Interim report

2

2022 Unaudited

Sparebanken Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q2 2022		Q2 2021		30.06.2022		30.06.2021		2021	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	353	1.65	307	1.53	687	1.64	611	1.53	1 266	1.56
Net commission and other operating income	59	0.28	52	0.27	114	0.27	101	0.26	218	0.27
Net result from financial instruments	-10	-0.05	12	0.06	-12	-0.03	46	0.12	43	0.05
Total income	402	1.88	371	1.86	789	1.88	758	1.91	1 527	1.88
Total operating costs	174	0.82	158	0.80	352	0.84	313	0.80	645	0.80
Profit before impairment on loans	228	1.06	213	1.06	437	1.04	445	1.11	882	1.08
Impairment on loans, guarantees etc.	-8	-0.04	28	0.14	-8	-0.02	42	0.11	49	0.06
Pre-tax profit	236	1.10	185	0.92	445	1.06	403	1.00	833	1.02
Tax	53	0.25	42	0.21	99	0.24	90	0.23	191	0.24
Profit after tax	183	0.85	143	0.71	346	0.82	313	0.77	642	0.78

Statement of financial position

(NOK million)	30.06.2022	Change as of 30.06.2022 (%)	31.12.2021	Change over the last 12 months (%)	30.06.2021
Total assets 4)	85 314	3.0	82 797	3.0	82 830
Average assets 4)	83 796	3.5	80 942	4.9	79 862
Loans to and receivables from customers	72 300	3.4	69 925	4.6	69 132
Gross loans to retail customers	48 826	2.7	47 557	4.1	46 919
Gross loans to corporate and public entities	23 789	4.8	22 697	5.6	22 526
Deposits from customers	44 946	7.4	41 853	8.3	41 484
Deposits from retail customers	26 460	7.3	24 667	6.2	24 905
Deposits from corporate and public entities	18 486	7.6	17 186	11.5	16 579

Key figures and alternative performance measures (APMs)

	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Return on equity (annualised) 3) 4)	10.4	8.5	9.9	9.4	9.5
Cost/income ratio 4)	43.3	42.9	44.7	41.3	42.2
Losses as a percentage of loans and guarantees (annualised) 4)	-0.05	0.16	-0.02	0.12	0.07
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	0.87	1.58	0.87	1.58	1.52
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.57	1.24	0.57	1.24	1.16
Deposit-to-loan ratio 4)	61.9	59.7	61.9	59.7	59.6
Liquidity Coverage Ratio (LCR)	140	128	140	128	122
NSFR (Net Stable Funding Ratio)	127	110	127	110	111
Lending growth as a percentage 4)	2.7	2.1	4.6	6.2	4.6
Deposit growth as a percentage 4)	3.3	2.9	8.3	6.2	7.3
Capital adequacy ratio 1)	22.4	20.6	22.4	20.6	20.9
Tier 1 capital ratio 1)	19.9	18.6	19.9	18.6	18.9
Common Equity Tier 1 capital ratio (CET1) 1)	18.1	16.9	18.1	16.9	17.2
Leverage Ratio (LR) 1)	7.7	7.6	7.7	7.6	7.7
Man-years	371	343	371	343	364

Equity Certificates (ECs)

	30.06.2022	30.06.2021	2021	2020	2019	2018
Profit per EC (Group) (NOK) 2)	3.35	15.11	31.10	27.10	34.50	29.60
Profit per EC (parent bank) (NOK) 2)	4.90	20.92	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)	74.31	368	444	296	317	283
Stock market value (NOK million)	3 673	3 638	4 390	2 927	3 134	2 798
Book value per EC (Group) (NOK) 4)	70	342	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)	11.1	12.2	14.3	10.9	9.2	9.6
Price/Book value (P/B) (Group) 2) 4)	1.05	1.07	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 FOR H1 2022
Sparebanken Møre's profit before tax after the first half of 2022 was NOK 445 million, compared with NOK 403 million after the first half of 2021.

Total income was NOK 31 million higher than for the same period in 2021. Net interest income rose by NOK 76 million and other operating income fell by NOK 45 million. Capital losses from bond holdings amounted to NOK 66 million, compared with capital gains of NOK 3 million in the first half of 2021. Capital gains on equities totalled NOK 25 million, compared with NOK 12 million in the first half of 2021. Income from other financial instruments showed a reduction of NOK 2 million compared with the first half of 2021.

Costs were NOK 39 million higher in the first half of 2022 than in 2021. Personnel costs were NOK 30 million higher than last year and other operating costs NOK 9 million higher.

Recoveries on losses on loans and guarantees amounted to NOK 8 million, which improved the profit by NOK 50 million compared with the same period last year.

The cost income ratio after the first half-year was 44.7 per cent. This is 3.4 percentage points higher than in the same period in 2021.

Profit after tax was NOK 346 million, NOK 33 million higher than for the same period in 2021. The half-year results represent an annualised return on equity of 9.9 per cent, compared with 9.4 per cent after the first half of 2021.

Earnings per equity certificate were NOK 3.35 for the Group and NOK 4.90 for the parent bank.

RESULTS FOR Q2 2022
Profit before losses amounted to NOK 228 million for the second quarter of 2022, or 1.06 per cent of average assets, compared with NOK 213 million, or 1.06 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 183 million for the second quarter of 2022, or 0.85 per cent of average total assets, compared with NOK 143 million, or 0.71 per cent, for the corresponding quarter last year.

Return on equity was 10.4 per cent for the second quarter of 2022, compared with 8.5 per cent for the second quarter of 2021, and the cost income ratio amounted to 43.3 per cent compared with 42.9 per cent for the second quarter of 2021.

Earnings per equity certificate were NOK 1.78 for the Group and NOK 1.43 for the parent bank.

