Interim report

4

2022 Unaudited

Sparebanken Møre

Financial highlights Group

Income statement

(Amounts in percentage of average assets)

	Q4 2022		Q4 2021		2022		2021	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	432	1.95	335	1.62	1 517	1.78	1 266	1.57
Net commission and other operating income	67	0.30	61	0.29	246	0.29	218	0.27
Net result from financial instruments	35	0.16	-16	-0.07	-7	-0.01	43	0.05
Total income	534	2.41	380	1.84	1 756	2.06	1 527	1.89
Total operating costs	216	0.97	174	0.84	747	0.87	645	0.80
Profit before impairment on loans	318	1.44	206	1.00	1 009	1.19	882	1.09
Impairment on loans, guarantees etc.	2	0.01	5	0.03	-4	0.00	49	0.06
Pre-tax profit	316	1.43	201	0.97	1 013	1.19	833	1.03
Tax	74	0.34	48	0.23	236	0.28	191	0.24
Profit after tax	242	1.09	153	0.74	777	0.91	642	0.79

Statement of financial position

(NOK million)	31.12.2022	Change over the last 12 months (%)	31.12.2021
Total assets 4)	89 501	8.1	82 797
Average assets 4)	85 436	5.6	80 941
Loans to and receivables from customers	76 078	8.8	69 925
Gross loans to retail customers	50 818	6.9	47 557
Gross loans to corporate and public entities	25 575	12.7	22 697
Deposits from customers	43 881	4.8	41 853
Deposits from retail customers	26 344	6.8	24 667
Deposits from corporate and public entities	17 537	2.0	17 186

Key figures and alternative performance measures (APMs)

	Q4 2022	Q4 2021	2022	2021
Return on equity (annualised) 3) 4)	13.2	8.9	10.9	9.5
Cost/income ratio 4)	40.3	45.9	42.5	42.2
Losses as a percentage of loans and guarantees (annualised) 4)	0.01	0.03	-0.01	0.07
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.44	1.52	1.44	1.52
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.20	1.16	1.20	1.16
Deposit-to-loan ratio 4)	57.4	59.6	57.4	59.6
Liquidity Coverage Ratio (LCR)	185	122	185	122
NSFR (Net Stable Funding Ratio)	123	111	123	111
Lending growth as a percentage 4)	3.2	0.7	8.8	4.6
Deposit growth as a percentage 4)	-1.8	2.6	4.8	7.3
Capital adequacy ratio 1)	22.1	20.9	22.1	20.9
Tier 1 capital ratio 1)	19.7	18.9	19.7	18.9
Common Equity Tier 1 capital ratio (CET1) 1)	17.9	17.2	17.9	17.2
Leverage Ratio (LR) 1)	7.6	7.7	7.6	7.7
Man-years	374	364	374	364

Equity Certificates (ECs)

	31.12.2022	2021	2020	2019	2018
Profit per EC (Group) (NOK) 2)	7.50	31.10	27.10	34.50	29.60
Profit per EC (parent bank) (NOK) 2)	8.48	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
Nominal value per EC (NOK)	20.00	100.00	100.00	100.00	100.00
EC fraction 1.1 as a percentage (parent bank)	49.7	49.7	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	84.41	444	296	317	283
Stock market value (NOK million)	4 173	4 390	2 927	3 134	2 798
Book value per EC (Group) (NOK) 4)	74.8	350	332	320	303
Dividend per EC (NOK) 5)	4.00	16.00	13.50	14.00	15.50
Price/Earnings (Group, annualised)	11.3	14.3	10.9	9.2	9.6
Price/Book value (P/B) (Group) 2) 4)	1.13	1.27	0.89	0.99	0.93

1) Including proposed allocations

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 for 2021 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 Q4 2022
Profit before losses amounted to NOK 318 million for the fourth quarter of 2022, or 1.44 per cent of average assets, compared with NOK 206 million, or 1.00 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 242 million for the fourth quarter of 2022, or 1.09 per cent of average assets, compared with NOK 153 million, or 0.74 per cent, for the corresponding quarter last year.

Return on equity was 13.2 per cent for the fourth quarter of 2022, compared with 8.9 per cent for the fourth quarter of 2021, and the cost income ratio amounted to 40.3 per cent compared with 45.9 per cent for the fourth quarter of 2021.

Earnings per equity certificate were NOK 2.33 for the Group and NOK 2.17 for the parent bank.

Net interest income
Net interest income was NOK 432 million, which is NOK 97 million, or 29.0 per cent, higher than in the corresponding quarter of last year. This represents 1.95 per cent of total assets, which is 0.33 percentage points higher than for the corresponding quarter last year.

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

Other income
Other income was NOK 102 million in the quarter, which is NOK 57 million higher than in the fourth quarter of last year. The net result from financial instruments was NOK 35 million and this is NOK 51 million higher than in the fourth quarter of 2021. Capital gains from bond holdings were NOK 18 million in the quarter, compared with capital losses of NOK 23 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 12 million compared with capital gains of NOK 7 million in the fourth quarter of 2021. The negative change in value for fixed-rate lending amounted NOK 17 million, compared with a negative change in value of NOK 6 million in the same quarter last year. The value of issued bonds decreased by NOK 4 million, compared with a negative change in value amounting to NOK 6 million in the fourth quarter of 2021. Income from foreign exchange and interest rate hedging business amounted to NOK 16 million, NOK 4 million more than in the same quarter last year.

Other income, excluding financial instruments, increased by NOK 6 million compared with the fourth quarter of 2021. The increase was mainly attributable to income from guarantee commissions, sales of insurance cover and money-transfer services.

Costs
Operating costs amounted to NOK 216 million for the quarter, which is NOK 42 million higher than for the same quarter last year. Personnel costs accounted for NOK 25 million of the rise in relation to the same period last year and totalled NOK 122 million. Other operating costs have increased by NOK 17 million from the same period last year.

Provisions for expected losses and credit-impaired commitments
The quarter's accounts were charged NOK 2 million in losses on loans and guarantees (NOK 5 million),

equivalent to 0.01 per cent of average assets (0.03 per cent of average assets). The corporate segment saw recoveries on losses of NOK 16 million in the quarter, while NOK 18 million in losses were charged in the retail segment.

PRELIMINARY FINANCIAL STATEMENTS FOR 2022

Sparebanken Møre's profit before losses was NOK 1,009 million, or 1.19 per cent of average assets, compared with NOK 882 million, or 1.09 per cent, for 2021.

Profit after tax was NOK 777 million, or 0.91 per cent of average assets, compared with NOK 642 million, or 0.79 per cent, for 2021.

Return on equity was 10.9 per cent for 2022, compared with 9.5 per cent for 2021, and the cost income ratio amounted to 42.5 per cent, compared with 42.2 per cent for 2021. Earnings per equity certificate in 2022 were NOK 7.50 for the Group, and NOK 8.48 for the parent bank.

