

Sparebanken Møre Group

Presentation 4th quarter 2021

Runar Sandanger
Senior Economist (SVP) Finance

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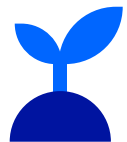


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2021 - highlights

- The bank continues to grow with good development in both lending and deposits
- Net interest income has strengthened throughout the year
- Profitability has improved although cost efficiency is somewhat lower compared to 2020
- Low losses and low risk in the bank's portfolios
- The bank's capital is strong and liquidity remains good



Balance growth

Lending growth was 4.6 per cent over the last 12 months. Growth in deposits was 7.3 per cent



Net Interest Income

In NOK: 1.266 million
In per cent: 1.56



Efficiency

Cost/Income ratio at 42.2 per cent in 2021



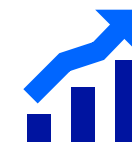
Losses

NOK 49 million (0.06 per cent) in losses on loans and guarantees



Strong liquidity and solidity

Deposit-to-loan ratio at 59.6 per cent, LCR at 122 and CET1 at 17.2 per cent. Leverage Ratio at 7.7 per cent



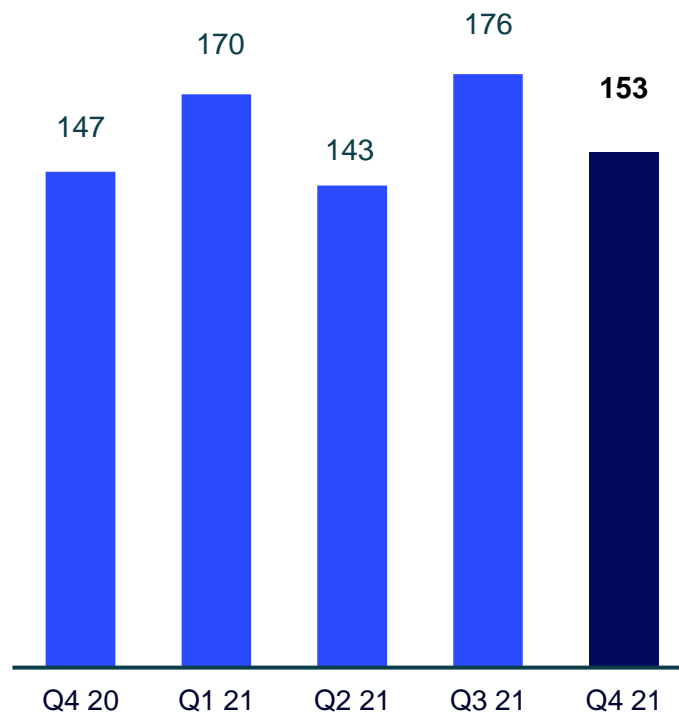
Return on Equity

Return on Equity ended at 9.5 per cent for the full year 2021

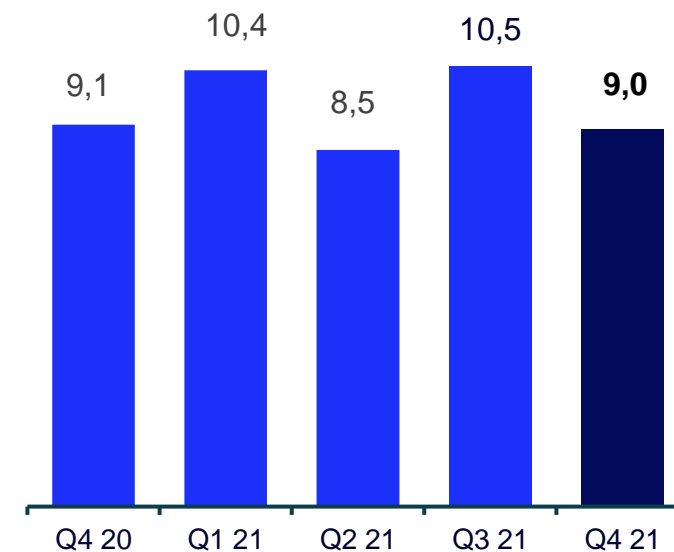
Strong results in Q4

- The bank continues the positive development and delivers a strong fourth quarter
- Profit after tax ended at MNOK 153 in Q4 2021
- Return on Equity was 9.0 per cent in the quarter compared to 9.1 per cent in Q4 2020

Profit after tax
- NOK million



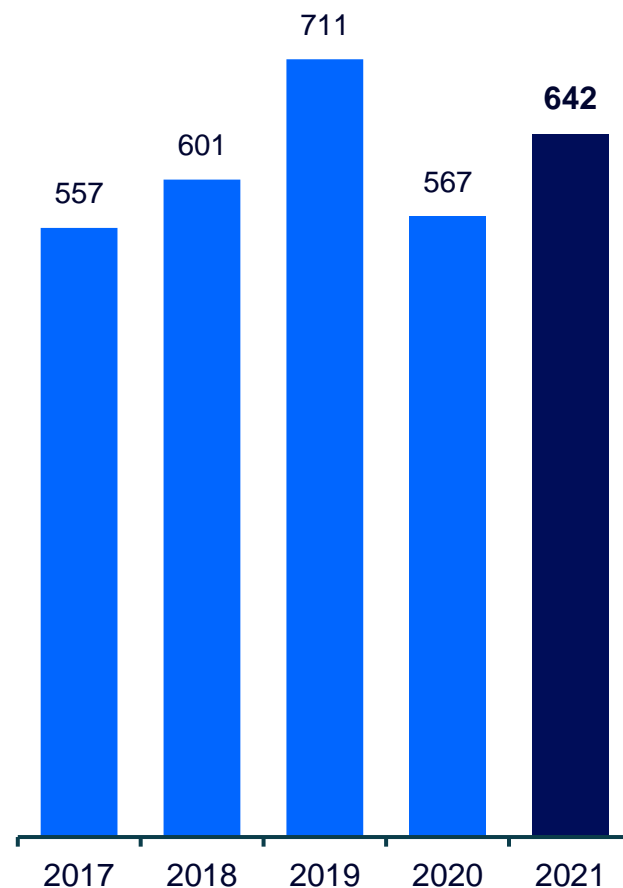
Return on Equity (ROE)
- in per cent



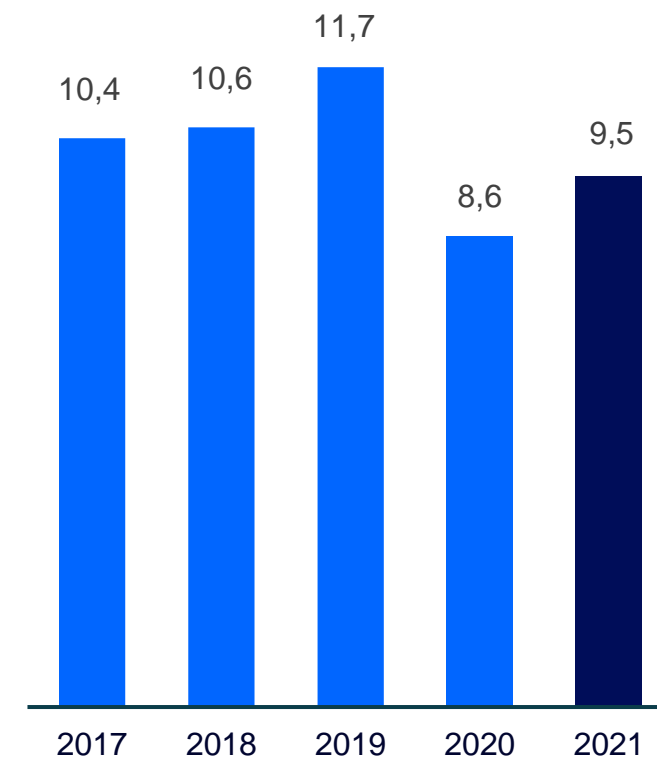
Results 2021

- A good Q4 strengthens the result for 2021
- Profit after tax at the end of the year was NOK 642 million, corresponding to an improvement in profit of 13.2 % compared with last year
- The activity in the bank is good and we have a good momentum into the new year

Profit after tax
- NOK million



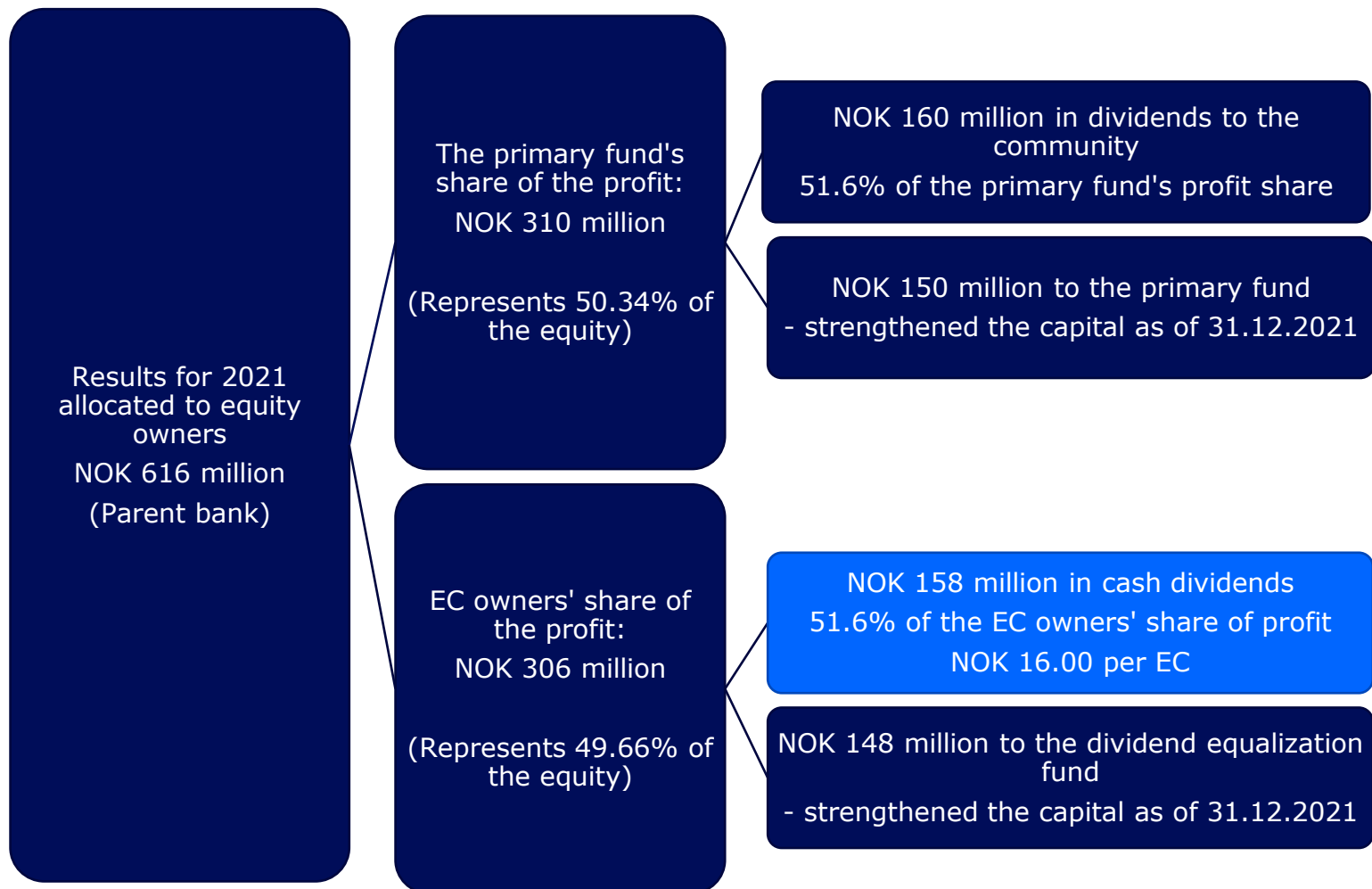
ROE
- in per cent



Dividend– fiscal year 2021

According to the bank's dividend policy, the preliminary annual result for 2021 and the bank's strong capital, the Board is planning to propose to the General Meeting a cash dividend of NOK 16.00 per equity certificate, a total of NOK 158 million. The corresponding provision for dividends to the local community will amount to NOK 160 million.