Net interest income
Net interest income was NOK 353 million, which is NOK 46 million, or 15.0 per cent, higher than in the corresponding quarter of last year. This represents 1.65 per cent of total assets, which is 0.12 percentage points higher than for the second quarter of 2021.

In the retail market, the interest margin for lending has contracted and the deposit margin has widened compared with the second 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.

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

Other income

Other income was NOK 49 million in the quarter, which is NOK 15 million lower than in the second quarter of last year. The net result from financial instruments was NOK -10 million and this is NOK 22 million less than in the second quarter of 2021. Capital losses from bond holdings were NOK 35 million in the quarter, compared with capital losses of NOK 4 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 14 million compared with capital gains of NOK 2 million in the second quarter of 2021. The negative change in value for fixed-rate lending amounted NOK 5 million, compared with a positive change in value of NOK 1 million in the same quarter last year. The value of issued bonds increased by NOK 1 million, which is on a par with the second quarter of 2021. Income from foreign exchange and interest trading amounted to NOK 14 million, NOK 2 million more than in the same quarter last year.

Other customer related income, excluding financial instruments, increased by NOK 7 million compared with the second quarter of 2021. The increase was mainly attributable to income from fund sales/securities, income from Discretionary Portfolio Management and money-transfer services.

See Note 7 for a specification of other income.

Costs

Operating costs amounted to NOK 174 million for the quarter, which is NOK 16 million higher than for the same quarter last year. Personnel costs accounted for NOK 11 million of the rise in relation to the same period last year and totalled NOK 100 million. Staffing has increased by 28 FTEs in the past 12 months to 371 FTEs. Other operating costs have increased by NOK 5 million from the same period last year. See Note 8 for a specification of costs.

The cost income ratio for the second quarter of 2022 was 43.3 per cent, 0.4 percentage points higher than in the second quarter of last year.

Provisions for expected losses and credit-impaired commitments

The quarter's accounts were credited with recoveries on losses on loans and guarantees of NOK 8 million, equivalent to -0.04 per cent of average assets (loss last year of NOK 28 million/0.14 per cent of average assets). The corporate segment saw recoveries on losses of NOK 13 million in the quarter, while losses in the retail segment amounted to NOK 5 million.

At the end of the second quarter of 2022, provisions for expected credit losses totalled NOK 348 million, equivalent to 0.47 per cent of gross lending and guarantee commitments (NOK 364 million and 0.51 per cent). Of the total provisions for expected credit losses, NOK 12 million concern credit-impaired commitments more than 90 days past due (NOK 18 million), which amounts to 0.02 per cent of gross lending and guarantee commitments (0.03 per cent). NOK 209 million concern other credit-impaired commitments (NOK 224 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 457 million in the past 12 months. At end of the second quarter of 2022, the corporate market accounted for NOK 356 million of net credit-impaired commitments and the retail market NOK 70 million. In total, this represents 0.57 per cent of gross lending and guarantee commitments (1.24 per cent).

Lending to customers

At the end of the second quarter of 2022, lending to customers amounted to NOK 72,300 million (NOK 69,132 million). In the past 12 months, customer lending has increased by a total of NOK 3,168 million, or 4.6 per cent. Retail lending has increased by 4.1 per cent and corporate lending has increased by 5.6 per cent in the past 12 months. Lending to corporate customers increased by 4.0 per cent in the second quarter of 2022, while lending to retail customers rose by 2.1 per cent. Retail lending accounted for 67.2 per cent of total lending at the end of the second quarter of 2022 (67.6 per cent).

Deposits from customers
Customer deposits have increased by NOK 3,462 million, or 8.3 per cent, in the past 12 months. At the end of the second quarter of 2022, deposits amounted to NOK 44,946 million (NOK 41,484 million). Retail deposits have increased by 6.2 per cent in the last 12 months, while corporate deposits have increased by 13.5 per cent and public sector deposits have decreased by 14.0 per cent. The retail market's relative share of deposits amounted to 58.9 per cent (60.0 per cent), while deposits from the corporate market accounted for 38.9 per cent (37.1 per cent) and from the public sector market 2.2 per cent (2.9 per cent).

The deposit-to-loan ratio was 61.9 per cent at the end of the second quarter of 2022 (59.7 per cent).

LIQUIDITY
Sparebanken Møre's Liquidity Coverage Ratio (LCR) was 140.12 for the Group and 129.25 for the parent bank at the end of June this year. 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, CRR II/CRD V, 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. CRR II 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 127 at the end of the second quarter (consolidated figure), while the NSFRs for the bank and Møre Boligkreditt AS were 125 and 116, respectively.

CAPITAL ADEQUACY
Sparebanken Møre is well capitalised. At the end of the second quarter, the Common Equity Tier 1 capital ratio was 18.1 per cent (16.9 per cent), including 50 per cent of the result for the year to date. This is 4.9 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 22.4 per cent (20.6 per cent) and the Tier 1 capital ratio was 19.9 per cent (18.6 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, CRR II/CRD V, 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 second quarter of 2022 was 7.7 per cent, 0.1 percentage points higher than at the end of the second quarter of 2021. The regulatory minimum requirement (3 per cent) was met by a good margin.

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.

Sparebanken Møre had issued NOK 2,000 million in senior non-preferred debt(SNP) at the end of second quarter of 2022.

SUBSIDIARIES
The aggregate profit of the bank's three subsidiaries amounted to NOK 86 million after tax in the first half of 2022 (NOK 122 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The main purpose of the covered bond company is to issue covered bonds for sale to Norwegian and international investors. At the end of the second quarter of 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. Of the volume of bonds issued by the company, NOK 500 million (both nominal values) was held by the parent bank at the end of the second quarter of 2022. Møre Boligkreditt AS contributed NOK 83 million to the Group's result in the first half of 2022 (NOK 121 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 1.0 million to the result in the first half of 2022 (NOK 0.1 million). At the end of the quarter, the company employed 19 FTEs.