Net interest income

Net interest income totalled NOK 1,517 million (NOK 1,266 million) or 1.78 per cent (1.57 per cent) of average assets.

In the retail market, the lending margin decreased while the deposit margin increased compared with 2021. In the corporate market, the interest margin for lending was on a par with 2021, while the interest margin for deposits increased slightly.

Other income

Other income was NOK 239 million in 2022 (0.28 per cent of average assets). This is a decrease of NOK 22 million compared with 2021.

Dividends amounted to NOK 11 million, compared with NOK 3 million in 2021. Capital losses from bond holdings were NOK 75 million, compared with losses of NOK 23 million in 2021. Capital gains from equities amounted to NOK 24 million, compared with capital gains of NOK 18 million in 2021. Income from other financial instruments increased by NOK 16 million compared with 2021.

Other income, excluding financial instruments, increased by NOK 28 million compared with 2021.

See Note 7 for a specification of other income.

Costs

Total costs were NOK 747 million, which is NOK 102 million higher than in 2021. Personnel costs increased by NOK 70 million compared with 2021 and were NOK 430 million. Staffing has increased by 10 FTEs in the past 12 months to 374 FTEs. Other operating costs were NOK 32 million higher than in 2021. See Note 8 for a specification of costs.

The cost income ratio for 2022 was 42.5 per cent, which represents an increase of 0.3 percentage points compared with 2021.

Provisions for expected credit losses and credit-impaired commitments

In 2022, the accounts were credited with recoveries on losses on loans and guarantees of NOK 4 million, while the accounts for 2021 were charged NOK 49 million, corresponding to 0.00 per cent of average assets and 0.06 per cent, respectively.

At the end of 2022, provisions for expected credit losses totalled NOK 341 million, equivalent to 0.44 per cent of gross loans and guarantee commitments (NOK 368 million and 0.51 per cent). Of the total provisions for expected credit losses, NOK 12 million concerns credit-impaired commitments more than 90 days past due (NOK 15 million), which amounts to 0.02 per cent of gross lending and guarantee commitments (0.02 per cent). NOK 179 million concerns other credit-impaired commitments (NOK 248 million), which is equivalent to 0.23 per cent of gross lending and guarantee commitments (0.34 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in Stage 3) have increased by NOK 99 million in the past 12 months. At year end 2022, the corporate market accounted for NOK 770 million of net credit-impaired commitments and the retail market NOK 162 million. In total, this represents 1.20 per cent of gross lending and guarantee commitments (1.16 per cent).

Lending to customers
At year end 2022, lending to customers amounted to NOK 76,078 million (NOK 69,925 million). In the past 12 months, customer lending has increased by a total of NOK 6,153 million, or 8.8 per cent. Retail lending has increased by 6.9 per cent and corporate lending has increased by 12.7 per cent in the past 12 months. Retail lending accounted for 66.5 per cent of lending at year end 2022 (67.7 per cent).

Deposits from customers
Customer deposits have increased by NOK 2,028 million, or 4.8 per cent, in the past 12 months. At year end 2022, deposits amounted to NOK 43,881 million (NOK 41,853 million). Retail deposits have increased by 6.8 per cent in the past 12 months, while corporate deposits have increased by 3.9 per cent and public sector deposits have decreased by 29.3 per cent. The retail market's relative share of deposits amounted to 60.0 per cent (58.9 per cent), while deposits from the corporate market accounted for 38.5 per cent (38.8 per cent) and from the public sector market 1.5 per cent (2.3 per cent).

The deposit-to-loan ratio was 57.4 per cent at year end 2022 (59.6 per cent).

LIQUIDITY AND FUNDING
The regulatory minimum LCR and NSFR requirements are both 100 per cent. The Group has established internal minimum targets that are above the regulatory requirements.

Sparebanken Møre's liquidity coverage ratio (LCR) was 185 for the Group and 142 for the parent bank at the end of the 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" was introduced in Norway from 1 June 2022. This entails, among other things, the introduction of a binding requirement that the net stable funding ratio (NSFR) must be more than 100 at all reporting levels. CRR2 sets new weights for asset and liability items, and for off-balance sheet items. The bank has measured and reported NSFRs for several years, and the NSFR was 123 at the end of 2022 (consolidated figure), while the NSFRs for the bank and Møre Boligkreditt AS were 124 and 110, respectively.

Total net market funding amounted to NOK 35.2 billion at the end of the year. Senior bonds with a remaining term to maturity of more than 1 year have a weighted remaining term to maturity of 2.17 years, while covered bond funding through Møre Boligkreditt AS correspondingly has a weighted remaining term to maturity of 3.13 years – overall for market funding in the Group (inclusive of T2 and T3) the remaining term to maturity is 3.11 years.

Møre Boligkreditt AS issues bonds based on the transfer of loans from the parent bank. The loans transferred to the mortgage company amounted to NOK 29,534 million at the end of 2022, equal to around 39 per cent of the bank's total lending.

RATING
In an update dated 25 July 2022, Moody's Investor Service confirmed Sparebanken Møre's counterparty, deposit and issuer rating of A1 with a stable outlook. The rating of the bank's senior non-preferred liabilities in local currency was also maintained at Baa1.

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

CAPITAL ADEQUACY
Sparebanken Møre is well capitalised. At the end of 2022, the Common Equity Tier 1 capital ratio was 17.9 per cent (17.2 per cent). This is 2.95 percentage points higher than the total minimum requirement and the Financial Supervisory Authority of Norway's expected margin totalling 14.95 per cent. Primary capital amounted to 22.1 per cent (20.9 per cent) and Tier 1 capital 19.7 per cent (18.9 per cent).

The 'banking package' was enacted in Norway on 1 June 2022 and resulted in several changes such as the expansion of the SME discount and the introduction of a minimum NSFR requirement. On 21 December 2021, Sparebanken Møre applied to the Financial Supervisory Authority to make changes to the bank's IRB models and calibration framework. The bank received a preliminary response to the application on 13 July 2022 and responded to this on 14 December 2022. The Board is awaiting a final response from the Financial Supervisory Authority to the application that has been submitted.

Sparebanken Møre's total Common Equity Tier 1 capital ratio requirement is 13.7 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 a countercyclical buffer of 2.0 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(P2G) of 1.25 per cent. The Financial Supervisory Authority has informed the bank that it plans to implement SREP in 2023. At least 56.25 per cent of the new Pillar 2 requirement that results from the aforementioned SREP must be met with Common Equity Tier 1 capital, while 75 per cent must be met with Tier 1 capital.

The leverage ratio (LR) at year end 2022 was 7.6 per cent (7.7 per cent). The regulatory minimum requirement (3 per cent) was met by a good margin.

MREL

The Financial Supervisory Authority has set Sparebanken Møre's effective MREL requirement as at 1 January 2023 at 32.4 per cent and the minimum requirement for subordination at 23.5 per cent. Based on the set capital requirements and announced changes that will come into force by 1 January 2024, Sparebanken Møre will operate on the basis of an effective MREL requirement of 35.9 per cent and a subordination requirement of 28.9 per cent.