Allocation of results for 2021 (Parent bank)



Improved results

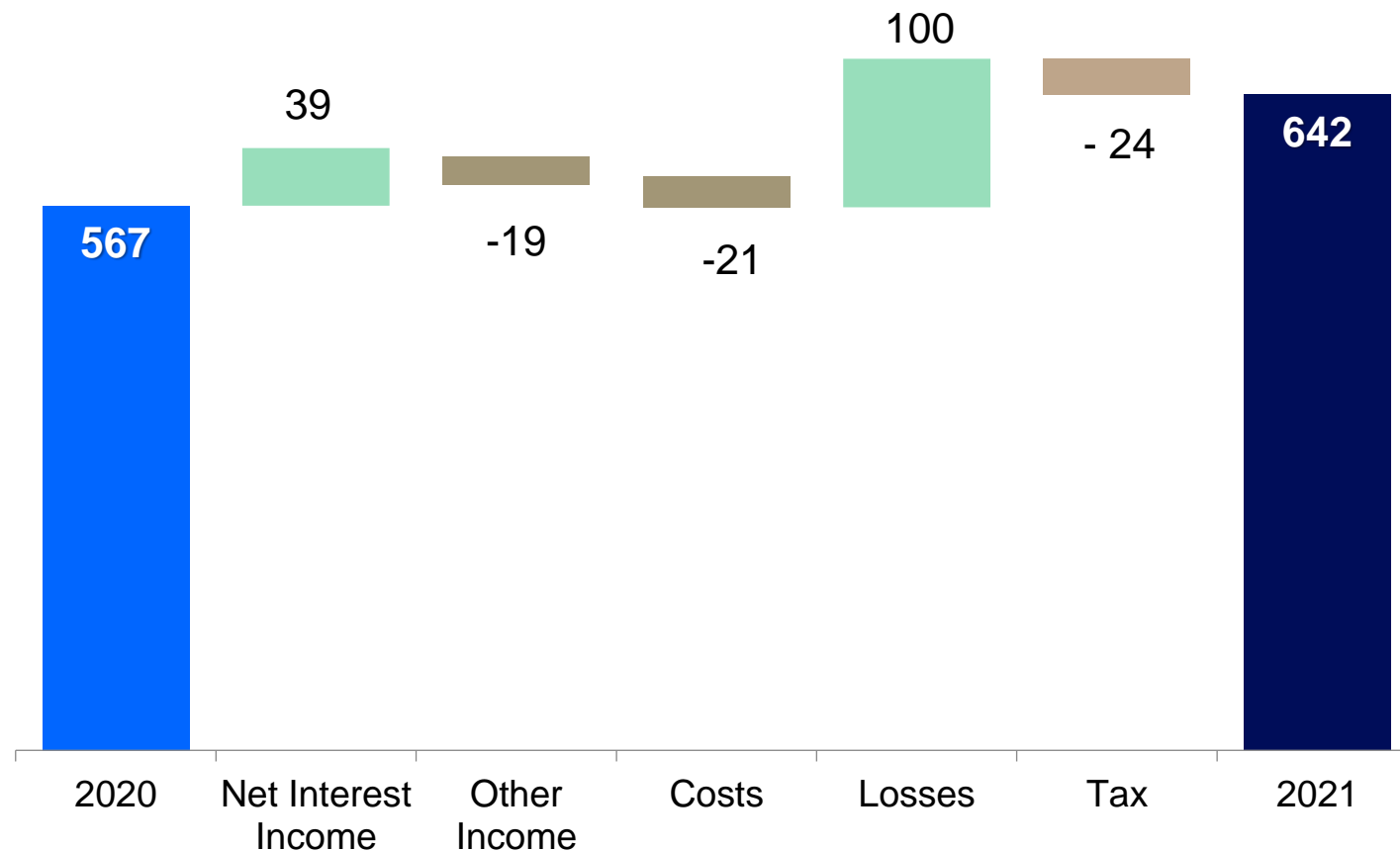
The bank's net interest income is higher than last year.

Other income reflects inter alia lower mark-to-market valuation of the bank's LCR portfolio.

The costs are somewhat higher as a result of increased activity and increased investment in several areas.

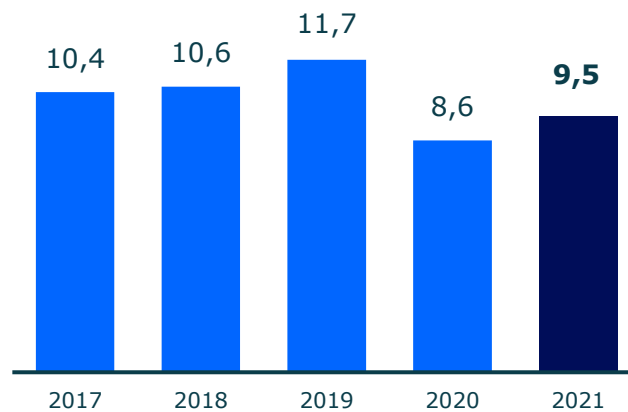
Losses have decreased compared to last year.

Results in 2021 vs. 2020

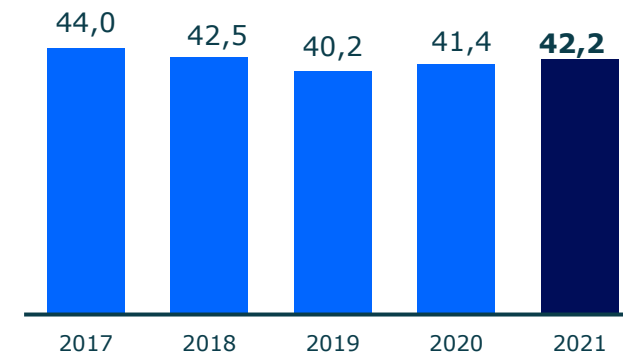


Key figures by year end

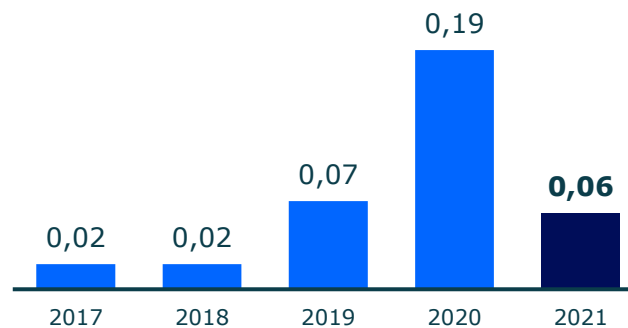
Return on Equity



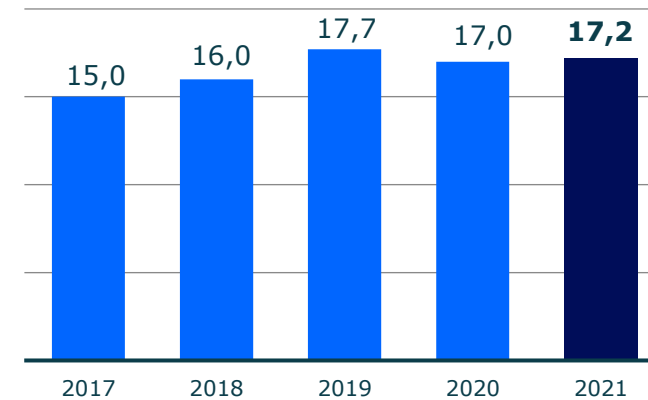
Cost/Income



Losses on Loans and Guarantees In per cent of Average Assets



Common Equity Tier 1 Capital (CET1)



Balance sheet and key figures

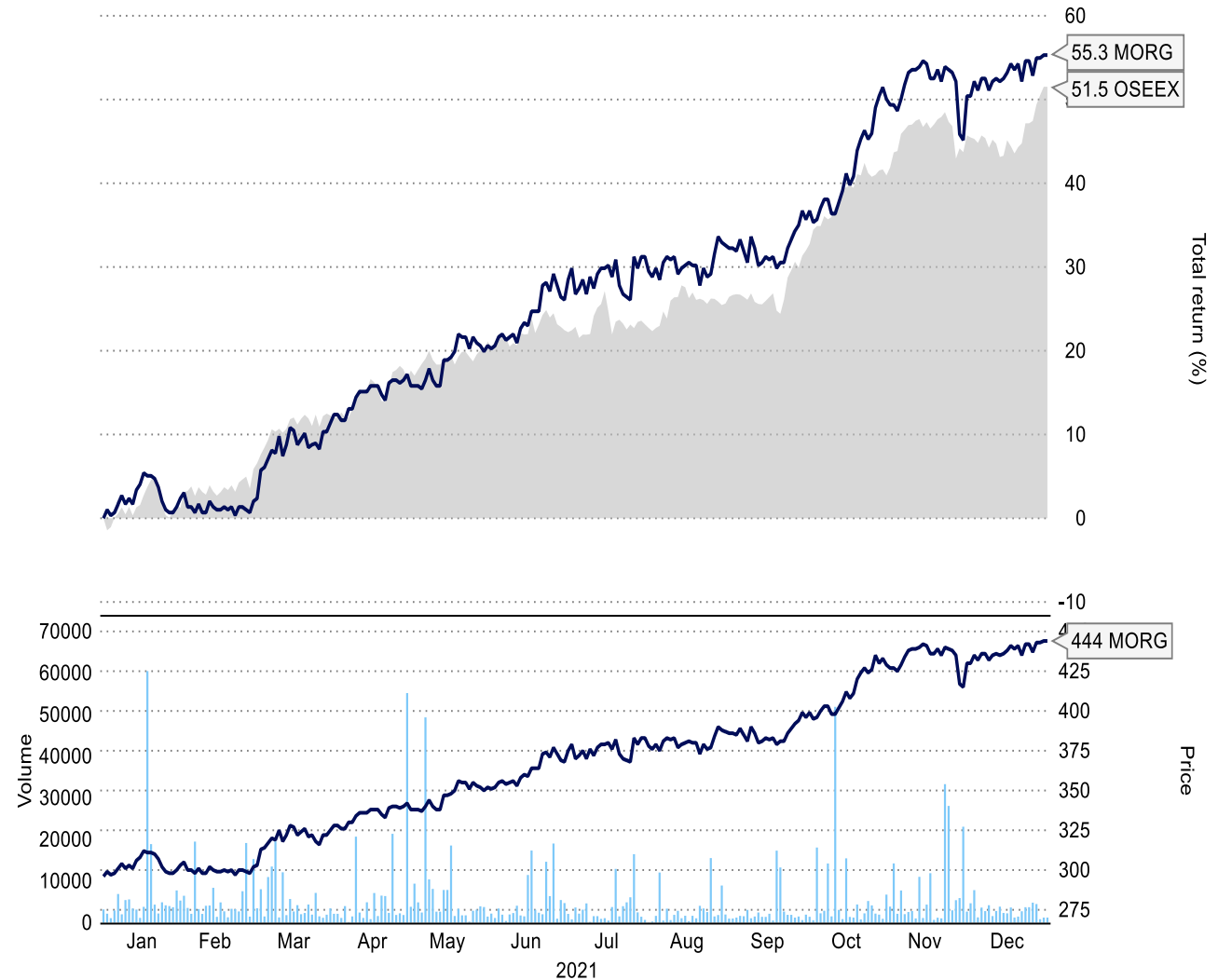
	31.12.21	31.12.20	Changes	
Balance in NOK million			NOK	%
Total Assets	82 797	79 486	3 311	4.2
Loans to customers	69 925	66 850	3 075	4.6
Deposits from customers	41 853	39 023	2 830	7.3
Net Equity and Subordinated Loans	7 390	7 089	301	4.3

Key Figures	31.12.21	31.12.20	Changes p.p.	
Return on Equity	9.5	8.6	0.9	
Cost/Income ratio	42.2	41.4	0.8	
Total Capital	20.9	20.8	0.1	
Tier 1 Capital	18.9	18.7	0.2	
CET1	17.2	17.0	0.2	
Leverage Ratio	7.7	7.7	0.0	
Profit per EC (NOK, the Group)	31.10	27.10	4.00	
Profit per EC (NOK, the Bank)	30.98	26.83	4.15	