Sparebankeiendom AS's purpose is to own and manage the bank's commercial properties. The company contributed NOK 2.2 million to the result in the first half of 2022 (NOK 0.8 million). The company has no employees.

EQUITY CERTIFICATES
At the end of the second quarter of 2022, there were 5,855 holders of Sparebanken Møre's equity certificate. The proportion of equity certificates owned by foreign nationals amounted to 3.2 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 June 2022, the bank owned 110,937 of its own equity certificates. These were purchased on the Oslo Børs at market prices.

FUTURE PROSPECTS
The outlook for global growth has weakened as a result of geopolitical uncertainty, high inflation and the prospect of higher interest rates in many countries. The US Federal Reserve increased interest rates by 0.75 percentage points at its interest rate meeting on 27 July in order to curb inflationary pressures. It also indicated that interest rates would probably be raised by a further 0.50-0.75 percentage points in September.

Consumer price inflation in the US, measured over the past 12 months, was 9.1 per cent in June. This is the highest price inflation rate since 1981. The increase in expected inflation rates and prospect of higher interest rates has affected the international financial markets. Equity markets have seen large fluctuations and long-term interest rates have risen sharply on expectations of higher policy rates.

The European Central Bank (ECB) has also started to tighten monetary policy. It increased its deposit rate by 0.50 percentage points to 0.00 per cent at its interest rate meeting on 21 July. The decision to raise interest rates by 0.50 percentage points, and not 0.25 percentage points as previously indicated, was due to higher than expected inflation. In June, 12-month consumer price inflation was 8.6 per cent.

Norges Bank increased its key policy rate by 0.50 percentage points to 1.25 per cent at its interest rates meeting on 23 June. Additionally, its interest rate path, i.e. the central bank's prognosis regarding its key policy rate, was raised. Norges Bank is now indicating that its policy rate will increase to around 3 per cent towards summer next year. In its reasons for raising interest rates and the rate curve, the bank pointed to high levels of activity in the economy and little available capacity. Inflation is also clearly above the target rate for core inflation of 2 per cent.

The output of goods and services in Mainland Norway was almost 3 per cent higher in May than before the pandemic. Mainland Norway is the Norwegian economy exclusive of oil activities and foreign shipping. As a consequence of the upturn in demand, the unemployment rate has continued to fall. At the end of June, the number of unemployed people in Møre og Romsdal accounted for 1.5 per cent of the workforce. This is the lowest unemployment rate since 2008.

Growth in lending to households fell somewhat during the first half of this year for Norway as a whole, while growth in lending to the corporate market increased markedly. At the end of June this year, the overall 12-month growth in lending to the public was around 5.1 per cent, compared with 5.0 per cent at the end of 2021. As a consequence of higher interest rates and house prices levelling off, 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 (Norges Bank, June 2022).

The bank's overall lending growth remained good during the first half of the year and our market share is increasing. The 12-month growth rate ended at 4.6 per cent, the same as at the end of 2021. The year-on-year growth in lending to the retail market ended at 4.1 per cent at the end of the second quarter, while lending growth in the corporate market over the past 12 months to the end of June was 5.6 per cent. Deposits increased by 8.3 per cent in the past 12 months up to the end of the second quarter of 2022, and the deposit-to-loan ratio remains high.

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

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

Ålesund, 30 June 2022
10 August 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

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Interest income from assets at amortised cost		508	394	966	778	1 583
Interest income from assets at fair value		73	33	129	69	140
Interest expenses		228	120	408	236	457
Net interest income	3	353	307	687	611	1 266
Commission income and revenues from banking services		60	55	116	108	226
Commission expenses and charges from banking services		9	9	17	19	34
Other operating income		8	6	15	12	26
Net commission and other operating income	7	59	52	114	101	218
Dividends		1	0	1	1	3
Net change in value of financial instruments		-11	12	-13	45	40
Net result from financial instruments	7	-10	12	-12	46	43
Total other income	7	49	64	102	147	261
Total income		402	371	789	758	1 527
Salaries, wages etc.		100	89	205	175	360
Depreciation and impairment of non-financial assets		11	11	22	23	45
Other operating expenses		63	58	125	115	240
Total operating expenses	8	174	158	352	313	645
Profit before impairment on loans		228	213	437	445	882
Impairment on loans, guarantees etc.	5	-8	28	-8	42	49
Pre-tax profit		236	185	445	403	833
Taxes		53	42	99	90	191
Profit after tax		183	143	346	313	642
Allocated to equity owners		176	138	333	302	619
Allocated to owners of Additional Tier 1 capital		7	5	13	11	23
Profit per EC (NOK) 1) *		1.78	6.85	3.35	15.11	31.10
Diluted earnings per EC (NOK) 1) *		1.78	6.85	3.35	15.11	31.10
Distributed dividend per EC (NOK)		16.00	4.50	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)	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Profit after tax	183	143	346	313	642
Items that may subsequently be reclassified to the income statement:					
Basisswap spreads - changes in value	2	-2	32	-11	3
Tax effect of changes in value on basisswap spreads	0	0	-7	2	-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	185	141	371	304	653
Allocated to equity owners	178	136	358	293	630
Allocated to owners of Additional Tier 1 capital	7	5	13	11	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	30.06.2022	30.06.2021	31.12.2021
Cash and receivables from Norges Bank	9 10 13	338	213	428
Loans to and receivables from credit institutions	9 10 13	858	2 272	867
Loans to and receivables from customers	4 5 6 9 11 13	72 300	69 132	69 925
Certificates, bonds and other interest-bearing securities	9 11 13	10 189	9 005	10 185
Financial derivatives	9 11	992	1 233	810
Shares and other securities	9 11	230	189	204
Intangible assets		54	53	51
Fixed assets		204	212	204
Other assets		149	521	123
Total assets		85 314	82 830	82 797