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

SUBSIDIARIES

The aggregate profit of the bank's subsidiaries was NOK 143 million after tax in 2022 (NOK 240 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 2022, the company had outstanding bonds of NOK 26.8 billion in the market, of which almost 40 per cent were denominated in a currency other than NOK. At the end of the year, the parent bank held no bonds issued by the company. Møre Boligkreditt AS contributed NOK 138 million to the Group's result in 2022 (NOK 239 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 1 million to the result in 2022 (NOK 0 million). At year end, the company employed 18 full-time equivalents.

The purpose of Sparebankeiendom AS and Storgata 41-45 Molde AS is to own and manage the bank's own commercial properties. The companies contributed NOK 4 million to the result in 2022 (NOK 1 million). The companies have no staff.

EQUITY CERTIFICATES

At year end 2022, there were 6,145 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 2.6 per cent at the end of the year. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.65 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 31 December 2022, the bank owned 150,927 of its own equity certificates. These were purchased on the Oslo Børs at market prices.

DIVIDEND POLICY

The aim of Sparebanken Møre is to achieve financial results which provide a good and stable return on the bank's equity capital. The 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.

Dividends consist of cash dividends for equity certificate holders and dividend funds for local communities. The proportion of profits allocated to dividends is in line with the bank's capital strength. Unless the bank's capital strength dictates otherwise, it is expected that about 50 per cent of this year's surplus can be distributed as dividends.

Sparebanken Møre's allocation of earnings should ensure that all EC holders are guaranteed equal treatment.

PROPOSED ALLOCATION OF PROFIT FOR THE YEAR

In line with the rules for equity certificates, etc., and in accordance with Sparebanken Møre's dividend policy, the Board of Directors is planning to propose that 53.4 per cent of the Group's profit (47.2 per cent in the parent bank) allocated to equity certificate holders be set aside for cash dividends and dividend funds for local communities.

Based on the accounting breakdown of equity in the parent bank between equity certificate capital and the primary capital fund, 49.65 per cent of the profit will be allocated to equity certificate holders and 50.35 per cent to the primary capital fund. The Group posted earnings per equity certificate of NOK 7.50 in 2022 (NOK 8.48 in the parent bank). The Board of Directors is also planning to propose to the Annual General Meeting a cash dividend per equity certificate for the 2022 financial year set at NOK 4.00, which will come to NOK 198 million in total. The corresponding provision for dividend funds for local communities will amount to NOK 200 million.

Proposed allocation of profit in the parent bank (figures in NOK millions):

Profit for the year		**875**
Share allocated to AT 1 instrument holders		31
Dividend funds (53.4%):		
To cash dividends	198	
To dividend funds for local communities	200	398
Strengthening of equity: (46.6%):		
To the dividend equalisation fund	221	
To the primary capital fund	225	446
Total allocated		**875**

FUTURE PROSPECTS

High inflation, interest rate hikes and geopolitical uncertainty impacted the economic outlook both abroad and domestically throughout the fourth quarter of 2022. Additionally, parts of the proposed Norwegian national budget resulted in further uncertainty, both nationally and in our region. The outlook for growth is poor. The US Federal Reserve, the European Central Bank (ECB) and Norges Bank all raised their rates twice in order to curb inflationary pressures.

At its monetary policy meeting on 14 December, the US Federal Reserve raised the target zone for Federal Funds by 0.50 percentage points to 4.25-4.50 per cent, with a mean value of 4.375 per cent. It also forecasts a mean value for the rate of 5.1 per cent by the end of 2023. The bank made it clear that its main objective going forward will be to bring inflation down even if this could cause higher unemployment.

In December, the overall 12-month consumer price inflation in the US was 6.5 per cent. The peak was reached in June 2022 with an inflation rate of 9.1 per cent. Core inflation, which is defined as the total growth in consumer prices, excluding food and energy, was at 5.7 per cent. The US Federal Reserve's inflation target is 2 per cent. In other words, inflation has fallen to some extent.

At the same time, the New York Fed's Global Supply Chain Pressure Index shows that inflation could fall further going forward. This is due to factors such as lower energy prices and transport costs, as well as shorter delivery times for factor inputs in industry.

The ECB also signalled significant interest rate rises in 2023 at its last monetary policy meeting in the fourth quarter. The central bank expects rates to rise by 0.50 percentage points over a future period of time. The bank has stated that inflation is far too high and is expected to remain above target for a long time.

Domestically, Norges Bank increased its key policy rate by 0.25 percentage points to 2.75 per cent at its monetary policy meeting on 15 December. There were only marginal changes to this year's projected path for interest rates. Norges Bank stated that its key policy rate will most likely be raised further in the first quarter of 2023. The projected path for interest rate indicates that the key policy rate will then most likely have peaked at 3.0 per cent.

The level of activity in the Norwegian economy is high. Since output can fluctuate somewhat from month to month, it may be appropriate to look at trends over a 3-month period. On this basis, Mainland Norway's GDP grew by 1.0 per cent from June-August to September-November 2022.

As a result of the persistent high demand for goods and services, unemployment in the county has remained low. At the end of December, the number of unemployed people in Møre og Romsdal accounted for 1.5 per cent of the workforce. The national unemployment rate was 1.6 per cent.

Overall, growth in lending to households fell in 2022 for Norway as a whole, while growth in lending to the corporate market increased markedly. At the end of November last year, the overall 12-month growth in lending to the public was 5.4 per cent, compared with 5.0 per cent at the start of this year. As a consequence of higher interest rates and the weaker development of house prices, a further slowdown in the growth of lending to households is expected going forward, while corporate investments, including petroleum investments, are helping to keep the rate of growth in corporate lending up.

The bank's overall lending growth remained good throughout 2022. The 12-month growth rate ended at 8.8 per cent at the end of the year, markedly above the level at the end of 2021 of 4.6 per cent. The year-on-year growth in lending to the retail market ended at 6.9 per cent at the end of 2022, while lending growth in the corporate market amounted to 12.7 per cent. Deposits increased by 4.8 per cent in 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.

The bank's return on equity for the 4th quarter of 2022 was 13.2 per cent, while the return on equity for the year as a whole ended at 10.9 per cent. The cost income ratio for December 2022 was below 40 per cent. Sparebanken Møre's strategic financial performance targets are a return on equity above 11 per cent and a cost income ratio below 40 per cent. The financial targets are expected to be achieved in 2023.