MORG – very strong price development (Total Return)

- With a MORG price of NOK 444 at the end of fourth quarter, the price to book ratio has increased from 0.89 as of 31.12.2020 to 1.27 by end of 2021
- As the figure shows, the MORG price has increased by 55.3 per cent during 2021, more than the average growth (51.5 per cent) in the EC-market in the same period (Total Return for the EC-index (OSEEX) consisting of the larger savings banks)
- The CET1-ratio ended at 17.2 per cent by year end

Development at Oslo Stock Exchange YTD (MORG vs. EC-index)



Source: Bloomberg

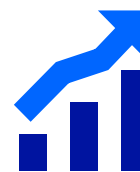
Outlook for the region and the bank

- Unemployment in Møre og Romsdal began to rise in December as a result of the introduction of more comprehensive infection control measures. In the middle of the month, the number registered as fully or partially unemployed, or as participants in various labor market measures, accounted for 3.7 per cent of the labour force. The proportion of completely unemployed was 2.0 per cent. The corresponding unemployment rate for the country as a whole was 2.2 per cent
- It was especially in service industries such as hotels, restaurants, tourism and culture that unemployment rose towards the end of the fourth quarter. These are industries that have also been hit hard by the pandemic in the past. However, when the infection control measures are phased out, the production of services in the county will increase. Unemployment will then eventually fall again towards the level from before the pandemic
- The bank has a solid capital base and strong liquidity and will continue to be a strong and committed supporter for our customers. The focus is always on having good operations and profitability



Financial targets remain unchanged

- Sparebanken Møre's strategic financial performance target is a return on equity exceeding 11 per cent and a cost income ratio below 40 per cent. The activity-reducing measures as a result of the corona pandemic have affected the market so that the targets were not reached in 2021
- The Board expects improvement in the target figures and that implemented measures will result in achieved targets in 2022



ROE > 11.0 per cent



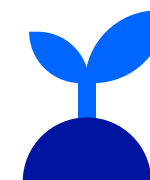
C/I < 40.0
per cent



Low level
of losses



CET1 > 15.2
per cent



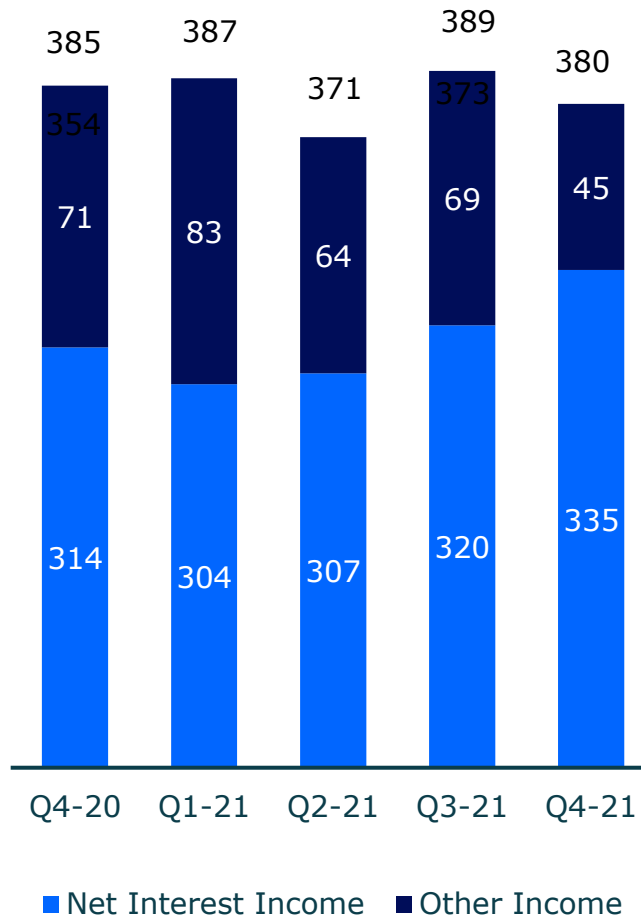
Healthy financial
structure

Results

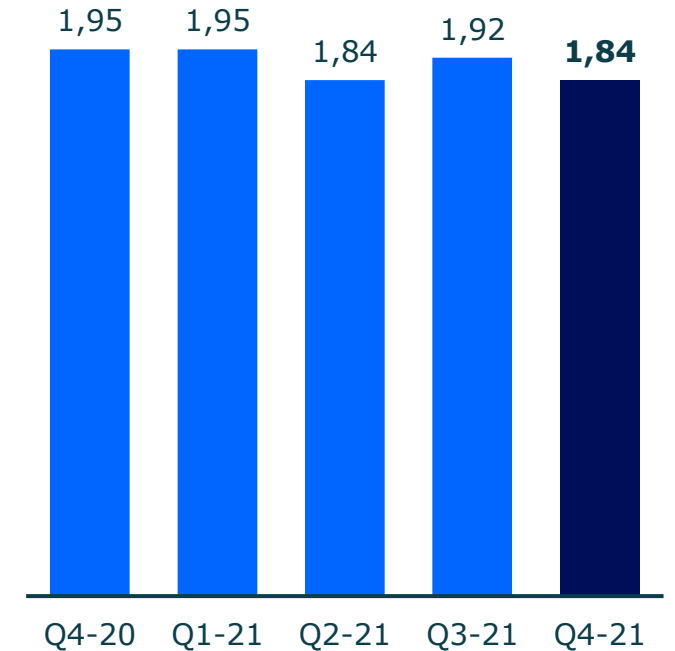
Total Income

- We are strengthening and consolidating our role as a complete financial house in our market area Nordvestlandet, this is contributing to increased revenues
- Total revenues were NOK 380 million in the fourth quarter
- Net interest income was higher than in previous quarters in 2021 and also 6.7 per cent higher than in Q4 2020
- Other income lower compared with the same period last year, but higher excl. financial instruments

Total income
- NOK million



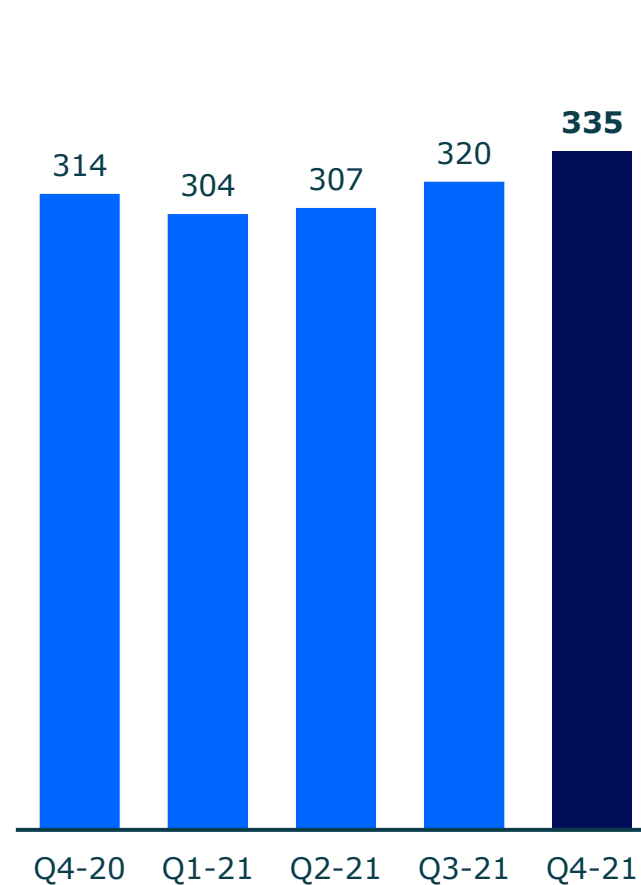
Total income
- % Average Assets



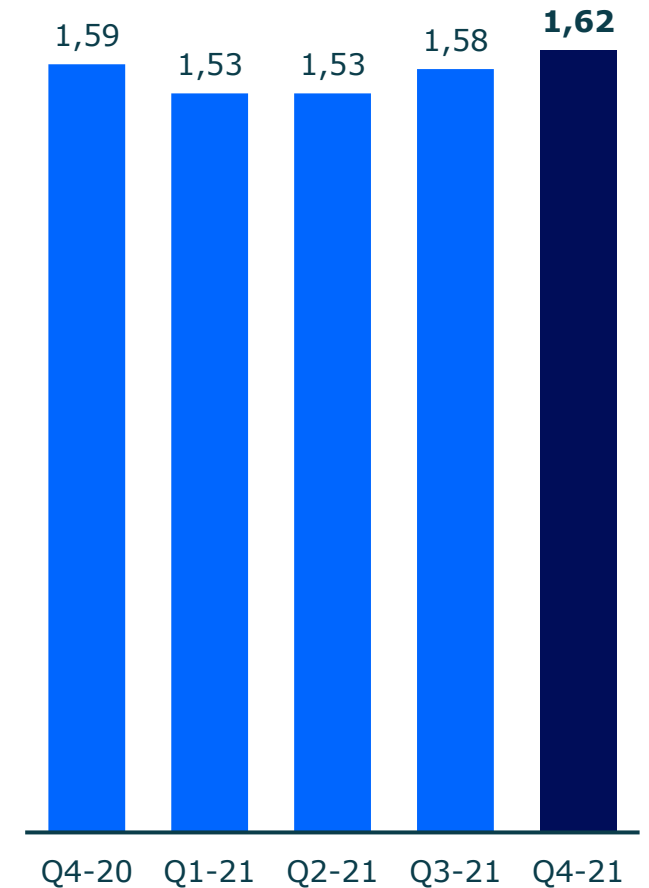
Net Interest Income rebounds

- Net Interest Income increased to MNOK 335 in Q4, 6.7 % higher than in Q4 2020
- In the quarter, the bank has inter alia benefitted from the interest rate fixing structure on our market funding and the first interest rate changes on loans and deposits
- We expect a further strengthening of the Net Interest Income in 2022

Net Interest Income
- NOK million



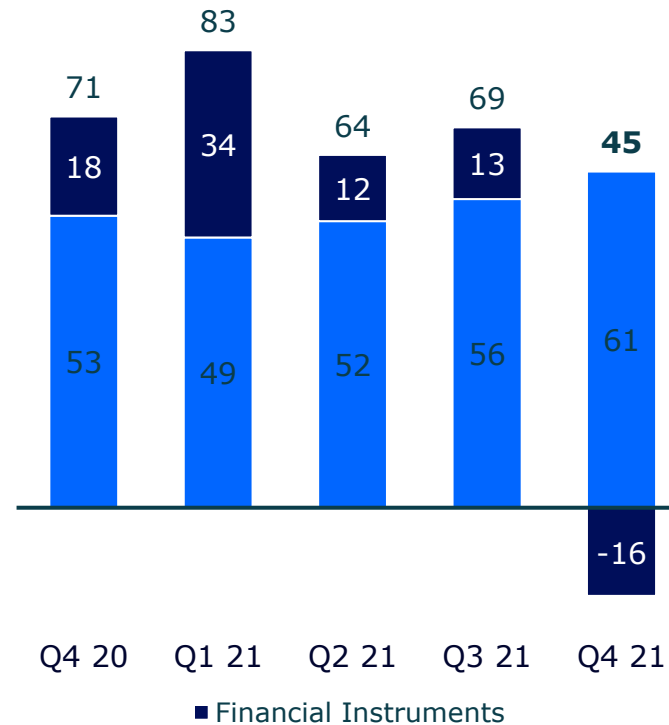
Net Interest Income
- % of Average Assets