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	30.06.2022	30.06.2021	31.12.2021
Loans and deposits from credit institutions	9 10 13	701	1 747	980
Deposits from customers	4 9 10 13	44 946	41 484	41 853
Debt securities issued	9 10 12	29 207	29 728	30 263
Financial derivatives	9 11	701	405	336
Other provisions for incurred costs and prepaid income		62	66	80
Pension liabilities		29	48	35
Tax payable		329	83	334
Provisions for guarantee liabilities		33	51	39
Deferred tax liabilities		61	194	61
Other liabilities		732	910	543
Subordinated loan capital	9 10	854	702	703
Total liabilities		77 655	75 418	75 227
EC capital	14	989	989	989
ECs owned by the bank		-2	-2	-2
Share premium		358	357	357
Additional Tier 1 capital		650	599	599
Paid-in equity		1 995	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		246	422	577
Comprehensive income for the period		371	304	0
Retained earnings		5 664	5 469	5 627
Total equity		7 659	7 412	7 570
Total liabilities and equity		85 314	82 830	82 797

Statement of changes in equity - Group

GROUP 30.06.2022	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	-2		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	-13							-13
Comprehensive income for the period	371							371
Equity as at 30 June 2022	7 659	987	358	650	3 093	125	1 829	617

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

GROUP 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

(NOK million)	30.06.2022	30.06.2021	31.12.2021
Cash flow from operating activities			
Interest, commission and fees received	1 127	900	1 884
Interest, commission and fees paid	-192	-154	-277
Dividend and group contribution received	1	0	3
Operating expenses paid	-311	-254	-531
Income taxes paid	-116	-115	-104
Changes relating to loans to and claims on other financial institutions	9	-1 106	299
Changes relating to repayment of loans/leasing to customers	-1 593	-1 597	-3 037
Changes in utilised credit facilities	-765	-721	-90
Net change in deposits from customers	3 093	2 460	2 829
Net cash flow from operating activities	1 253	-587	976
Cash flow from investing activities			
Interest received on certificates, bonds and other securities	81	55	94
Proceeds from the sale of certificates, bonds and other securities	12 175	2 356	6 286
Purchases of certificates, bonds and other securities	-12 557	-4 134	-10 013
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-19	-7	-17
Changes in other assets	129	-320	135
Net cash flow from investing activities	-191	-2 050	-3 515
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-242	-141	-268
Net change in deposits from Norges Bank and other financial institutions	-279	-462	-1 229
Proceeds from bond issues raised	3 695	3 523	6 346
Redemption of debt securities	-4 047	-962	-2 150
Dividend paid	-158	-44	-133
Changes in other debt	-159	405	-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	-13	-11	-23
Net cash flow from financing activities	-1 152	2 308	2 425
Net change in cash and cash equivalents	-90	-329	-114
Cash balance at 01.01	428	542	542
Cash balance at 30.06/31.12	338	213	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 June 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.

Sparebanken Møre had issued NOK 2,000 million in senior non-preferred debt (SNP) at the end of the 2nd quarter of 2022.

Equity	30.06.2022	30.06.2021	31.12.2021
EC capital	989	989	989
- ECs owned by the bank	-2	-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	246	243	259
Comprehensive income for the period	371	304	0
Total equity	7 659	7 412	7 570

Tier 1 capital (T1)	30.06.2022	30.06.2021	31.12.2021
Goodwill, intangible assets and other deductions	-54	-53	-51
Value adjustments of financial instruments at fair value	-16	-15	-16
Additional Tier 1 capital (AT1)	-650	-599	-599
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-532	-506	-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	-371	-304	0
Total Common Equity Tier 1 capital (CET1)	6 036	5 755	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)	6 686	6 354	6 687

Tier 2 capital (T2)	30.06.2022	30.06.2021	31.12.2021
Subordinated loan capital of limited duration	854	702	703
Total Tier 2 capital (T2)	854	702	703

Net equity and subordinated loan capital	7 540	7 056	7 390

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	**30.06.2022**	**30.06.2021**	**31.12.2021**
Central governments or central banks	0	0	0
Local and regional authorities	190	265	336
Public sector companies	205	195	195
Institutions	236	495	434
Covered bonds	508	444	486
Equity	198	173	173
Other items	703	645	655
Total credit risk - standardised approach	2 040	2 217	2 279

Credit risk - IRB Foundation	**30.06.2022**	**30.06.2021**	**31.12.2021**
Retail - Secured by real estate	11 047	10 256	10 409
Retail - Other	347	443	359
Corporate lending	17 897	18 870	19 138
Total credit risk - IRB-F	29 291	29 569	29 906

Market risk (standardised approach)	192	274	225
Operational risk (basic indicator approach)	2 903	2 840	2 903
Risk weighted assets (RWA)	**34 426**	**34 900**	**35 313**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 549	1 571	1 589

Buffer requirements	**30.06.2022**	**30.06.2021**	**31.12.2021**
Capital conservation buffer , 2.5 %	861	873	883
Systemic risk buffer, 3.0 %	1 033	1 047	1 059
Countercyclical buffer, 1.5 % (1.0 % per 30.06.2021 and 31.12.2021)	516	349	353
Total buffer requirements for Common Equity Tier 1 capital	2 410	2 269	2 295
Available Common Equity Tier 1 capital after buffer requirements	2 077	1 916	2 204

