income}}$
	Figures	30.09.2022: 532/1,222=43.5 %

	Figures	30.09.2021: 470/1,147=41.0 %
		31.12.2021: 645/1,527=42.2 %
Losses as a percentage of loans and guarantees	**Definition**	«Impairment on loans, guarantees etc.» in percentage of «Gross loans to and receivables from customers» and guarantees at the beginning of the accounting period (annualized).
	Justification	This key figure specifies recognised impairments in relation to gross lending and guarantees and gives relevant information about the bank's losses compared to lending and guarantee volumes. 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 the lending and guarantee volume.
	Calculation	Losses on loans and guarantees Gross loans to and receivables from customers and guarantees per 1.1.
	Figures	30.09.2022: (-6/9*12)/71,986=-0.01 %
		30.09.2021: (44/9*12)/68,655=0.09 %
		31.12.2021: 49/68,655=0.07 %
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	Deposits from customers Gross loans to and receivables from customers
	Figures	30.09.2022: 44,686/74,008=60.4 %
		30.09.2021: 40,780/69,739=58.5 %
		31.12.2021: 41,853/70,254=59.6 %
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	30.09.2022: (73,689-69,423)/69,423=6.1 %
		30.09.2021: (69,423-65,367)/65,367=6.2 %
		31.12.2021: (69,925-66,850)/66,850=4.6 %
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
		30.09.2022: (44,686-40,780)/40,780=9.6 %

	Figures	30.09.2021: (40,780-39,329)/39,329=3.7 %
		31.12.2021: (41,853-39,023)/39,023=7.3 %
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 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	$\frac{\text{(Total Equity+share premium+dividend equal.fund+EC holders' share of other equity, incl.proposed dividends)}}{\text{Number of ECs issued}}$
	Figures	30.09.2022: (986+358+1,829+407)/49.434770=72
		30.09.2021: (986+357+1,678+448)/9.886954=350
		31.12.2021: (987+357+1,831+287)/9.886954=350
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	30.09.2022: 70/72=0.97
		30.09.2021: 396/350=1.13
		31.12.2021: 444/350=1.27

Sparebanken
Møre