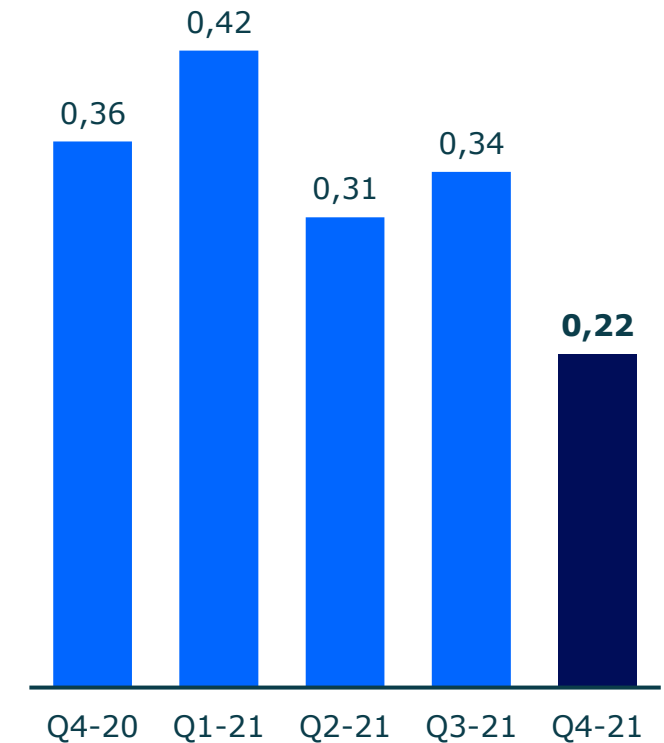
Quarterly development in Other Income

- The development in the quarter is affected by negative value adjustments on the financial instruments
- Other income, excluding financial instruments, shows a good development and has increased by NOK 8 million (15.1 per cent) compared with the same period last year
- Increased income contribution from guarantee commissions, insurance, fund sales, discretionary portfolio management and real estate contributes to the positive development

Other Income
- NOK million



Other Income
- % of Average Assets



Increased activity leads to growth in other income

Discretionary Asset Management
16 %

Savings in funds / securities
36 %

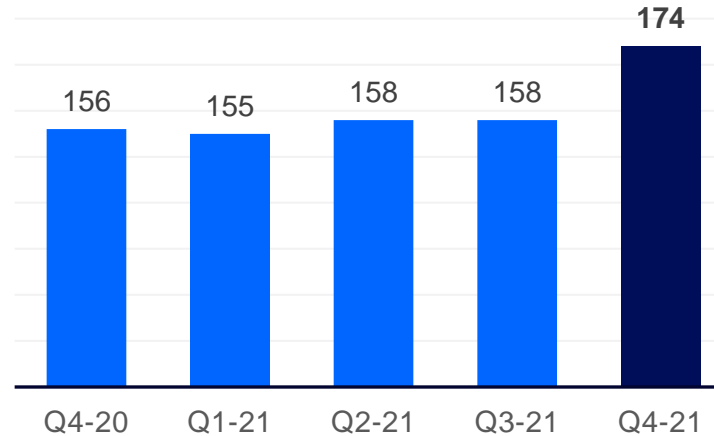
Insurance
13 %

Real Estate Brokerage
9 %

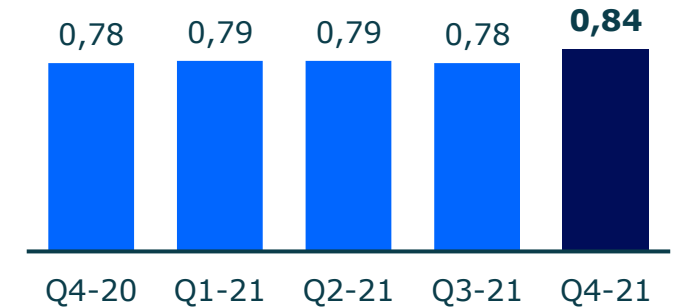
Strong Costs control

- Costs in 2021 were NOK 21 million higher than the year before
- The change is mainly related to increased personnel and IT costs as a result of strengthened investment in several areas
- We work purposefully with measures that contribute to increased availability, better service offerings for customers and increased efficiency
- We are experiencing increased demand for advice, and the bank is working targeted with smart use of technology to free up time and resources for advice

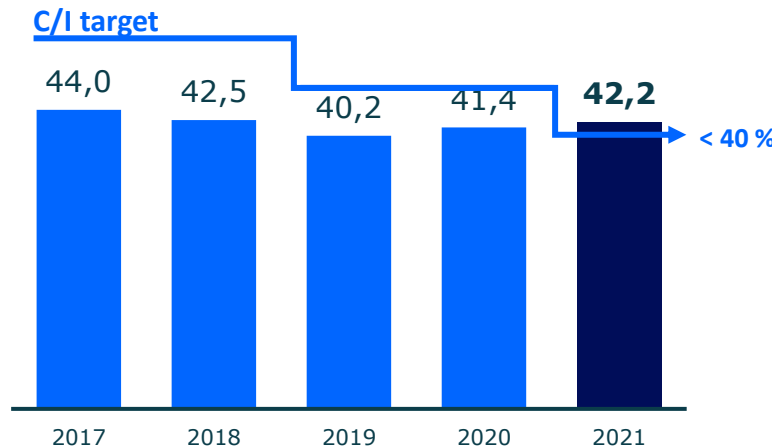
Operating Costs
- NOK million



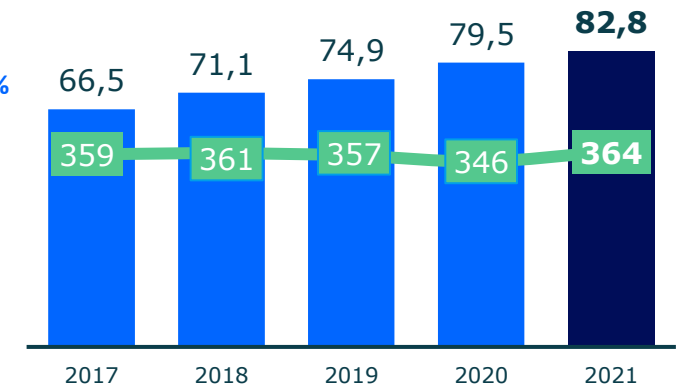
Operating Costs
- % of Average Assets



Cost/Income ratio



Total Assets and Man Years
- Total Assets in NOK billion





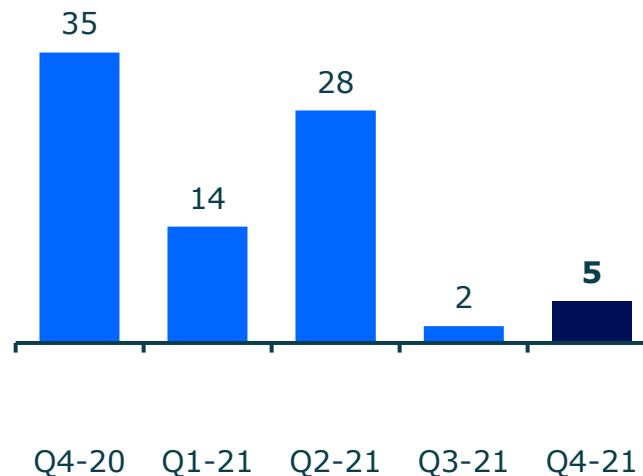
Recruiting

- *All time high recruitment in 2021*
 - ✓ *44 advertised positions in the bank*
 - ✓ *497 applicants*
 - ✓ *170 interviews*
 - ✓ *38 new employees*

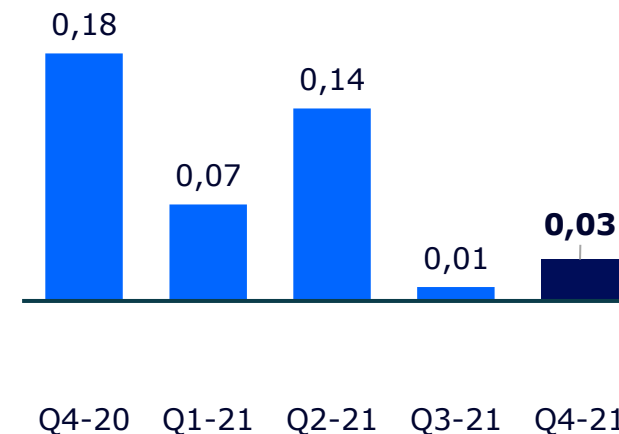
Losses and portfolio quality

- Losses on loans and guarantees are low
- The quarterly accounts are charged with NOK 5 million in losses, which are distributed with NOK 1 million in the corporate market and NOK 4 million in the retail customer segment
- Our portfolio is strong and well diversified
- The level of default is low and there are few bankruptcies

Losses on loans and guarantees
- NOK million

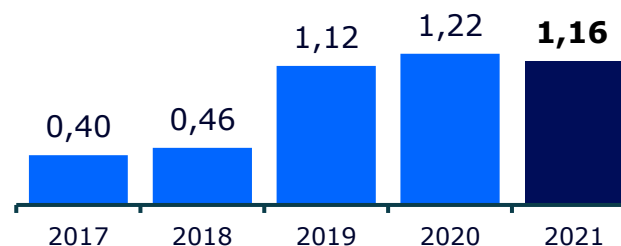


Losses on loans and guarantees
- % of Average Assets



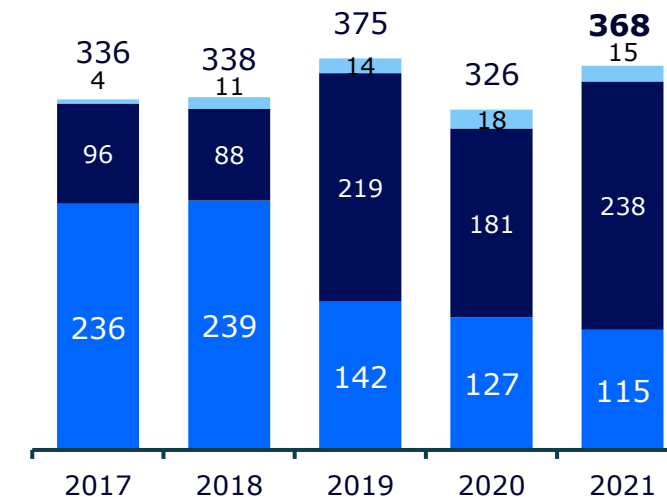
Credit impaired committments (net)

-per cent of loans/guarantees



Impairments

- NOK million

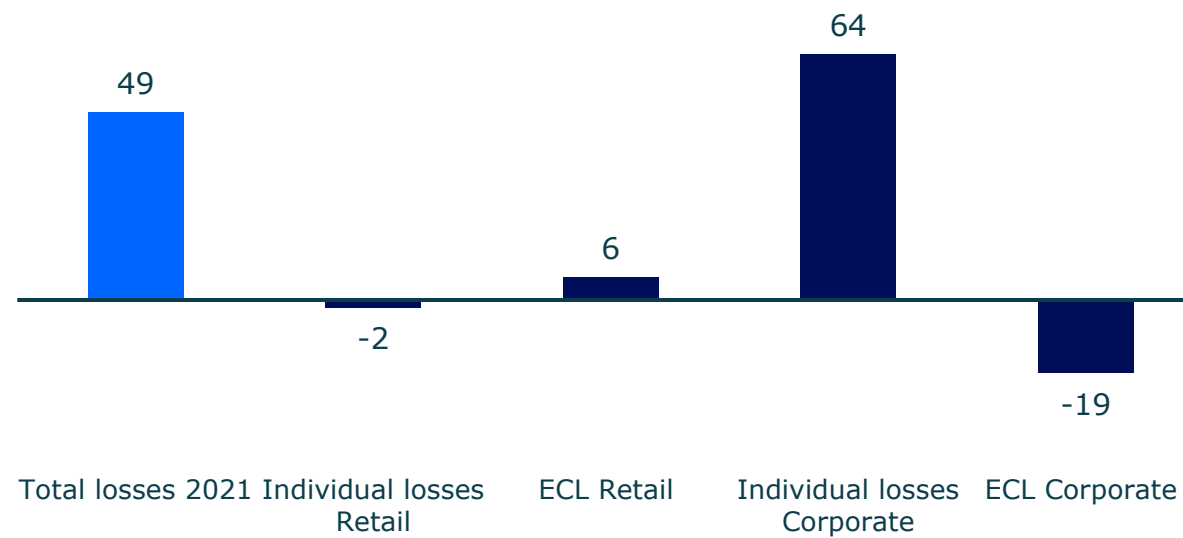


■ ECL on commitments in default above 90 days
 ■ Individual impairments on other credit-impaired commitments
 ■ ECL-impairments on loans and guarantees