Ålesund, 31 December 2022
25 January 2023

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

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q4 2022	Q4 2021	2022	2021
Interest income from assets at amortised cost		804	406	2 386	1 583
Interest income from assets at fair value		129	42	344	140
Interest expenses		501	113	1 213	457
Net interest income	3	432	335	1 517	1 266
Commission income and revenues from banking services		68	60	248	226
Commission expenses and charges from banking services		9	6	34	34
Other operating income		8	7	32	26
Net commission and other operating income	7	67	61	246	218
Dividends		10	1	11	3
Net change in value of financial instruments		25	-17	-18	40
Net result from financial instruments	7	35	-16	-7	43
Total other income	7	102	45	239	261
Total income		534	380	1 756	1 527
Salaries, wages etc.		122	97	430	360
Depreciation and impairment of non-financial assets		12	11	46	45
Other operating expenses		82	66	271	240
Total operating expenses	8	216	174	747	645
Profit before impairment on loans		318	206	1 009	882
Impairment on loans, guarantees etc.	5	2	5	-4	49
Pre-tax profit		316	201	1 013	833
Taxes		74	48	236	191
Profit after tax		242	153	777	642
Allocated to equity owners		231	147	746	619
Allocated to owners of Additional Tier 1 capital		11	6	31	23
Profit per EC (NOK) 1) *		2.33	7.00	7.50	31.10
Diluted earnings per EC (NOK) 1) *		2.33	7.00	7.50	31.10
Distributed dividend per EC (NOK)		0.00	9.00	16.00	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)	Q4 2022	Q4 2021	2022	2021
Profit after tax	242	153	777	642
Items that may subsequently be reclassified to the income statement:				
Basisswap spreads - changes in value	-28	8	30	3
Tax effect of changes in value on basisswap spreads	7	-2	-6	-1
Items that will not be reclassified to the income statement:				
Pension estimate deviations	46	12	46	12
Tax effect of pension estimate deviations	-12	-3	-12	-3
Total comprehensive income after tax	255	168	835	653
Allocated to equity owners	244	162	804	630
Allocated to owners of Additional Tier 1 capital	11	6	31	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	31.12.2022	31.12.2021
Cash and receivables from Norges Bank	9 10 13	394	428
Loans to and receivables from credit institutions	9 10 13	361	867
Loans to and receivables from customers	4 5 6 9 11 13	76 078	69 925
Certificates, bonds and other interest-bearing securities	9 11 13	11 013	10 185
Financial derivatives	9 11	987	810
Shares and other securities	9 11	246	204
Intangible assets		56	51
Fixed assets		202	204
Overfunded pension liability		47	0
Other assets		117	123
Total assets		89 501	82 797

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	31.12.2022	31.12.2021
Loans and deposits from credit institutions	9 10 13	586	980
Deposits from customers	4 9 10 13	43 881	41 853
Debt securities issued	9 10 12	34 236	30 263
Financial derivatives	9 11	752	336
Other provisions for incurred costs and prepaid income		90	80
Pension liabilities		26	35
Tax payable		210	334
Provisions for guarantee liabilities		26	39
Deferred tax liabilities		106	61
Other liabilities		629	543
Subordinated loan capital	9 10	857	703
Total liabilities		81 399	75 227
EC capital	14	989	989
ECs owned by the bank		-3	-2
Share premium		358	357
Additional Tier 1 capital		650	599

Paid-in equity	1 994	1 943
Primary capital fund	3 334	3 094
Gift fund	125	125
Dividend equalisation fund	2 066	1 831
Liability credit reserve	16	577
Other equity	567	0
Retained earnings	6 108	5 627
Total equity	8 102	7 570
Total liabilities and equity	89 501	82 797

Statement of changes in equity - Group

GROUP 30.09.2022	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as of 31.12.2021	7 570	987	357	599	3 094	125	1 831	-8	585
Changes in own equity certificates	-5	-1	1		-2		-3		
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	-31								-31
Equity before allocation of profit for the year	7 267	986	358	650	3 092	125	1 828	-8	236
Allocated to the primary capital fund	225				225				
Allocated to the dividend equalisation fund	221						221		
Allocated to owners of Additional Tier 1 capital	31								31
Allocated to other equity	-98								-98
Proposed dividend allocated for the EC holders	198								198
Proposed dividend allocated for the local community	200								200
Profit for the year	777	0	0	0	225	0	221	0	331
Changes in value - basis swaps	30							30	
Tax effect of changes in value - basis swaps	-6							-6	
Pension estimate deviations	46				23		23		
Tax effect of pension estimate deviations	-12				-6		-6		
Total other income and costs from comprehensive income	58	0	0	0	17	0	17	24	0
Total profit for the year	835	0	0	0	242	0	238	24	331
Equity as at 31 December 2022	8 102	986	358	650	3 334	125	2 066	16	567

GROUP 31.12.2021	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as at 31 December 2020	7 208	987	357	599	2 939	125	1 679	-10	532
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	-10	241
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	0	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	0
Total profit for the year	653	0	0	0	155	0	152	2	344
Equity as at 31 December 2021	7 570	987	357	599	3 094	125	1 831	-8	585

Statement of cash flow - Group

(NOK million)	31.12.2022	31.12.2021
Cash flow from operating activities		
Interest, commission and fees received	2 807	1 884
Interest, commission and fees paid	-580	-277
Interest received on certificates, bonds and other securities	213	94
Dividend and group contribution received	11	3
Operating expenses paid	-630	-531
Income taxes paid	-334	-104
Changes relating to loans to and claims on other financial institutions	506	299
Changes relating to repayment of loans/leasing to customers	-5 169	-3 037
Changes in utilised credit facilities	-966	-90
Net change in deposits from customers	2 028	2 829
Proceeds from the sale of certificates, bonds and other securities	13 502	6 286
Purchases of certificates, bonds and other securities	-14 687	-10 013
Net cash flow from operating activities	-3 299	-2 657
Cash flow from investing activities		
Proceeds from the sale of fixed assets etc.	0	0
Purchase of fixed assets etc.	-35	-17
Changes in other assets	86	135
Net cash flow from investing activities	51	118
Cash flow from financing activities		
Interest paid on debt securities and subordinated loan capital	-702	-268
Net change in deposits from Norges Bank and other financial institutions	-394	-1 229
Proceeds from bond issues raised	8 224	6 346
Redemption of debt securities	-3 546	-2 150
Dividend paid	-158	-133
Changes in other debt	-230	-118
Redemption of Additional Tier 1 capital	-349	0
Proceeds from issued Additional Tier 1 capital	400	0
Paid interest on Additional Tier 1 capital issued	-31	-23
Net cash flow from financing activities	3 214	2 425
Net change in cash and cash equivalents	-34	-114
Cash balance at 01.01	428	542
Cash balance at 31.12	394	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 31 December 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 was enacted in Norway on 1 June 2022 and resulted in several changes such as the expansion of the SME discount and the introduction of a minimum NSFR requirement. On 21 December 2021, Sparebanken Møre applied to the Financial Supervisory Authority to make changes to the bank's IRB models and calibration framework. The bank received a preliminary response to the application on 13 July 2022 and responded to this on 14 December 2022. The Board is awaiting a final response from the Financial Supervisory Authority to the application that has been submitted.