Capital adequacy as a percentage of risk weighted assets (RWA)	**30.06.2022**	**30.06.2021**	**31.12.2021**
Capital adequacy ratio	21.9	20.2	20.9
Capital adequacy ratio incl. 50 % of the profit	22.4	20.6	-
Tier 1 capital ratio	19.4	18.2	18.9
Tier 1 capital ratio incl. 50 % of the profit	19.9	18.6	-
Common Equity Tier 1 capital ratio	17.5	16.5	17.2
Common Equity Tier 1 capital ratio incl. 50 % of the profit	18.1	16.9	-

Leverage Ratio (LR)	30.06.2022	30.06.2021	31.12.2021
Basis for calculation of leverage ratio	89 715	85 690	86 890
Leverage Ratio (LR)	7.5	7.4	7.7
Leverage Ratio (LR) incl. 50 % of the profit	7.7	7.6	-

Note 3

Operating segments

Result - Q2 2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	353	1	17	148	187	0
Other operating income	49	-16	1	26	30	8
Total income	402	-15	18	174	217	8
Operating costs	174	-15	56	29	97	7
Profit before impairment	228	0	-38	145	120	1
Impairment on loans, guarantees etc.	-8	0	0	-13	5	0
Pre-tax profit	236	0	-38	158	115	1
Taxes	53					
Profit after tax	183					

Result - 30.06.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	687	1	15	289	382	0
Other operating income	102	-31	10	51	57	15
Total income	789	-30	25	340	439	15
Operating costs	352	-30	100	63	205	14
Profit before impairment	437	0	-75	277	234	1
Impairment on loans, guarantees etc.	-8	0	0	-16	8	0
Pre-tax profit	445	0	-75	293	226	1
Taxes	99					
Profit after tax	346					

Key figures - 30.06.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	72 615	-111	1 208	22 884	48 634	0
Expected credit loss on loans	-315	0	0	-239	-76	0
Net loans to customers	72 300	-111	1 208	22 645	48 558	0
Deposits from customers 1)	44 946	-122	915	15 765	28 388	0
Guarantee liabilities	1 714	0	0	1 711	3	0
Expected credit loss on guarantee liabilities	33	0	0	33	0	0
The deposit-to-loan ratio	61.9	109.9	75.7	68.9	58.4	0.0
Man-years	371	0	174	41	137	19

Result - Q2 2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	307	1	-3	127	182	0
Other operating income	64	-16	22	23	27	8
Total income	371	-15	19	150	209	8
Operating costs	158	-16	46	26	94	8
Profit before impairment	213	1	-27	124	115	0
Impairment on loans, guarantees etc.	28	0	1	24	3	0
Pre-tax profit	185	1	-28	100	112	0
Taxes	42					
Profit after tax	143					

Result - 30.06.2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	611	1	-7	252	365	0
Other operating income	147	-31	66	49	50	13
Total income	758	-30	59	301	415	13
Operating costs	313	-31	72	60	199	13
Profit before impairment	445	1	-13	241	216	0
Impairment on loans, guarantees etc.	42	0	1	35	6	0
Pre-tax profit	403	1	-14	206	210	0
Taxes	90					
Profit after tax	313					

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

Result - 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	**Q2 2022**	**Q2 2021**	**30.06.2022**	**30.06.2021**	**31.12.2021**
Net interest income	65	90	141	178	360
Other operating income	-5	3	-2	4	-3
Total income	60	93	139	182	357
Operating costs	14	14	27	27	51
Profit before impairment on loans	46	79	112	155	306
Impairment on loans, guarantees etc.	4	0	5	0	0
Pre-tax profit	42	79	107	155	306
Taxes	10	17	24	34	67
Profit after tax	32	62	83	121	239

MØRE BOLIGKREDITT AS			
Statement of financial position	**30.06.2022**	**30.06.2021**	**31.12.2021**
Loans to and receivables from customers	27 476	29 535	28 971
Total equity	1 658	2 162	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.

30.06.2022	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	593	0	-1	-4	52	640
Fisheries	3 806	-1	0	0	2	3 807
Manufacturing	3 195	-5	-4	-2	10	3 194
Building and construction	1 145	-3	-4	-4	6	1 140
Wholesale and retail trade, hotels	1 328	-2	-1	-2	6	1 329
Supply/Offshore	1 378	0	-15	-161	0	1 202
Property management	7 611	-7	-9	-4	311	7 902
Professional/financial services	770	-1	0	-1	15	783
Transport and private/public services/abroad	3 524	-5	-2	-1	37	3 553
Total corporate/public entities	23 350	-24	-36	-179	439	23 550
Retail customers	45 494	-9	-51	-16	3 332	48 750
Total loans to and receivables from customers	68 844	-33	-87	-195	3 771	72 300

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

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	**30.06.2022**	**30.06.2021**	**31.12.2021**
Agriculture and forestry	293	260	234
Fisheries	2 075	1 347	1 679
Manufacturing	3 111	2 216	2 600
Building and construction	885	803	836
Wholesale and retail trade, hotels	1 388	1 685	1 682
Property management	2 228	2 212	2 306
Transport and private/public services	4 920	4 312	4 400
Public administration	1 031	1 200	946
Others	2 555	2 544	2 503
Total corporate/public entities	18 486	16 579	17 186
Retail customers	26 460	24 905	24 667
Total	44 946	41 484	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, or
- PD has increased by more than 2 percentage points

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

Qualitative criteria

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

"Backstops"

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

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

Significant reduction in credit risk – recovery

A customer migrates from stage 2 to stage 1 if:

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

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

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

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.

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. Consequences of Covid-19 and the war in Ukraine have led to increased uncertainty about the economic development both in Norway and in the global economy, and the picture is constantly changing. 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.