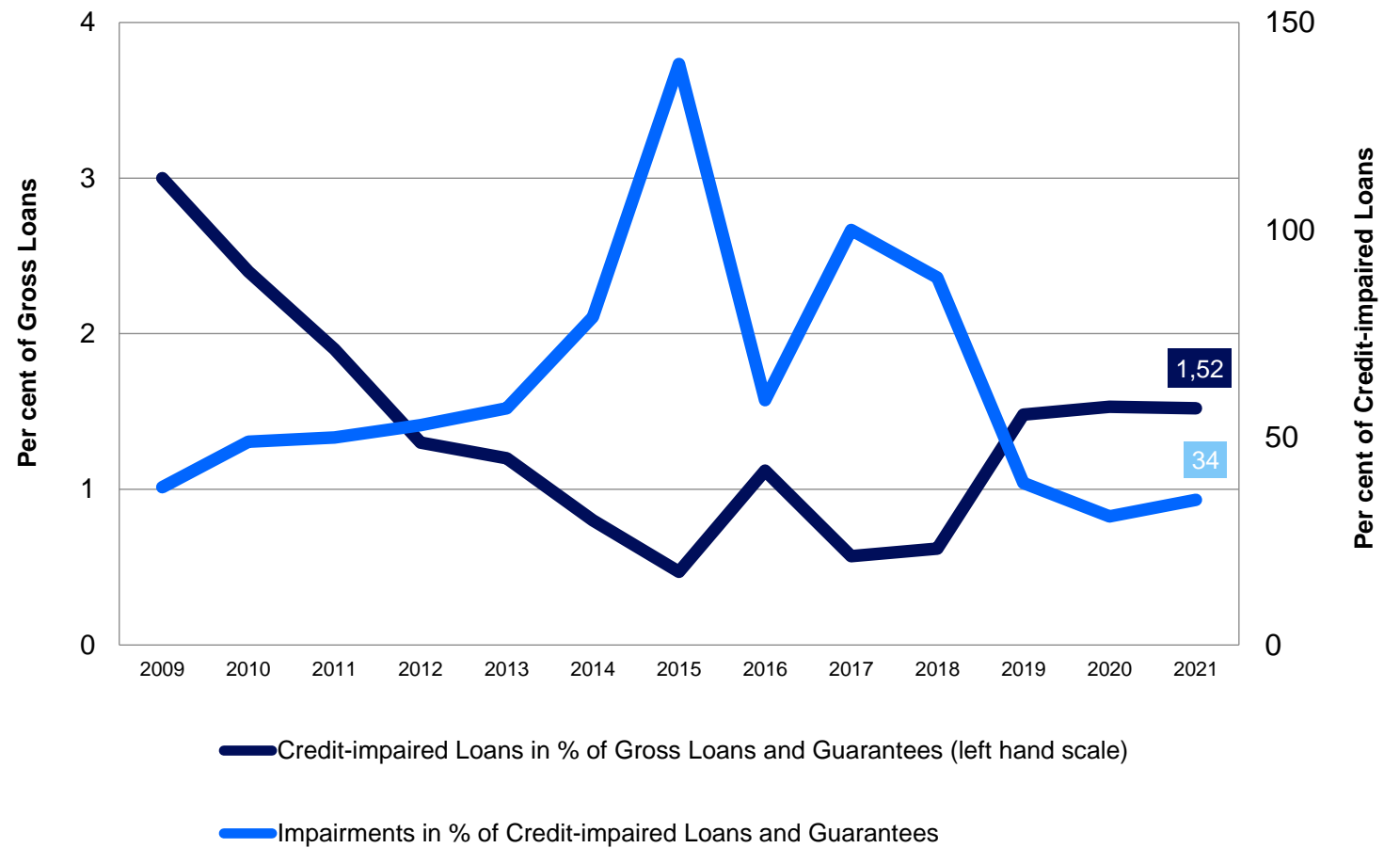
Losses by sector

Losses on loans and guarantees

- NOK million



Credit-impaired loans



Credit-impaired Loans are loans and guarantees more than 90 days over due and loans with individually assessed impairments.

Results in details

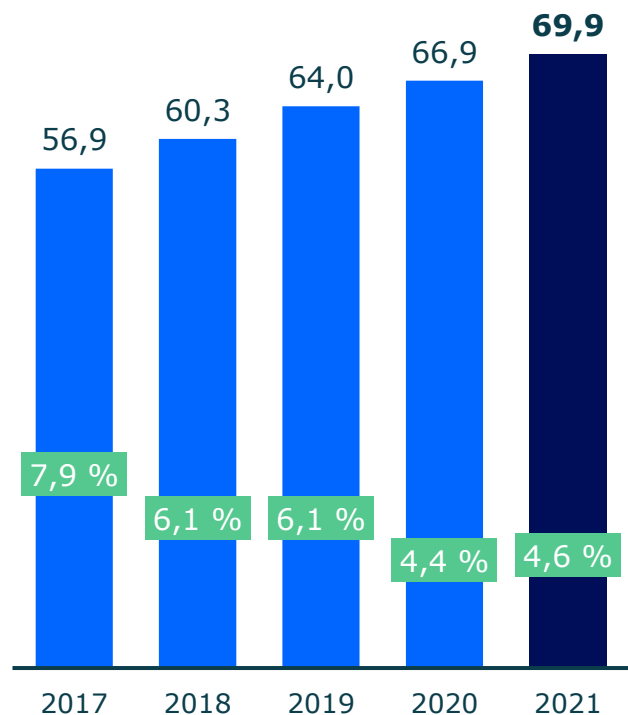
Results (NOK million and %)	2021		2020		Changes	
	NOK	%	NOK	%	NOK	p.p.
Net Interest Income	1,266	1.56	1,227	1.57	39	-0.01
Net Income Financial Investments	-23	-0.03	-4	-0.01	-19	-0.02
Gains/losses liquidity portfolio	18	0.02	-4	-0.01	22	0.03
Gains/losses on shares	48	0.06	82	0.11	-34	-0.05
Other Income	218	0.27	206	0.27	12	0.00
Total Other Income	261	0.32	280	0.36	-19	-0.04
Total Income	1,527	1.88	1,507	1.93	20	-0.05
Salaries and wages	360	0.44	337	0.43	23	0.01
Other costs	285	0.36	287	0.37	-2	-0.01
Total operating costs	645	0.80	624	0.80	21	0.00
Profit before losses	882	1.08	883	1.13	-1	-0.05
Losses on loans, guarantees etc	49	0.06	149	0.19	-100	-0.13
Pre-tax profit	833	1.02	734	0.94	99	0.08
Taxes	191	0.24	167	0.21	24	0.03
Profit after tax	642	0.78	567	0.73	75	0.05

Balance sheet

High activity and good growth

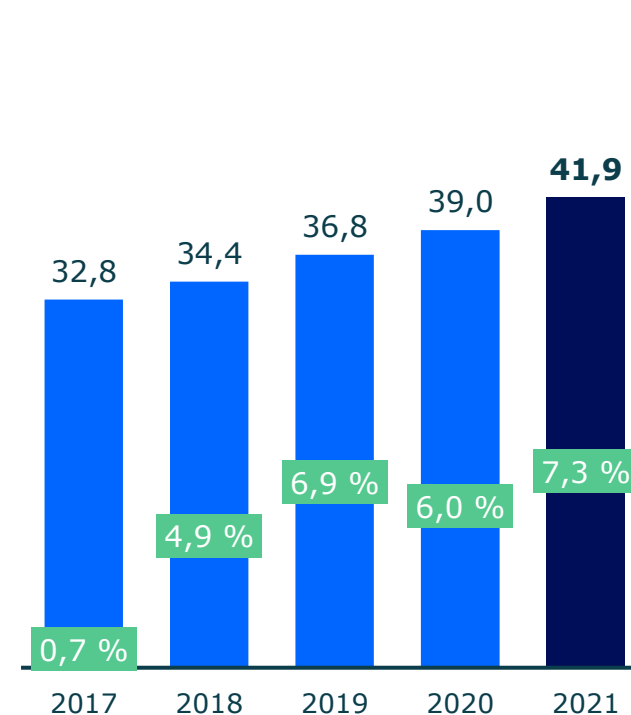
- The bank has seen good activity in 2021 and an increasing growth rate in total lending compared with the end of 2020
- Lending growth ended at 4.6 per cent against 4.4 per cent at the end of 2020
- Deposit growth was strong against the end of 2021 and ended at 7.3 per cent
- There is good market activity in the bank and we have gained a record number of new customers in 2021

Loans - NOK billion and per cent (y/y)



Customer lending has increased by 4.6 % over the last 12 months.

Deposits - NOK billion and per cent (y/y)



Deposit growth of 7.3 % over the last 12 months.

High deposit-to-loan ratio of 59.6 %

Record number of new customers in 2021

High demand for advisory services

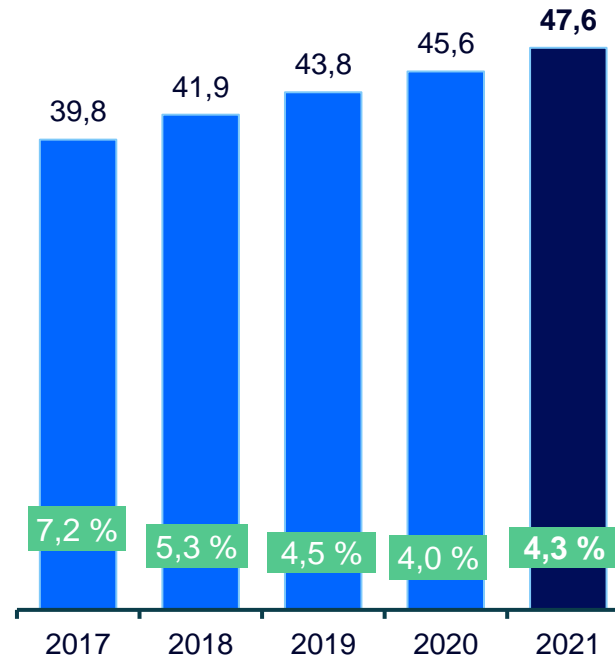
- The bank has never gained as many new customers as in 2021
- A good confirmation of the bank's business model
- Customers value availability and broad competence
- We are experiencing increased demand for advice, and the bank is working purposefully with smart use of technology to free up time and resources for advisory work
- Customers want advice in areas such as financing, savings, asset management and sustainability
- This year we have also launched legal services for private individuals. Through our legal partner Justify, customers can access good digital tools and services



Lending

- Lending growth ended at 4.6 per cent against 4.4 per cent at the end of 2020
- Lending growth to the retail market ended at 4.3 per cent by year end 2021, while lending growth to the corporate market ended at 5.4 per cent
- Growth has picked up somewhat in both the retail and the corporate markets compared with 2020
- We are working well in the market and we expect good and stable growth going forward

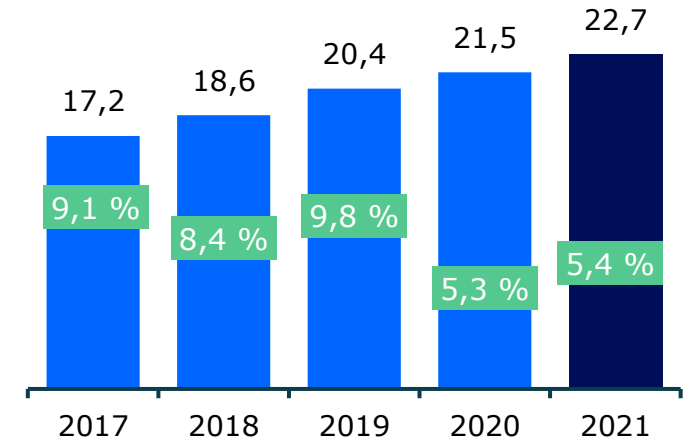
Retail market - NOK billion and per cent y/y