Sparebanken Møre has a total requirement for Common Equity Tier 1 capital ratio (CET1) of 13.7 per cent. The requirement consists of a minimum requirement of 4.5 per cent, a capital conservation buffer of 2.5 per cent, a systemic risk buffer of 3.0 per cent and a countercyclical capital buffer of 2.0 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.The FSA has informed the bank that it plans to implement SREP in 2023. At least 56.25 per cent of the new Pillar 2 requirement that results from the aforementioned SERP must be met with Common Equity Tier 1 capital, while 75 per cent must be met with Tier 1 capital.

Norges Bank has decided to increase the countercyclical buffer to 2.5 per cent with effect 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 2023 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.

The FSA has set Sparebanken Møre's effective MREL-requirement as at 01.01.2023 at 32.4 per cent and the minimum subordination requirement at 23.5 per cent. Based on the set capital requirements and announced changes that will come into force by 1 January 2024, Sparebanken Møre will operate on the basis of an effective MREL-requirement for 35.9 per cent and a subordination requirement of 28.9 per cent.

At the end of the 4th quarter of 2022, Sparebanken Møre has issued NOK 2,000 million in senior non-preferred debt (SNP).

Equity	31.12.2022	31.12.2021
EC capital	989	989
- ECs owned by the bank	-3	-2
Share premium	358	357
Additional Tier 1 capital (AT1)	650	599
Primary capital fund	3 334	3 094
Gift fund	125	125
Dividend equalisation fund	2 066	1 831
Proposed dividend	198	158
Proposed dividend for the local community	200	160
Liability credit reserve	16	-8
Other equity	169	267
Total equity	8 102	7 570

Tier 1 capital (T1)	31.12.2022	31.12.2021
Goodwill, intangible assets and other deductions	-56	-51
Value adjustments of financial instruments at fair value	-17	-16
Deduction for overfunded pension liability	-35	0
Additional Tier 1 capital (AT1)	-650	-599
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-518	-498
Deduction for proposed dividend	-198	-158
Deduction for proposed dividend for the local community	-200	-160
Total Common Equity Tier 1 capital (CET1)	6 428	6 088
Additional Tier 1 capital - classified as equity	650	599
Additional Tier 1 capital - classified as debt	0	0
Total Tier 1 capital (T1)	7 078	6 687

Tier 2 capital (T2)	31.12.2022	31.12.2021
Subordinated loan capital of limited duration	857	703
Total Tier 2 capital (T2)	857	703

Net equity and subordinated loan capital	7 935	7 390

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	**31.12.2022**	**31.12.2021**
Central governments or central banks	0	0
Local and regional authorities	296	336
Public sector companies	203	195
Institutions	245	434
Covered bonds	526	486
Equity	198	173
Other items	738	655
Total credit risk - standardised approach	2 206	2 279

Credit risk - IRB Foundation	**31.12.2022**	**31.12.2021**
Retail - Secured by real estate	11 307	10 409
Retail - Other	304	359
Corporate lending	18 874	19 138
Total credit risk - IRB-Foundation	30 485	29 906

Market risk (standardised approach)	236	225
Operational risk (basic indicator approach)	2 996	2 903
Risk weighted assets (RWA)	**35 923**	**35 313**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 617	1 589

Buffer requirements	**31.12.2022**	**31.12.2021**
Capital conservation buffer , 2.5 %	898	883
Systemic risk buffer, 3.0 %	1 078	1 059
Countercyclical buffer, 2.0 % (1.0 % per 31.12.2021)	718	353
Total buffer requirements for Common Equity Tier 1 capital	2 694	2 295
Available Common Equity Tier 1 capital after buffer requirements	2 117	2 204

Capital adequacy as a percentage of risk weighted assets (RWA)	**31.12.2022**	**31.12.2021**
Capital adequacy ratio	22.1	20.9
Tier 1 capital ratio	19.7	18.9
Common Equity Tier 1 capital ratio	17.9	17.2

Leverage Ratio (LR)	**31.12.2022**	**31.12.2021**
Basis for calculation of leverage ratio	93 218	86 890
Leverage Ratio (LR)	7.6	7.7

Note 3

Operating segments

Result - Q4 2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	432	1	21	185	225	0
Other operating income	102	-17	55	30	26	8
Total income	534	-16	76	215	251	8
Operating costs	216	-25	76	38	118	9
Profit before impairment	318	9	0	177	133	-1
Impairment on loans, guarantees etc.	2	0	0	-16	18	0
Pre-tax profit	316	9	0	193	115	-1
Taxes	74					
Profit after tax	242					

Result - 31.12.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 517	2	45	647	823	0
Other operating income	239	-63	45	107	117	33
Total income	1 756	-61	90	754	940	33
Operating costs	747	-61	208	135	433	32
Profit before impairment	1 009	0	-118	619	507	1
Impairment on loans, guarantees etc.	-4	0	0	-26	22	0
Pre-tax profit	1 013	0	-118	645	485	1
Taxes	236					
Profit after tax	777					

Key figures - 31.12.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	76 393	-229	1 352	24 524	50 746	0
Expected credit loss on loans	-315	0	0	-226	-89	0
Net loans to customers	76 078	-229	1 352	24 298	50 657	0
Deposits from customers 1)	43 881		844	14 627	28 496	0
Guarantee liabilities	1 362	0	0	1 359	3	0
Expected credit loss on guarantee liabilities	26	0	0	26	0	0
The deposit-to-loan ratio	57.4	37.6	62.4	59.6	56.2	0.0
Man-years	374	0	172	44	140	18

Result - Q4 2021	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	335	1	-7	141	200	0
Other operating income	45	-19	8	25	24	7
Total income	380	-18	1	166	224	7
Operating costs	174	-16	47	32	104	7
Profit before impairment	206	-2	-46	134	120	0
Impairment on loans, guarantees etc.	5	0	0	1	4	0
Pre-tax profit	201	-2	-46	133	116	0
Taxes	48					
Profit after tax	153					

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 subsidiaries Sparebankeiendom AS and Storgata 41-45 Molde AS, managing the buildings owned by the Group.

	MØRE BOLIGKREDITT AS			
Statement of income	**Q4 2022**	**Q4 2021**	**31.12.2022**	**31.12.2021**
Net interest income	56	86	263	360
Other operating income	-22	-12	-29	-3
Total income	34	74	234	357
Operating costs	13	12	51	51
Profit before impairment on loans	21	62	183	306
Impairment on loans, guarantees etc.	1	0	6	0
Pre-tax profit	20	62	177	306
Taxes	4	13	39	67
Profit after tax	16	49	138	239

MØRE BOLIGKREDITT AS		
Statement of financial position	**31.12.2022**	**31.12.2021**
Loans to and receivables from customers	30 464	28 971
Total equity	1 712	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.