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 half 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	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Changes in ECL - stage 1 (model-based)	3	3	2	2	0
Changes in ECL - stage 2 (model-based)	10	10	20	2	-12
Changes in ECL - stage 3 (model-based)	1	-4	1	-1	-1
Changes in existing expected losses in stage 3 (individually assessed)	-20	19	-27	42	64
Confirmed losses, not previously impaired	0	2	0	2	7
Recoveries	-2	-2	-4	-5	-9
Total impairments on loans and guarantees	-8	28	-8	42	49

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

GROUP - 30.06.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	7	26	0	33
Disposal of commitments and transfer to stage 3 (individually assessed)	-6	-16	-2	-24
Changes in ECL in the period for commitments which have not migrated	0	0	0	0
Migration to stage 1	4	-19	0	-15
Migration to stage 2	-3	30	-1	26
Migration to stage 3	0	-1	5	4
Changes stage 3 (individually assessed)	-	-	-44	-44
ECL 30.06.2022	35	92	221	348
- of which expected losses on loans to retail customers	9	51	16	76
- of which expected losses on loans to corporate customers	24	36	179	239
- of which expected losses on guarantee liabilities	2	5	26	33

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

GROUP - 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 - 30.06.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	58 310	1 183	-	59 493
Medium risk (0.5 % - < 3 %)	9 411	3 537	-	12 948
High risk (3 % - <100 %)	1 529	1 680	-	3 209
Credit-impaired commitments	-	-	647	647
Total commitments before ECL	69 250	6 400	647	76 297
- ECL	-35	-92	-221	-348
Total net commitments *)	69 215	6 308	426	75 949

GROUP - 30.06.2021	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	56 096	491	-	56 587
Medium risk (0.5 % - < 3 %)	9 516	2 441	-	11 957
High risk (3 % - <100 %)	1 382	1 224	-	2 606
Credit-impaired commitments	-	-	1 125	1 125
Total commitments before ECL	66 994	4 156	1 125	72 275
- ECL	-35	-85	-244	-364
Net commitments *)	66 959	4 071	881	71 911

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).

	30.06.2022			30.06.2021			31.12.2021		
GROUP	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default for more than 90 days	49	38	11	84	70	14	46	41	5
Gross other credit-impaired commitments	598	48	550	1 041	46	995	1 050	51	999
Gross credit-impaired commitments	647	86	561	1 125	116	1 009	1 096	92	1 004
ECL on commitments in default for more than 90 days	12	8	4	18	11	7	15	11	4
ECL on other credit-impaired commitments	209	8	201	224	8	216	248	10	238
ECL on credit-impaired commitments	221	16	205	242	19	223	263	21	242
Net commitments in default for more than 90 days	37	30	7	66	59	7	31	30	1
Net other credit-impaired commitments	389	40	349	817	38	779	802	41	761
Net credit-impaired commitments	426	70	356	883	97	786	833	71	762
Total gross loans to customers - Group	72 614	48 825	23 789	69 445	46 919	22 526	70 254	47 557	22 697
Guarantees - Group	1 714	3	1 711	1 624	4	1 620	1 732	4	1 728
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	0.87%	0.18%	2.20%	1.58%	0.25%	4.18%	1.52%	0.19%	4.11%
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.57%	0.14%	1.39%	1.24%	0.21%	3.26%	1.16%	0.15%	3.12%

Note 7

Other income

(NOK million)	30.06.2022	30.06.2021	2021
Guarantee commission	20	19	39
Income from the sale of insurance services (non-life/personal)	12	12	26
Income from the sale of shares in unit trusts/securities	9	7	15
Income from Discretionary Portfolio Management	22	20	42
Income from payment transfers	40	37	79
Other fees and commission income	13	13	25
Commission income and income from banking services	116	108	226
Commission expenses and expenses from banking services	-17	-19	-34
Income from real estate brokerage	15	12	25
Other operating income	0	0	1
Total other operating income	15	12	26
Net commission and other operating income	114	101	218
Interest hedging (for customers)	7	7	12
Currency hedging (for customers)	21	20	35
Dividend received	1	1	3
Net gains/losses on shares	25	12	18
Net gains/losses on bonds	-66	3	-23
Change in value of fixed-rate loans	-125	-56	-107
Derivates related to fixed-rate lending	129	65	113
Change in value of issued bonds	386	410	771
Derivates related to issued bonds	-389	-415	-777
Net gains/losses related to buy back of outstanding bonds	-1	-1	-2
Net result from financial instruments	-12	46	43
Total other income	102	147	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 - 30.06.2022	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	20	0	20	0	0
Income from the sale of insurance services	12	-2	1	13	0
Income from the sale of shares in unit trusts/securities	9	3	0	6	0
Income from Discretionary Portfolio Management	22	1	11	10	0
Income from payment transfers	40	4	9	27	0
Other fees and commission income	13	1	3	9	0
Commission income and income from banking services	116	7	44	65	0
Commission expenses and expenses from banking services	-17	-5	-1	-11	0
Income from real estate brokerage	15	0	0	0	15
Other operating income	0	0	0	0	0
Total other operating income	15	0	0	0	15
Net commision and other operating income	114	2	43	54	15

Net commission and other operating income - 30.06.2021	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	19	0	19	0	0
Income from the sale of insurance services	12	1	1	10	0
Income from the sale of shares in unit trusts/securities	7	2	0	5	0
Income from Discretionary Portfolio Management	20	1	10	9	0
Income from payment transfers	37	5	9	23	0
Other fees and commission income	13	0	3	10	0
Commission income and income from banking services	108	9	42	57	0
Commission expenses and expenses from banking services	-19	-8	-1	-10	0
Income from real estate brokerage	12	0	0	0	12
Other operating income	0	0	0	0	0
Total other operating income	12	0	0	0	12
Net commision and other income	101	1	41	47	12