Retail lending has increased by 4.3 % over the last 12 months

Loans to the retail market amount to 67.7 % of total loans

Corporate market - NOK billion and per cent y/y



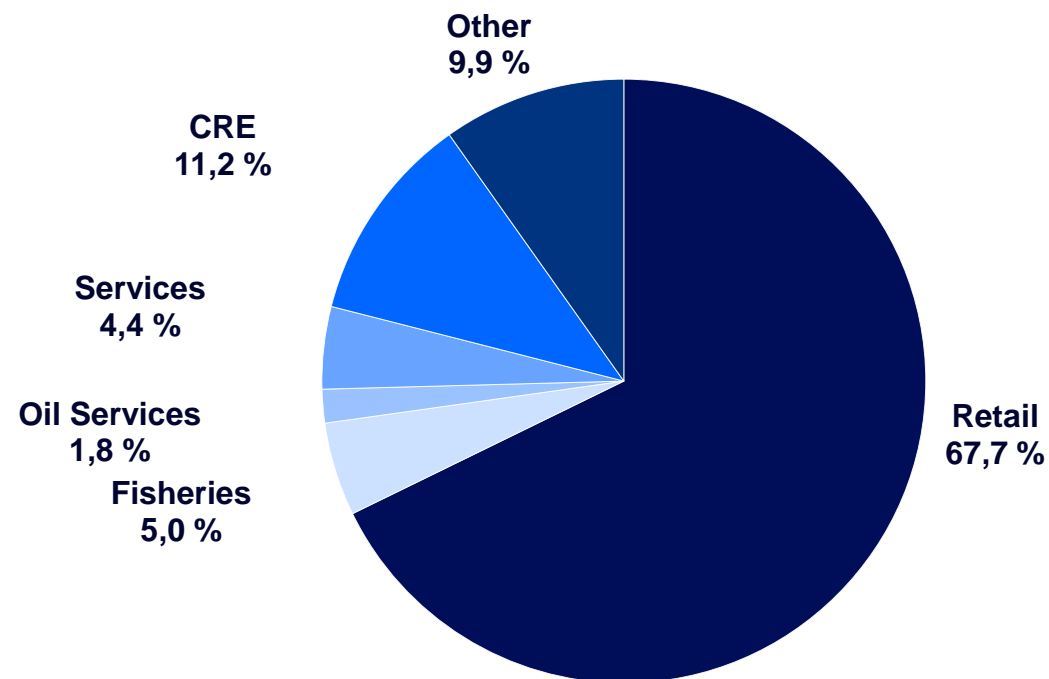
Corporate lending has increased by 5.4 % over the last 12 months

Loans to the corporate market amount to 32.3 % of total loans

Diversified loan book

- The bank has a well-diversified portfolio that reflects the industry distribution in our market area
- We register good activity in most industries in 2021. There is also a strong demand for labour
- There is a high degree of stability between the sectors and growth is spread over several industries
- The level of default is low and the portfolio is robust with low risk

Loans by sector



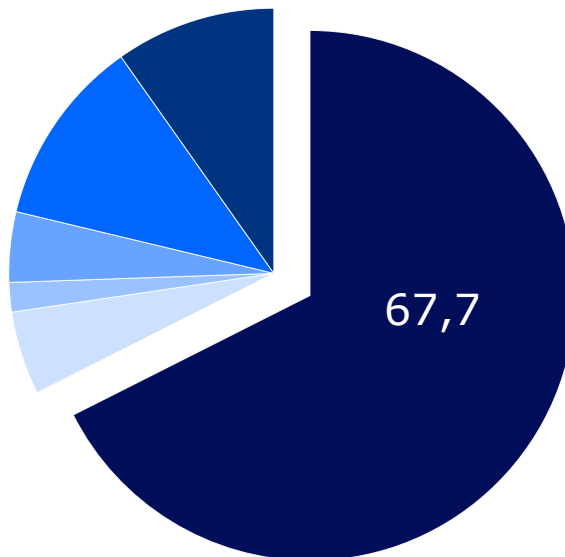
Other;

Financial services	1.1 %	Other Industry	2.3 %
Building and Construction	1.4 %	Fishing Industry	1.6 %
Retail/wholesale trade	1.5 %	Ship Yards	0.6 %
Agriculture	1.0 %	Other	0.4 %

Good quality in our retail portfolio

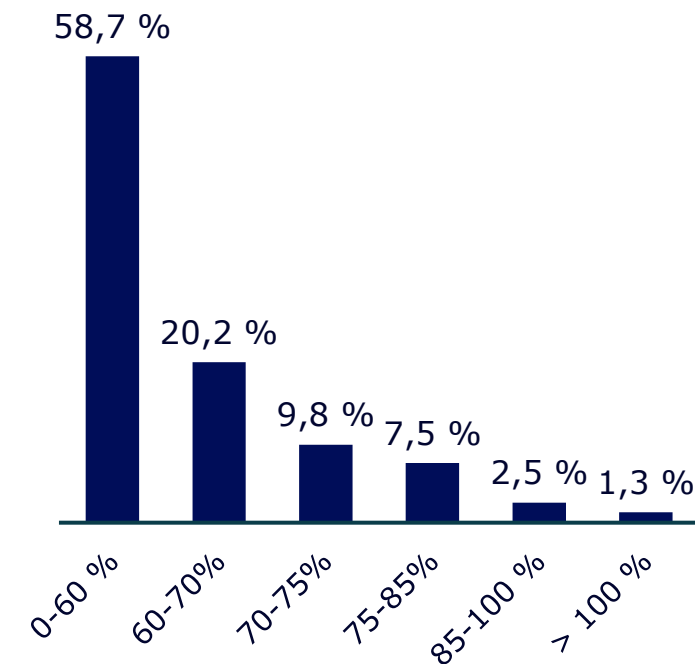
- High portion of secured loans and low level of loans in default
- We are close to the customers and enter into dialogue early

Loans to retail customers - % of total loans



Deviation from Boliglånsforskriften reported in the fourth quarter of 2021 were 9.6 % outside Oslo, and 17.5 % in Oslo

Loan to Value – retail loans



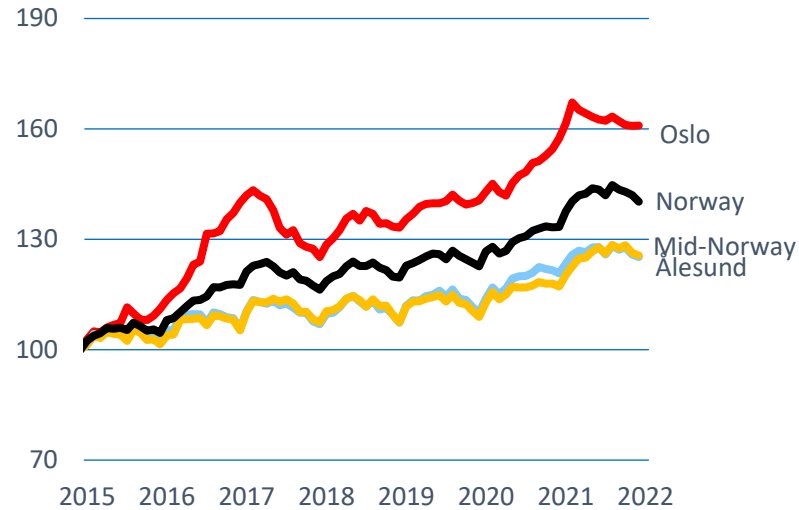
96.3 % of mortgages are within 85 % of LTV

House prices

- Based on pre-owned dwellings sold in June 2021, Norwegian seasonal adjusted house prices decreased by 0.2 per cent in December 2021
- Last twelve months Norwegian house prices have increased in average by 5.2 per cent
- The City of Ålesund and the Mid-Norway region has over time experienced moderate growth in house prices compared to the national average, both indexed development and in price per square meter

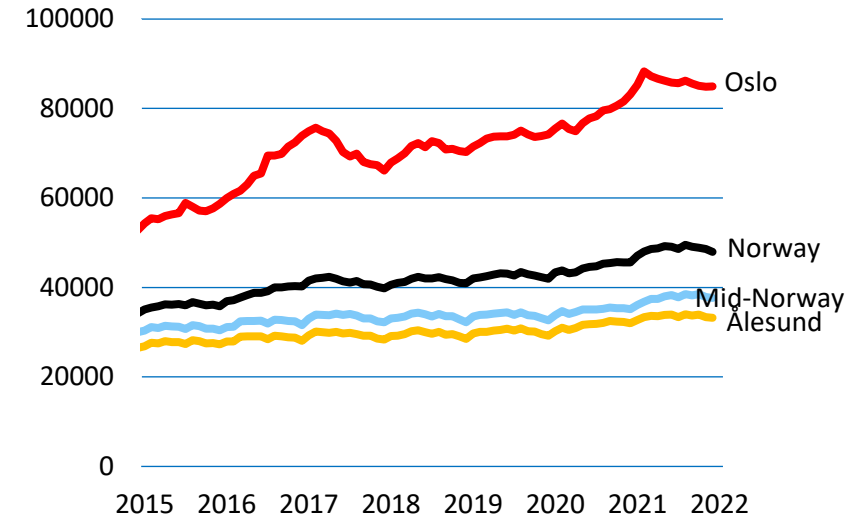
Indexed development

- January 2015 = 100



Price per square meter

- January 2015 – December 2021



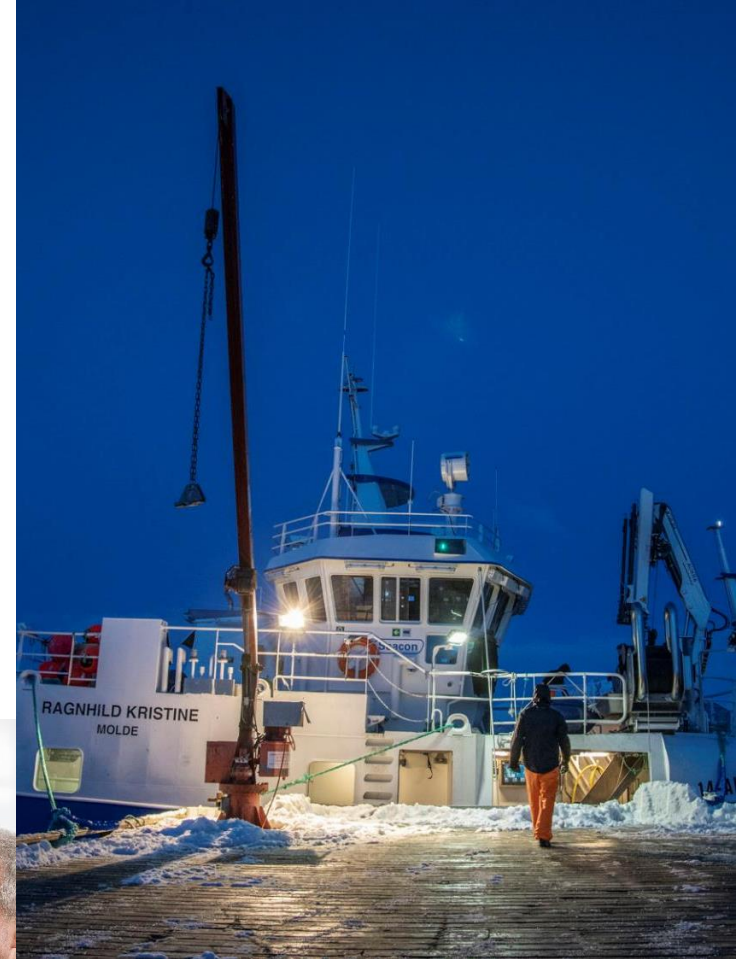
Key information

(Sold pre-owned dwellings in December 2021)

	Norway	Mid-Norway	Greater Ålesund	Greater Stavanger	City of Oslo
Seasonal adj. development month	- 0.2 %	+0.6 %	+0.6 %	- 0.2 %	- 0.2 %
Development 12 months	+5.2 %	+7.1 %	+3.7 %	+7.0 %	+2.2 %
Per square meter (NOK)	47 979	37 636	33 203	39 329	84 946
Average days on market	51 days	65 days	97 days	51 days	27 days
Price median dwelling (NOK)	3 550 000	2 950 000	2 760 801	3 506 216	4 770 000