31.12.2022	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	636	0	-1	-4	46	677
Fisheries	4 594	-3	-2	0	2	4 591
Manufacturing	2 671	-5	-8	-10	7	2 655
Building and construction	1 040	-3	-5	-1	6	1 037
Wholesale and retail trade, hotels	1 298	-2	-3	-3	8	1 298
Supply/Offshore	1 518	0	-4	-129	0	1 385
Property management	8 764	-8	-8	-5	281	9 024
Professional/financial services	936	-1	-2	-1	14	946
Transport and private/public services/abroad	3 717	-5	-8	-1	37	3 740
Total corporate/public entities	25 174	-27	-41	-154	401	25 353
Retail customers	47 804	-11	-56	-26	3 014	50 725
Total loans to and receivables from customers	72 978	-38	-97	-180	3 415	76 078

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 interest rates are measured at amortised cost, fixed-interest rate deposits with maturities less than one year are measured at amortised cost and fixed-interest rate deposits with maturities in excess of one year are classified at fair value and secured by interest rate swaps.

DEPOSITS FROM CUSTOMERS	**GROUP**	
Sector/industry	**31.12.2022**	**31.12.2021**
Agriculture and forestry	262	234
Fisheries	1 950	1 679
Manufacturing	3 516	2 600
Building and construction	867	836
Wholesale and retail trade, hotels	1 183	1 682
Property management	2 324	2 306
Transport and private/public services	4 628	4 400
Public administration	669	946
Others	2 138	2 503
Total corporate/public entities	17 537	17 186
Retail customers	26 344	24 667
Total	43 881	41 853

Note 5

Losses and impairment 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 K, M or N), all of the customer's accounts will migrate to stage 3.

Customers in risk class N have been subject to individual loss assessment with impairment. In connection with individual loss assessment, 3 scenarios based on calculation of the weighted present value of future cash flow after realisation of collateral are prepared. If the weighted present value of cash flow after realisation of collateral is positive, model-based loss provisions according to the ECL model is used.

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

Quantitative criteria

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

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

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

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, as well as an assessment of macro factors and weighting of scenarios.

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

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

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

Price inflation has risen rapidly through 2022 and has been significantly higher than estimated by Norges Bank. Inflation is clearly above Norges Bank's target, and it is anticipated that it will remain high for longer than previously estimated. The job market is tight, but there are clear indications of a turnaround in the Norwegian economy. Less pressure in the economy will contribute to curbing price inflation. Capacity problems in production as a result of the reopening of the economy in combination with increased energy prices and raw material prices have led to rising inflation. Increased uncertainty about economic development and interest rate hikes have led to a sharp rise in market interest rates internationally.

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

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

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

In the Group's calculations of expected credit loss (ECL), the macroeconomic scenarios and the weightings have been impacted by the changes in economic conditions in the first 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. In the 4th quarter of 2022, there has been an increase in applications for payment holidays and reduced term payments.

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	Q4 2022	Q4 2021	2022	2021
Changes in ECL - stage 1 (model-based)	11	-4	6	0
Changes in ECL - stage 2 (model-based)	6	-8	32	-12
Changes in ECL - stage 3 (model-based)	10	0	9	-1
Changes in individually assessed losses	-26	17	-47	64
Confirmed losses, not previously impaired	2	2	2	7
Recoveries	-1	-2	-6	-9
Total impairments on loans and guarantees	2	5	-4	49

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

GROUP - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	19	38	3	60
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-23	-5	-37
Changes in ECL in the period for commitments which have not migrated	0	-8	1	-7
Migration to stage 1	1	-18	0	-17
Migration to stage 2	-6	45	0	39
Migration to stage 3	1	-2	10	9
Changes stage 3 (individually assessed)	-	-	-74	-74
ECL 31.12.2022	39	104	198	341
- of which expected losses on loans to retail customers	11	56	26	93
- of which expected losses on loans to corporate customers	27	42	153	222
- of which expected losses on guarantee liabilities	1	6	19	26

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 - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	55 472	5 630	-	61 102
Medium risk (0.5 % - < 3 %)	8 281	6 106	220	14 607
High risk (3 % - <100 %)	1 028	1 932	-	2 960
PD = 100 %	-	449	674	1 123
Total commitments before ECL	64 781	14 117	894	79 792
- ECL	-39	-104	-198	-341
Total net commitments *)	64 742	14 013	696	79 451

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
PD = 100 %	-	-	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). Customers who have been in default must go through a probation period with 100 per cent PD for at least three months before they are scored as non-defaulted. These customers are included in gross credit-impaired commitments.

	31.12.2022			31.12.2021		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments in default for more than 90 days	47	35	12	46	41	5
Gross other credit-impaired commitments	1 076	146	930	1 050	51	999
Gross credit-impaired commitments	1 123	181	942	1 096	92	1 004
ECL on commitments in default for more than 90 days	12	6	6	15	11	4
ECL on other credit-impaired commitments	179	13	166	248	10	238
ECL on credit-impaired commitments	191	19	172	263	21	242
Net commitments in default for more than 90 days	35	29	6	31	30	1
Net other credit-impaired commitments	897	133	764	802	41	761
Net credit-impaired commitments	932	162	770	833	71	762
Total gross loans to customers - Group	76 393	50 818	25 575	70 254	47 557	22 697
Guarantees - Group	1 362	3	1 359	1 732	4	1 728
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.44%	0.36%	3.50%	1.52%	0.19%	4.11%
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.20%	0.32%	2.86%	1.16%	0.15%	3.12%

Commitments with probation period	31.12.2022		
GROUP	**Total**	**Retail**	**Corporate**
Gross commitments with probation period	508	59	449
Gross commitments with probation period in percentage of gross credit-impaired commitments	45%	33%	48%

Note 7

Other income

(NOK million)	2022	2021
Guarantee commission	44	39
Income from the sale of insurance services (non-life/personal)	27	26
Income from the sale of shares in unit trusts/securities	15	15
Income from Discretionary Portfolio Management	43	42
Income from payment transfers	90	79
Other fees and commission income	29	25
Commission income and income from banking services	248	226
Commission expenses and expenses from banking services	-34	-34
Income from real estate brokerage	31	25
Other operating income	1	1
Total other operating income	32	26
Net commission and other operating income	246	218
Interest hedging (for customers)	15	12
Currency hedging (for customers)	42	35
Dividend received	11	3
Net gains/losses on shares	24	18
Net gains/losses on bonds	-75	-23
Change in value of fixed-rate loans	-121	-107
Derivates related to fixed-rate lending	107	113
Change in value of issued bonds	371	771
Derivates related to issued bonds	-380	-777
Net gains/losses related to buy back of outstanding bonds	-1	-2
Net result from financial instruments	-7	43
Total other income	239	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 - 31.12.2022	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	44	0	44	0	0
Income from the sale of insurance services	27	2	2	23	0
Income from the sale of shares in unit trusts/securities	15	2	1	12	0
Income from Discretionary Portfolio Management	43	2	21	19	0
Income from payment transfers	90	9	18	63	0
Other fees and commission income	29	1	9	19	0
Commission income and income from banking services	248	16	95	136	0
Commission expenses and expenses from banking services	-34	-7	-3	-24	0
Income from real estate brokerage	31	0	0	0	31
Other operating income	1	1	0	0	0
Total other operating income	32	1	0	0	31
Net commision and other operating income	246	10	92	112	31