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)	30.06.2022	30.06.2021	2021
Wages	151	127	262
Pension expenses	12	9	21
Employers' social security contribution and Financial activity tax	30	26	57
Other personnel expenses	12	13	20
Wages, salaries, etc.	205	175	360
Depreciations	22	23	45
Operating expenses own and rented premises	8	8	19
Maintenance of fixed assets	3	4	7
IT-expenses	73	67	128
Marketing expenses	15	14	28
Purchase of external services	14	11	22
Expenses related to postage, telephone and newspapers etc.	4	3	7
Travel expenses	1	0	2
Capital tax	3	3	5
Other operating expenses	4	5	22
Total other operating expenses	125	115	240
Total operating expenses	352	313	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

F**inancial 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 - 30.06.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		338	338
Loans to and receivables from credit institutions		858	858
Loans to and receivables from customers	3 771	68 529	72 300
Certificates and bonds	10 189		10 189
Shares and other securities	230		230
Financial derivatives	992		992
Total financial assets	15 182	69 725	84 907
Loans and deposits from credit institutions		701	701
Deposits from and liabilities to customers		44 946	44 946
Financial derivatives	701		701
Debt securities		29 207	29 207
Subordinated loan capital		854	854
Total financial liabilities	701	75 708	76 409

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

GROUP - 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	30.06.2022		30.06.2021		31.12.2021	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and receivebles from Norges Bank	338	338	213	213	428	428
Loans to and receivables from credit institutions	858	858	2 272	2 272	867	867
Loans to and receivables from customers	68 529	68 529	64 854	64 854	65 968	65 968
Total financial assets	69 725	69 725	67 339	67 339	67 263	67 263
Loans and deposits from credit institutions	701	701	1 747	1 747	980	980
Deposits from and liabilities to customers	44 946	44 946	41 484	41 484	41 853	41 853
Debt securities issued	29 103	29 207	29 889	29 728	30 387	30 263
Subordinated loan capital	842	854	714	702	710	703
Total financial liabilities	75 592	75 708	73 834	73 661	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 - 30.06.2022	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 771	3 771
Certificates and bonds	7 797	2 392		10 189
Shares and other securities	35		195	230
Financial derivatives		992		992
Total financial assets	7 832	3 384	3 966	15 182
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		701		701
Total financial liabilities	-	701	-	701

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

GROUP - 31.12.2021	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 957	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	390	0
Sales/reduction	-469	0
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	-107	1
Book value as at 30.06.2022	3 771	195

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

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2020	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 30.06.2022	Interest	Issued	Maturity	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 118	1 208	1 153
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	277	314	297
NO0010730187	NOK		fixed NOK 1.50 %	2015	2022		1 010	1 014
NO0010777584	NOK		3M Nibor + 0.58 %	2016	2021		3 005	-
XS1626109968	EUR		fixed EUR 0.125 %	2017	2022		2 560	2 503
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 573	2 585	2 526
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	964	1 065	1 028
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 003	2 998	3 001
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 501	2 576	2 505
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 000	2 998	2 999
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	320	316	309
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 101	2 771	2 766
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 403	-	2 500
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						24 262	26 408	25 603

As at 30.06.2022, Sparebanken Møre held NOK 501 million in covered bonds (incl.accrued interest) issued by Møre Boligkreditt AS (NOK 1,741 million). Møre Boligkreditt AS held no own covered bonds as at 30.06.2022 (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	30.06.2022	30.06.2021	31.12.2021
Statement of income			
Net interest and credit commission income from subsidiaries	30	15	32
Received dividend from subsidiaries	241	237	237
Administration fee received from Møre Boligkreditt AS	22	22	44
Rent paid to Sparebankeiendom AS	7	7	14
Statement of financial position			
Claims on subsidiaries	3 313	3 508	3 514
Covered bonds	501	1 741	514
Liabilities to subsidiaries	1 878	2 003	1 061
Intragroup right-of-use of properties in Sparebankeiendom AS	82	91	85
Intragroup hedging	95	24	8
Accumulated loan portfolio transferred to Møre Boligkreditt AS	27 485	29 540	28 975

Note 14

EC capital

The 20 largest EC holders in Sparebanken Møre as at 30.06.2022	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	4 977 850	10.07
Cape Invest AS	4 927 345	9.97
Spesialfondet Borea utbytte	2 205 437	4.46
Verdipapirfondet Eika egenkapital	2 176 585	4.40
Wenaasgruppen AS	1 900 000	3.84
MP Pensjon	1 698 905	3.44
Verdipapirfond Pareto Aksje Norge	1 308 985	2.65
Verdipapirfond Nordea Norge Verdi	1 265 060	2.56
Kommunal Landspensjonskasse	1 098 104	2.22
Wenaas EFTF AS	1 000 000	2.02
Beka Holding AS	750 500	1.52
Pareto Invest Norge AS	729 780	1.48
Lapas AS (Leif-Arne Langøy)	617 500	1.25
Forsvarets personellservice	459 000	0.93
Stiftelsen Kjell Holm	419 750	0.85
BKK Pensjonskasse	353 350	0.71
Brown Brothers Harriman & Co.	253 743	0.51
U Aandahls Eftf AS	250 000	0.51
PIBCO AS	229 500	0.46
Morgan Stanley & Co. International	212 568	0.43
Total 20 largest EC holders	26 833 962	54.28
Total number of ECs	49 434 770	100.00

The proportion of equity certificates held by foreign nationals was 3.2 per cent at the end of the 2nd quarter of 2022.