Important area for seafood exports

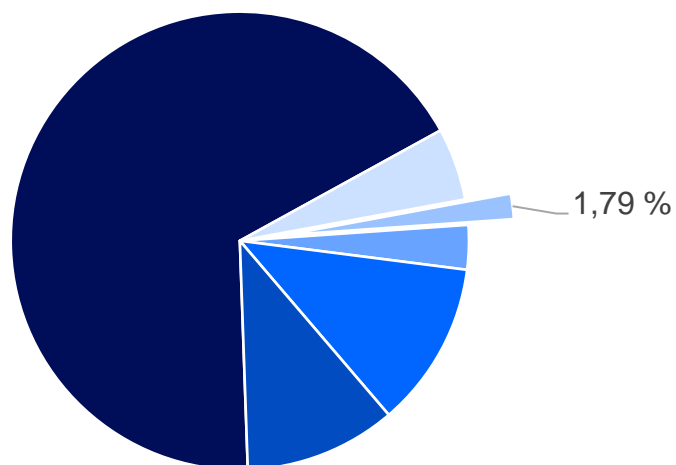
- In 2021, the exports of seafood from Norway ended at a record high of NOK 120 billion, an increase of 13 per cent from 2020
- Our county, Møre og Romsdal accounts for almost 30 percent of the total seafood exports from Norway
- 15.5 per cent of the bank`s lending volume to corporate customers is related to fisheries
- The bank has its own industry group for Marin, staffed by authorized financial advisers with industry specialization in fisheries, the fishing industry and aquaculture



Low exposure towards Oil Services

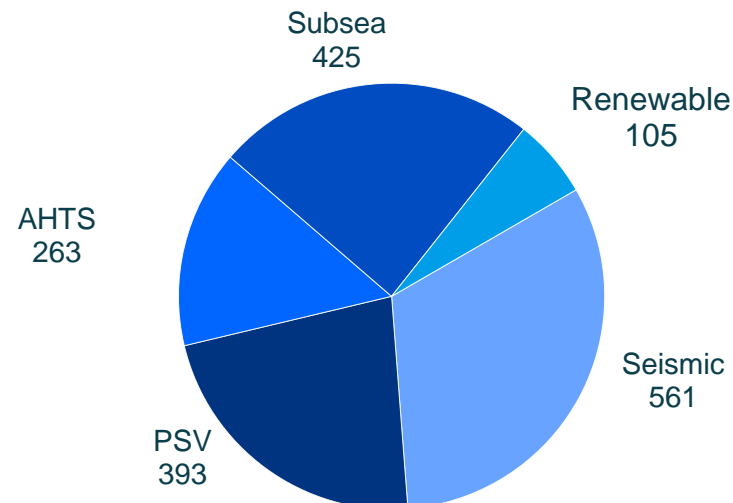
Loans to Oil Service

- In per cent of total loans



EAD* by type of vessel

- In NOK million

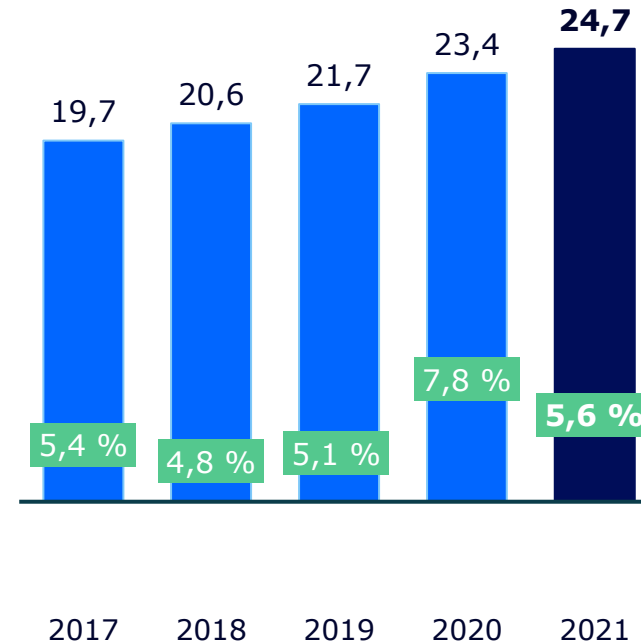


(EAD in NOK million)	Loans	Guarantees	Total EAD*	Expected Credit Losses			
				Individually assessed impairments	ECL-IFRS 9	Total	Per cent of EAD
Low Risk (Risk Class A-C)	253	73	326	0	2.6	2.6	0.8 %
Medium Risk (Risk Class D-G)	12	100	112	0	0.2	0.2	0.2 %
High Risk (Risk Class H-M)	208	201	408	0	11.7	11.7	2.9 %
Loans and guarantees with individually assessed impairments	796	105	901	215	-	215.0	23.9 %
Total	1.269	478	1.748	215	14.6	229.6	13.1 %

Deposits

- Good deposit growth in the quarter and deposits increased by 7.3 per cent
- Strong deposit development in the corporate market with a growth of 9.8 per cent
- Growth in the retail market also strengthened during the fourth quarter and ended at 5.6 per cent

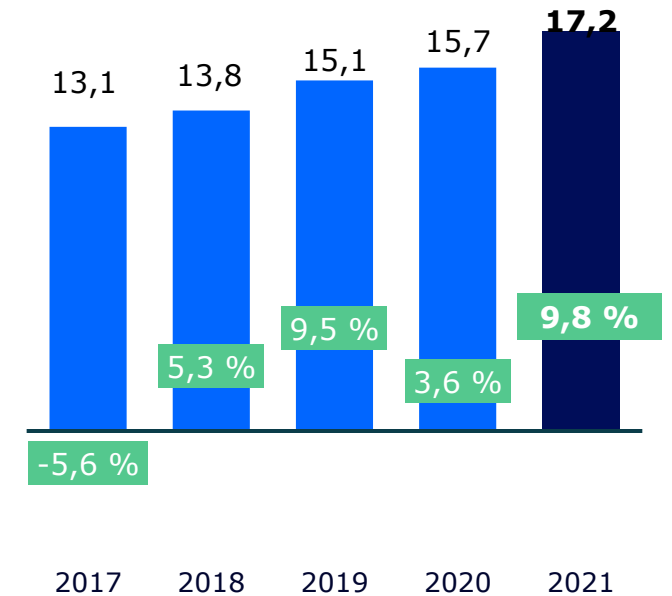
Retail market
- NOK billion and per cent y/y



Retail deposits have increased by 5.6 % over the last 12 months

Deposits from the retail market amount to 58.9 % of total deposits

Corporate and public
- NOK billion and per cent y/y

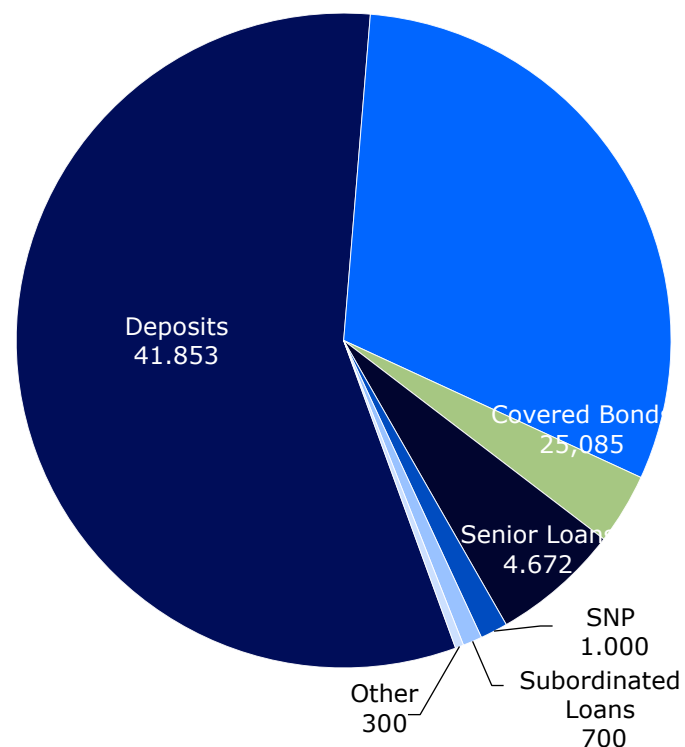


Deposits from corporate and public customers have increased by 9.8 % the last 12 months

Liquidity and Capital

Deposits from customers and market funding – strong rating

Deposits are the Group's most important source of funding



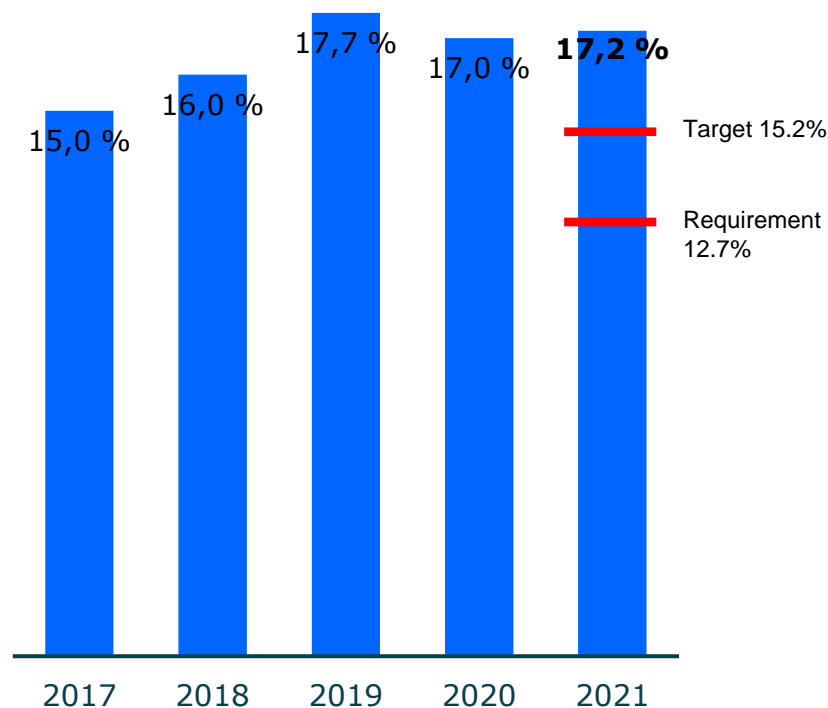
Sparebanken Møre with good access to the market – diversifying the investor base

- Our deposit-to-loan ratio stood at 59,6 per cent by year end
- Total net market funding ended at NOK 31.8 billion by end of 2021 – more than 85 per cent with remaining maturity of more than one year
- Senior Bonds: Weighted average maturity of 2.55 years (FSA defined key figures)
- Covered Bonds issued through Møre Boligkreditt AS have a weighted average maturity of 3.53 years (FSA defined key figures)
- January 2021, Moody's upgraded the banks rating from A2- stable to A1 with stable outlook. Issuances from Møre Boligkreditt AS are rated Aaa
- The Group's first green market financing was established when Møre Boligkreditt AS entered the euro market on 21 September 2021 with a 5-year semi-benchmark (EUR 250 million inaugural green covered bond). The issue was very well received
- In January this year, Sparebanken Møre further issued its first green senior non preferred bond (SNP) with a first tranche of NOK 1.0 billion of a limit of NOK 1.5 billion. The loan has a maturity of 6 years. Through this issue and with a total of NOK 2.0 billion issued, the bank is well on track with the linear phasing in of the new capital class