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)	2022	2021
Wages	314	262
Pension expenses	23	21
Employers' social security contribution and Financial activity tax	67	57
Other personnel expenses	26	20
Wages, salaries, etc.	430	360
Depreciations	46	45
Operating expenses own and rented premises	15	19
Maintenance of fixed assets	7	7
IT-expenses	150	128
Marketing expenses	37	28
Purchase of external services	25	22
Expenses related to postage, telephone and newspapers etc.	8	7
Travel expenses	5	2
Capital tax	8	5
Other operating expenses	16	22
Total other operating expenses	271	240
Total operating expenses	747	645

Note 9

Classification of financial instruments

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

CLASSIFICATION AND MEASUREMENT

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

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

The classification of the financial assets depends on two factors:

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

Financial assets measured at amortised cost

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

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

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

Financial liabilities measured at amortised cost

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

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

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

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

Fixed interest rate deposits from customers with maturities in excess of one year are classified at fair value and secured by 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 - 31.12.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		394	394
Loans to and receivables from credit institutions		361	361
Loans to and receivables from customers	3 415	72 663	76 078
Certificates and bonds	11 013		11 013
Shares and other securities	246		246
Financial derivatives	987		987
Total financial assets	15 661	73 418	89 079
Loans and deposits from credit institutions		586	586
Deposits from and liabilities to customers	48	43 833	43 881
Financial derivatives	752		752
Debt securities		34 236	34 236
Subordinated loan capital		857	857
Total financial liabilities	800	79 512	80 312

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	31.12.2022		31.12.2021	
	Fair value	Book value	Fair value	Book value
Cash and receivebles from Norges Bank	394	394	428	428
Loans to and receivables from credit institutions	361	361	867	867
Loans to and receivables from customers	72 663	72 663	65 968	65 968
Total financial assets	73 418	73 418	67 263	67 263
Loans and deposits from credit institutions	586	586	980	980
Deposits from and liabilities to customers	43 833	43 833	41 853	41 853
Debt securities issued	34 175	34 236	30 387	30 263
Subordinated loan capital	848	857	710	703
Total financial liabilities	79 442	79 512	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 9.1 million on loans with fixed interest rate.

GROUP - 31.12.2022	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 415	3 415
Certificates and bonds	8 239	2 774		11 013
Shares and other securities	39		207	246
Financial derivatives		987		987
Total financial assets	8 278	3 761	3 622	15 661
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			48	48
Debt securities				-
Subordinated loan capital				-
Financial derivatives		752		752
Total financial liabilities	-	752	48	800

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

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2021	3 957	194	0
Purchases/additions	546	20	48
Sales/reduction	-957	2	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses in the period	-131	-9	0
Book value as at 31.12.2022	3 415	207	48

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 31.12.2022	Interest	Issued	Maturity	Book value 31.12.2022	Book value 31.12.2021
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 087	1 153
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	261	297
NO0010730187	NOK	-	fixed NOK 1.50 %	2015	2022	-	1 014
XS1626109968	EUR	-	fixed EUR 0.125 %	2017	2022	-	2 503
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 004	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 606	2 526
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	957	1 028
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 010	3 001
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 481	2 505
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 004	2 999
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	324	309
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 094	2 766
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 341	2 500
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 638	-
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						26 807	25 603

As at 31.12.2022, Sparebanken Møre held NOK 0 million in covered bonds issued by Møre Boligkreditt AS (NOK 514 million, incl. accrued interest). Møre Boligkreditt AS held no own covered bonds as at 31.12.2022 (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	31.12.2022	31.12.2021
Statement of income		
Net interest and credit commission income from subsidiaries	68	32
Received dividend from subsidiaries	241	237
Administration fee received from Møre Boligkreditt AS	43	44
Rent paid to Sparebankeiendom AS and Storgata 41-45 Molde AS	14	14
Statement of financial position		
Claims on subsidiaries	3 614	3 514
Covered bonds	0	514
Liabilities to subsidiaries	1 747	1 061
Intragroup right-of-use of properties in Sparebankeiendom AS and Storgata 41-45 Molde AS	76	85
Intragroup hedging	125	8
Accumulated loan portfolio transferred to Møre Boligkreditt AS	30 474	28 975

Note 14

EC capital

The 20 largest EC holders in Sparebanken Møre as at 31.12.2022	Number of ECs	Percentage share of EC capital
Cape Invest AS	4 913 706	9.94
Sparebankstiftelsen Tingvoll	4 910 776	9.93
Spesialfondet Borea utbytte	2 455 103	4.97
Verdipapirfondet Eika egenkapital	2 081 419	4.21
Wenaasgruppen AS	1 900 000	3.84
MP Pensjon	1 698 905	3.44
Verdipapirfond Pareto Aksje Norge	1 369 168	2.77
Verdipapirfond Nordea Norge Verdi	1 211 011	2.45
Kommunal Landspensjonskasse	1 148 104	2.32
Wenaas EFTF AS	1 000 000	2.02
Beka Holding AS	750 500	1.52
Lapas AS (Leif-Arne Langøy)	617 500	1.25
Pareto Invest Norge AS	565 753	1.14
Forsvarets personellservice	459 000	0.93
Stiftelsen Kjell Holm	419 750	0.85
BKK Pensjonskasse	378 350	0.77
U Aandahls Eftf AS	250 000	0.51
PIBCO AS	229 500	0.46
Morgan Stanley & Co. International	201 456	0.41
Borghild Hanna Møller	201 363	0.41
Total 20 largest EC holders	26 761 364	54.13
Total number of ECs	49 434 770	100.00

The proportion of equity certificates held by foreign nationals was 2.6 per cent at the end of the 4th quarter of 2022.

During the 4th quarter of 2022, Sparebanken Møre has purchased 30.000 of its own ECs.

Note 15

Events after the reporting date

No events have occurred after the reporting period that will materially affect the figures presented as of 31 December 2022.