Note 15

Events after reporting dates

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

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Interest income from assets at amortised cost	419	253	738	513	1 065
Interest income from assets at fair value	-5	26	37	52	103
Interest expenses	126	63	229	132	261
Net interest income	288	216	546	433	907
Commission income and revenues from banking services	60	55	116	108	226
Commission expenses and expenditure from banking services	8	9	16	19	34
Other operating income	11	11	22	22	45
Net commission and other operating income	63	57	122	111	237
Dividends	1	0	242	238	240
Net change in value of financial instruments	-7	15	-12	46	44
Net result from financial instruments	-6	15	230	284	284
Total other income	57	72	352	395	521
Total income	345	288	898	828	1 428
Salaries, wages etc.	94	85	194	166	340
Depreciation and impairment of non-financial assets	13	12	26	25	50
Other operating expenses	59	54	117	107	225
Total operating expenses	166	151	337	298	615
Profit before impairment on loans	179	137	561	530	813
Impairment on loans, guarantees etc.	-13	33	-14	46	50
Pre-tax profit	192	104	575	484	763
Taxes	44	24	75	56	124
Profit after tax	148	80	500	428	639
Allocated to equity owners	141	75	487	417	616
Allocated to owners of Additional Tier 1 capital	7	5	13	11	23
Profit per EC (NOK) 1) *	1.43	4.00	4.90	20.92	30.98
Diluted earnings per EC (NOK) 1) *	1.43	4.00	4.90	20.92	30.98
Distributed dividend per EC (NOK)	16.00	4.50	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)	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Profit after tax	148	80	500	428	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	80	500	428	648
Allocated to equity owners	141	75	487	417	625
Allocated to owners of Additional Tier 1 capital	7	5	13	11	23

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

Statement of financial positions - Parent bank

ASSETS (COMPRESSED)

(NOK million)	30.06.2022	30.06.2021	31.12.2021
Cash and receivables from Norges Bank	338	213	428
Loans to and receivables from credit institutions	4 060	5 663	4 268
Loans to and receivables from customers	44 935	39 711	41 067
Certificates, bonds and other interest-bearing securities	10 559	10 630	10 030
Financial derivatives	627	429	278
Shares and other securities	230	189	204
Equity stakes in Group companies	1 571	2 071	1 571
Deferred tax benefit	9	0	9
Intangible assets	53	53	51
Fixed assets	157	168	156
Other assets	148	515	117
Total assets	62 687	59 642	58 179

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	30.06.2022	30.06.2021	31.12.2021
Loans and deposits from credit institutions	2 185	3 451	1 877
Deposits from customers	45 068	41 501	41 870
Debt securities issued	5 447	5 061	5 174
Financial derivatives	599	368	264
Incurred costs and prepaid income	60	63	80
Pension liabilities	29	48	35
Tax payable	175	51	200
Provisions for guarantee liabilities	33	51	39
Deferred tax liabilities	0	64	0
Other liabilites	708	1 000	626
Subordinated loan capital	854	702	703
Total liabilities	55 158	52 360	50 868

EC capital	989	989	989
ECs owned by the bank	-2	-2	-2
Share premium	358	357	357
Additional Tier 1 capital	650	599	599
Paid-in equity	1 995	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	-13	168	318
Comprehensive income for the period	500	428	0
Retained earnings	5 534	5 339	5 368
Total equity	7 529	7 282	7 311
Total liabilities and equity	62 687	59 642	58 179

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

We hereby confirm that the half-yearly financial statements for the Group and the bank for the period 1 January to 30 June 2022 to the best of our knowledge, have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and provide a true and fair view of the Group's and the bank's assets, liabilities, financial position and results as a whole.

To the best of our knowledge, the half-yearly report provides a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the Group and the bank over the next accounting period
- description of major transactions with related parties

Ålesund, 30 June 2022
10 August 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

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Net interest income	353	334	335	320	307
Other operating income	49	53	45	69	64
Total operating costs	174	178	174	158	158
Profit before impairment on loans	228	209	206	231	213
Impairment on loans, guarantees etc.	-8	0	5	2	28
Pre-tax profit	236	209	201	229	185
Tax	53	46	48	53	42
Profit after tax	183	163	153	176	143
As a percentage of average assets					
Net interest income	1.65	1.62	1.62	1.58	1.53
Other operating income	0.23	0.26	0.22	0.34	0.33
Total operating costs	0.82	0.86	0.84	0.78	0.80
Profit before impairment on loans	1.06	1.02	1.00	1.14	1.06
Impairment on loans, guarantees etc.	-0.04	0.00	0.03	0.01	0.14
Pre-tax profit	1.10	1.02	0.97	1.13	0.92
Tax	0.25	0.22	0.23	0.27	0.21
Profit after tax	0.85	0.80	0.74	0.86	0.71

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.

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	Profit after tax-interests on AT1 capital ((OB Equity-AT1 capital-allocated dividends and gifts)+(CB Equity-AT1 capital+interests on AT1 capital-proposed dividends and gifts))/2
	Figures	30.06.2022: ((346-13)/6*12)/(((7,570-599-158-160)+(7,659-650+13-167))/2)=9.9 %
		30.06.2021:(313-11)/(((7,208-599-44-45-89-90)+(7,412-599+11-89-90-151))/2)=9.4 %
		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	Total operating costs Total income
	Figures	30.06.2022: 352/789=44.7 %
		30.06.2021: 313/757=41.3 %

		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	30.06.2022: (-8/6*12)/71,986=-0.02 %
		30.06.2021: (42/6*12)/68,655=0.12 %
		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	30.06.2022: 44,946/72,615=61.9 %
		30.06.2021: 41,484/69,445=59.7 %
		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	30.06.2022: (72,300-69,132)/69,132=4.6 %
		30.06.2021: (69,132-65,094)/65,094=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
	Figures	30.06.2022: (44,946-41,484)/41,484=8.3 %
		30.06.2021: (41,484-39,055)/39,055=6.2 %

		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	30.06.2022: (987+358+1,829+306)/49.434770=70
		30.06.2021: (987+357+1,678+360)/9.886954=342
		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	30.06.2022: 74.31/70=1.05
		30.06.2021: 368/342=1.07
		31.12.2021: 444/350=1.27

Sparebanken
Møre