Strong Capital by year end

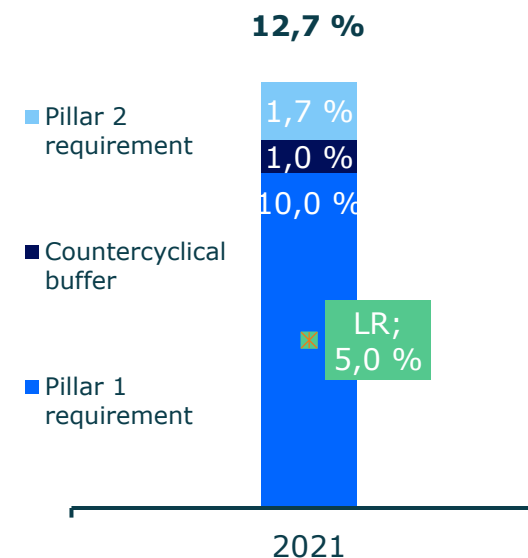
- CET1 at 17.2 % and Leverage Ratio (LR) at 7.7 % by year end, - the ratios are well above regulatory requirements
- Countercyclical buffer will be increased to 1.5 % 30.06.2022 and further to 2.0 % 31.12.2022. A further increase to 2.5 % has been announced in the first half of 2023
- Systemic risk buffer will be increased from 3.0 % to 4.5 % as of 31.12.2022
- CRD V / CRR 2 is expected to have a positive effect
- The effect of circular 03/2021 from Finanstilsynet (FSA) is not included in the bank's capital calculation
- The bank is solid and well equipped for further growth and development

CET1 capital in Sparebanken Møre - % of risk weighted assets



- By year end, our Common Equity Tier 1 capital stood at 17.2 %, Tier 1 capital at 18.9 % and Total Capital at 20.9 %.
- Sparebanken Møre's capital targets are:
 - Total Capital: Minimum 18.7 %
 - Tier 1 capital: Minimum 16.7 %
 - CET1: Minimum 15.2 %

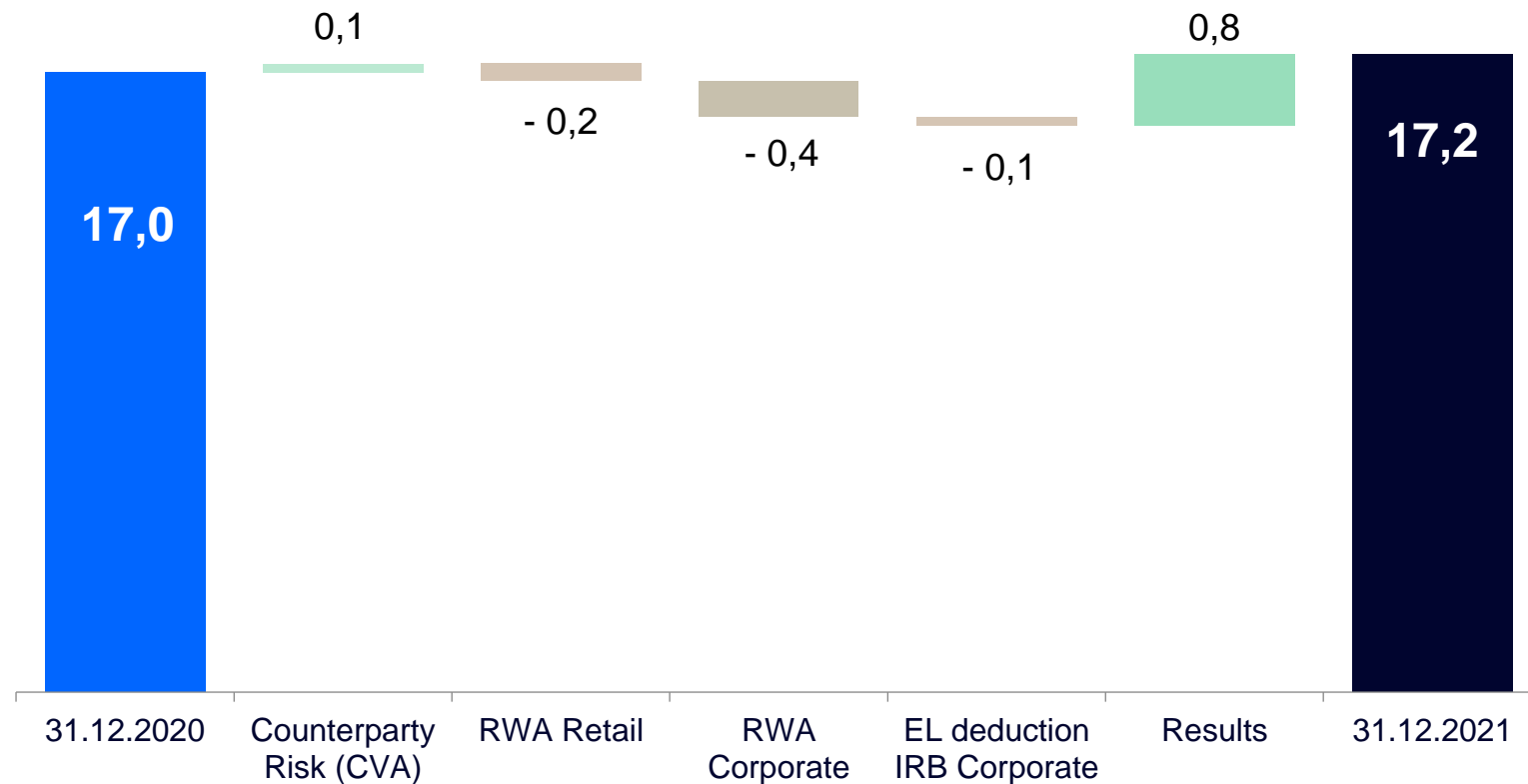
CET1 requirement for Sparebanken Møre - % of risk weighted assets and excl. management buffer



- The Group's capital adequacy ratio is well above the regulatory capital requirements
- Our capital is calculated according to the IRB Foundation Approach for corporate commitments, IRB Approach for the retail market and the Standardised Approach for other items

Development in CET1

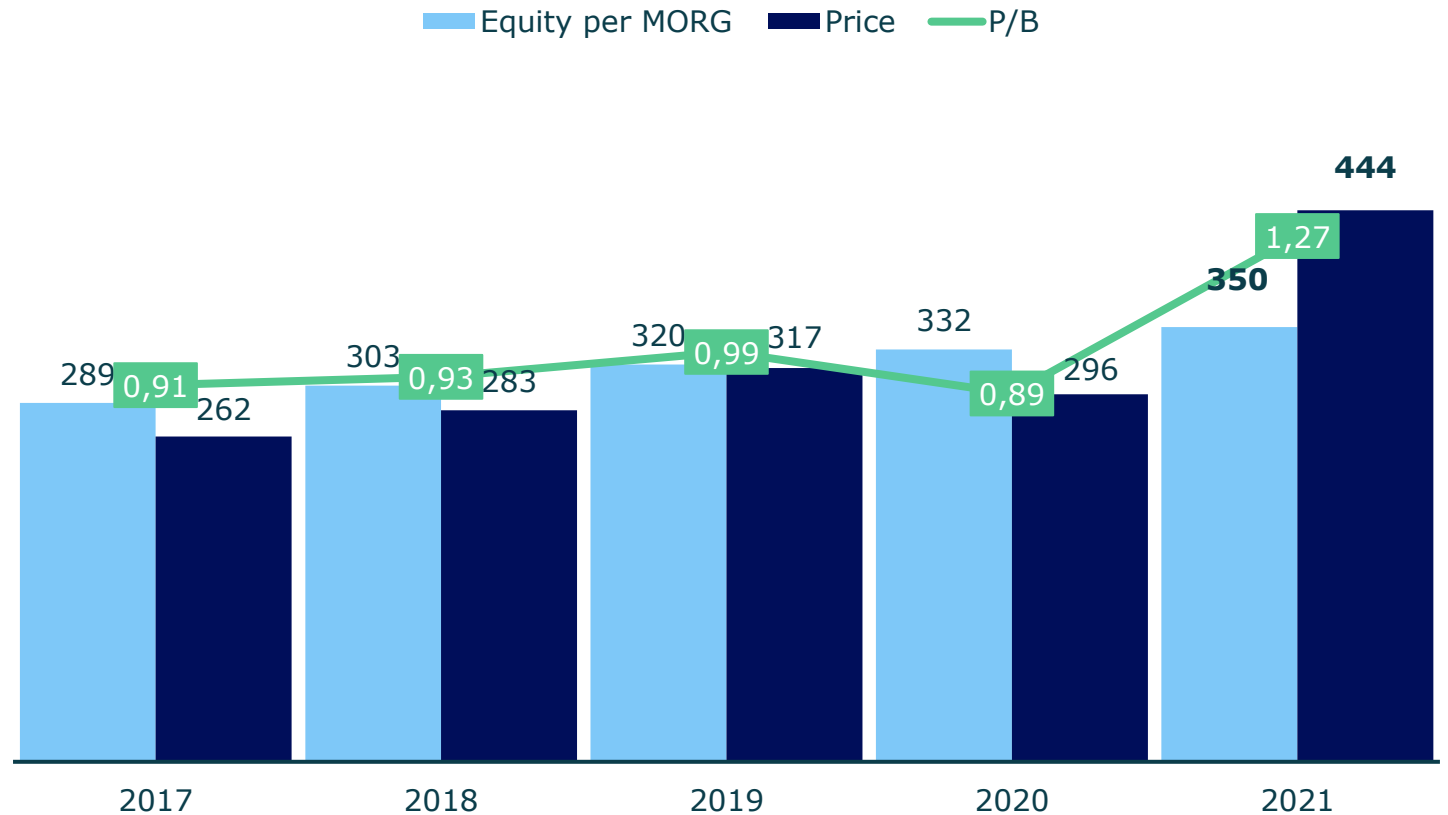
Changes in CET1 from year end 2020



Dividend policy

- Sparebanken Møre aims to achieve financial results providing a good and stable return on the bank's equity capital
- Sparebanken Møre's results should ensure that the owners of the equity receive a competitive long-term return in the form of cash dividends and capital appreciation on their equity
- Unless the capital strength dictates otherwise, about 50 per cent of the profit for the year will be distributed as dividends

MORG – price and Price/Book (P/B) value



Equity per MORG is calculated on Group figures

Equity Capital in Sparebanken Møre

- The PCCs/ECs of Sparebanken Møre (MORG) have been listed at Oslo Stock Exchange since 1989. Sparebanken Møre was the first Norwegian savings bank to be listed at OSE
- Total EC capital was NOK 989 million by December 2021
- Good Total Return over many years – the figure below shows Total Return on MORG vs the broad Oslo Børs index OSEBX since the beginning of 2000
- Planned, proposed dividend from the Board to the General Meeting is NOK 16 per EC for the financial year 2021



Source: Bloomberg

Annual dividend per EC (NOK)

1990	10	2006	20
1991	0	2007	23
1992	0	2008	20
1993	13	2009	12
1994	12	2010	12
1995	13	2011	8
1996	13	2012	12
1997	13	2013	8
1998	15	2014	13.50
1999	16	2015	11.50
2000	17	2016	14.00
2001	17	2017	14.00
2002	15	2018	15.50
2003	16	2019	14.00
2004	18	2020	3.50+9.00
2005	20	2021	(proposed) 16.00

Equity Capital in Sparebanken Møre

About equity certificates (EC)

- Equity certificates are a special kind of equity instrument first introduced by savings banks in 1988. A total of 32 banks have now issued such certificates, and 19 of them are listed on the stock exchange
- Equity certificates are an important part of savings banks' capital base and confer ownership of between 14 % and 97 % of the individual bank
- A savings bank that has issued equity certificates has two types of equity. One is its primary capital, or "ownerless" equity, consisting of retained earnings built up by the bank over the years. The other is the certificate-holders' equity, consisting of equity certificate capital and related reserves (equalization reserve and premium account)
- Equity certificates have clear similarities to shares. The main difference is the owners' rights to the bank's assets and influence over the bank's governing bodies. The key principle is that profits are distributed proportionally on the basis of ownership share and the bank's other capital
- In a limited company, losses hit shareholders' equity directly. In a savings bank, losses are first absorbed by the primary capital and the equalization reserve before hitting the equity certificate capital

Source: The Norwegian Savings Bank Association <https://www.sparebankforeningen.no/en/egenkapitalbevis/about-equity-certificates/>

Contact

sbm.no
facebook.com/sbm.no
@sbmno
engasjert.sbm.no



Trond Lars Nydal CEO

+47 951 79 977
trond.nydal@sbm.no

Runar Sandanger Senior Economist (SVP) Finance

+47 950 43 660
runar.sandanger@sbm.no

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