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q4 2022	Q4 2021	2022	2021
Interest income from assets at amortised cost	572	292	1 703	1 065
Interest income from assets at fair value	102	29	267	103
Interest expenses	297	71	715	261
Net interest income	377	250	1 255	907
Commission income and revenues from banking services	68	61	247	226
Commission expenses and expenditure from banking services	9	7	34	34
Other operating income	12	11	45	45
Net commission and other operating income	71	65	258	237
Dividends	10	0	252	240
Net change in value of financial instruments	42	-7	3	44
Net result from financial instruments	52	-7	255	284
Total other income	123	58	513	521
Total income	500	308	1 768	1 428
Salaries, wages etc.	114	91	406	340
Depreciation and impairment of non-financial assets	14	12	53	50
Other operating expenses	79	64	257	225
Total operating expenses	207	167	716	615
Profit before impairment on loans	293	141	1 052	813
Impairment on loans, guarantees etc.	-3	2	-18	50
Pre-tax profit	296	139	1 070	763
Taxes	69	35	195	124
Profit after tax	227	104	875	639
Allocated to equity owners	216	98	844	616
Allocated to owners of Additional Tier 1 capital	11	6	31	23
Profit per EC (NOK) 1) *	2.17	5.00	8.48	30.98
Diluted earnings per EC (NOK) 1) *	2.17	5.00	8.48	30.98
Distributed dividend per EC (NOK)	0.00	9.00	16.00	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)	Q4 2022	Q4 2021	2022	2021
Profit after tax	227	104	875	639
Items that may subsequently be reclassified to the income statement:				
Basisswap spreads - changes in value	0	0	0	0
Tax effect of changes in value on basisswap spreads	0	0	0	0
Items that will not be reclassified to the income statement:				
Pension estimate deviations	46	12	46	12
Tax effect of pension estimate deviations	-12	-3	-12	-3
Total comprehensive income after tax	261	113	909	648
Allocated to equity owners	250	107	878	625
Allocated to owners of Additional Tier 1 capital	11	6	31	23

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

Statement of financial position - Parent bank

ASSETS (COMPRESSED)

(NOK million)	31.12.2022	31.12.2021
Cash and receivables from Norges Bank	394	428
Loans to and receivables from credit institutions	3 865	4 268
Loans to and receivables from customers	45 723	41 067
Certificates, bonds and other interest-bearing securities	10 892	10 030
Financial derivatives	643	278
Shares and other securities	246	204
Equity stakes in Group companies	1 571	1 571
Deferred tax benefit	0	9
Intangible assets	55	51
Fixed assets	151	156
Overfunded pension liability	47	0
Other assets	117	117
Total assets	63 704	58 179

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	31.12.2022	31.12.2021
Loans and deposits from credit institutions	1 969	1 877
Deposits from customers	43 967	41 870
Debt securities issued	7 429	5 174
Financial derivatives	579	264
Incurred costs and prepaid income	86	80
Pension liabilities	26	35
Tax payable	180	200
Provisions for guarantee liabilities	26	39
Deferred tax liabilities	17	0
Other liabilites	651	626
Subordinated loan capital	857	703
Total liabilities	55 787	50 868

EC capital	989	989
ECs owned by the bank	-3	-2
Share premium	358	357
Additional Tier 1 capital	650	599
Paid-in equity	1 994	1 943
Primary capital fund	3 334	3 094
Gift fund	125	125
Dividend equalisation fund	2 066	1 831
Other equity	398	318
Retained earnings	5 923	5 368
Total equity	7 917	7 311
Total liabilities and equity	63 704	58 179

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Net interest income	432	398	353	334	335
Other operating income	102	35	49	53	45
Total operating costs	216	179	174	178	174
Profit before impairment on loans	318	254	228	209	206
Impairment on loans, guarantees etc.	2	2	-8	0	5
Pre-tax profit	316	252	236	209	201
Tax	74	63	53	46	48
Profit after tax	242	189	183	163	153

As a percentage of average assets					
Net interest income	1.95	1.87	1.65	1.62	1.62
Other operating income	0.46	0.16	0.23	0.26	0.22
Total operating costs	0.97	0.84	0.82	0.86	0.84
Profit before impairment on loans	1.44	1.19	1.06	1.02	1.00
Impairment on loans, guarantees etc.	0.01	0.01	-0.04	0.00	0.03
Pre-tax profit	1.43	1.18	1.10	1.02	0.97
Tax	0.34	0.29	0.25	0.22	0.23
Profit after tax	1.09	0.89	0.85	0.80	0.74

Alternative Performance Measures - APMs

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

Total assets	**Definition**	Total assets.
	Justification	Total assets is an industry-specific designation for the sum of all assets.
	Calculation	The total of all assets.
Average assets	**Definition**	The average sum of total assets for the year, calculated as a daily average.
	Justification	This key figure is used in the calculation of percentage ratios for the performance items.
	Calculation	This figures comes from daily calculations in the accounting system and cannot be directly reconciled with the balance sheet.
Return on equity	**Definition**	Profit/loss for the financial year as a percentage of the average equity for the year(the proposed dividend in line with the Group's dividend policy is deducted). Additional Tier 1 capital classified as equity is excluded from this calculation, both in profit/loss and in equity.
	Justification	Return on equity is one of Sparebanken Møre's most important financial performance figures. It provides relevant information about the profitability of the Group by measuring the profitability of the operation in relation to the invested capital. The profit/loss is adjusted for interest on Additional Tier 1 capital, which pursuant to IFRS, is classified as equity, but in this context more naturally is classified as liability since the Additional Tier 1 capital bears interest and does not entitle to dividends.
	Calculation	$\frac{\text{Profit after tax-interests on AT1 capital}}{\text{((OB Equity-AT1 capital-allocated dividends and gifts)+(CB Equity-AT1 capital+interests on AT1 capital-proposed dividends and gifts))/2}}$
	Figures	31.12.2022: (777-31)/(((7.571-599-158-160)+(8,102-650+31-198-200))/2)=10.9 %
		31.12.2021: (642-23)/(((7,208-599-44-45-89-90)+(7,570-599-158-160))/2)=9.5 %
Cost income ratio	**Definition**	Total operating costs in percentage of total income.
	Justification	This key figure provides information about the relation between income and costs and is a useful performance indicator for evaluating the cost-efficiency of the Group.
	Calculation	$\frac{\text{Total operating costs}}{\text{Total income}}$
	Figures	31.12.2022: 747/1,756=42.5 %
		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	$\frac{\text{Losses on loans and guarantees}}{\text{Gross loans to and receivables from customers and guarantees per 1.1.}}$
	Figures	31.12.2022: -4/71,986=-0.01 %
		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	$\frac{\text{Deposits from customers}}{\text{Gross loans to and receivables from customers}}$
	Figures	31.12.2022: 43,881/76,392=57.4 %
		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	$\frac{\text{CB Net loans to and recievables from customers - OB Net loans to and recievables from customers}}{\text{OB Net loans to and recievables from customers}}$
	Figures	31.12.2022: (76,078-69,925)/69,925=8.8 %
		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	$\frac{\text{CB Deposit from customers - OB Deposits from customers}}{\text{OB Deposits from customers}}$
	Figures	31.12.2022: (43,881-41,853)/41,853=4.8 %
		31.12.2021: (41,853-39,023)/39,023=7.3 %
	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.

Book value per equity certificate	**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	(Total Equity+share premium+dividend equal.fund+EC holders' share of other equity, incl.proposed dividends) / Number of ECs issued
	Figures	31.12.2022: (986+358+2,066+290)/49.434770=74.8
		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	Market price per equity certificate / Book value per equity certificate
	Figures	31.12.2022: 84.41/74.8=1.13
		31.12.2021: 444/350=1.27

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