

# Interim report

# 1

2022 Unaudited



Sparebanken  
Møre

# Financial highlights - Group

## Income statement

(Amounts in percentage of average assets)

	Q1 2022		Q1 2021		2021	
	NOK million	%	NOK million	%	NOK million	%
Net interest income	334	1.62	304	1.53	1 266	1.56
Net commission and other operating income	55	0.27	49	0.25	218	0.27
Net result from financial instruments	-2	-0.01	34	0.17	43	0.05
Total income	387	1.88	387	1.95	1 527	1.88
Total operating costs	178	0.86	155	0.78	645	0.80
Profit before impairment on loans	209	1.02	232	1.17	882	1.08
Impairment on loans, guarantees etc.	0	0.00	14	0.07	49	0.06
Pre-tax profit	209	1.02	218	1.10	833	1.02
Tax	46	0.22	48	0.24	191	0.24
Profit after tax	163	0.80	170	0.86	642	0.78

## Statement of financial position

(NOK million)	31.03.2022	Change in Q1 2022 (%)	31.12.2021	Change over the last 12 months (%)	31.03.2021
Total assets 4)	83 805	1.2	82 797	3.4	81 072
Average assets 4)	82 373	1.8	80 942	3.7	79 411
Loans to and receivables from customers	70 380	0.7	69 925	3.9	67 711
Gross loans to retail customers	47 836	0.6	47 557	4.1	45 967
Gross loans to corporate and public entities	22 869	0.8	22 697	3.8	22 033
Deposits from customers	43 501	3.9	41 853	7.9	40 301
Deposits from retail customers	25 361	2.8	24 667	7.1	23 677
Deposits from corporate and public entities	18 140	5.6	17 186	9.1	16 624

### Key figures and alternative performance measures (APMs)

	Q1 2022	Q1 2021	2021
Return on equity (annualised) 3) 4)	9.3	10.2	9.5
Cost/income ratio 4)	46.0	39.9	42.2
Losses as a percentage of loans (annualised) 4)	0.00	0.08	0.07
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.41	1.52	1.52
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.07	1.19	1.16
Deposit-to-loan ratio 4)	61.5	59.3	59.6
Liquidity Coverage Ratio (LCR)	143	138	122
Lending growth as a percentage 4)	3.9	3.9	4.6
Deposit growth as a percentage 4)	7.9	7.7	7.3
Capital adequacy ratio 1)	20.8	20.6	20.9
Tier 1 capital ratio 1)	18.8	18.6	18.9
Common Equity Tier 1 capital ratio (CET1) 1)	17.2	16.9	17.2
Leverage Ratio (LR) 1)	7.7	7.7	7.7
Man-years	370	343	364

### Equity Certificates (ECs)

	31.03.2022	31.03.2021	2021	2020	2019	2018
Profit per EC (Group) (NOK) 2)	7.85	8.26	31.10	27.10	34.50	29.60
Profit per EC (Parent bank) (NOK) 2)	17.34	17.20	30.98	26.83	32.00	28.35
EC fraction 1.1 as a percentage (Parent bank)	49.7	49.6	49.7	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	441	328	444	296	317	283
Stock market value (NOK million)	4 360	3 243	4 390	2 927	3 134	2 798
Book value per EC (Group, incl. proposed dividends) (NOK) 4)	343	335	350	332	320	303
Dividend per EC (NOK)	0.00	0.00	16.00	13.50	14.00	15.50
Price/Earnings (Group, annualised)	14.0	9.9	14.3	10.9	9.2	9.6
Price/Book value (P/B) (Group) 2) 4)	1.29	0.98	1.27	0.89	0.99	0.93

1) Incl. 50 % of the comprehensive income after tax

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.

# 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 Q1 2022

Profit before losses amounted to NOK 209 million for the first quarter of 2022, or 1.02 per cent of average total assets, compared with NOK 232 million, or 1.17 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 163 million for the first quarter of 2022, or 0.80 per cent of average total assets, compared with NOK 170 million, or 0.86 per cent, for the corresponding quarter last year.

Return on equity was 9.3 per cent for the first quarter of 2022, compared with 10.2 per cent for the first quarter of 2021, and the cost income ratio amounted to 46.0 per cent compared with 39.9 per cent for the first quarter of 2021.

Earnings per equity certificate were NOK 7.85 (NOK 8.26) for the Group and NOK 17.34 (NOK 17.20) for the parent bank.

## Net interest income

Net interest income was NOK 334 million, which is NOK 30 million, or 9.9 per cent, higher than in the corresponding quarter of last year. This represents 1.62 per cent of total assets, which is 0.09 percentage points higher than for the first quarter of 2021.

In the retail market, the interest margin for lending contracted and the deposit margin 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.

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

## Other income

Other income was NOK 53 million in the quarter, which is NOK 30 million lower than in the first quarter of last year. The net result from total financial instruments of NOK -2 million was NOK 36 million lower than in the first quarter of 2021. Capital losses from bond holdings amounted to NOK 31 million in the quarter, compared with capital gains of NOK 8 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 11 million compared with capital gains of NOK 10 million in the first quarter of 2021. The positive change in value for fixed-rate lending amounted NOK 9 million, compared with a positive change in value of NOK 8 million in the same quarter last year. The value of issued bonds decreased by NOK 5 million, compared with a decrease of NOK 6 million in the first quarter of 2021. Income from currency and interest rate business for customers amounted to NOK 14 million, which was on a par with the same period last year.

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

See Note 7 for a specification of other operating income.

## Costs

Operating costs were NOK 178 million in the quarter, which is NOK 23 million higher than in the same quarter last year. Personnel costs were NOK 19 million higher than in the corresponding period last year and amounted to NOK 105 million. Staffing has increased by 27 FTEs in the past 12 months to 370 FTEs. Other operating costs have increased by NOK 4 million from the same period last year. See Note 8 for a

specification of costs.

The cost income ratio for the first quarter of 2022 was 46.0 per cent, 6.1 percentage points higher than in the first quarter of last year.

#### **Provisions for expected credit losses and credit-impaired commitments**

No losses on loans and guarantees were charged to the quarter's accounts (NOK 14 million/0.07 per cent of average total assets). The corporate segment saw receipts on losses of NOK 3 million in the quarter, while losses in the retail segment amounted to NOK 3 million.

At the end of the first quarter of 2022, provisions for expected credit losses totalled NOK 366 million, equivalent to 0.51 per cent of gross lending and guarantee commitments (NOK 339 million and 0.49 per cent). Of the total provisions for expected credit losses, NOK 14 million concerns credit-impaired commitments more than 90 days past due (NOK 16 million), which amounts to 0.02 per cent of gross lending and guarantee commitments (0.02 per cent). NOK 238 million concerns other credit-impaired commitments (NOK 215 million), which is equivalent to 0.33 per cent of gross lending and guarantee commitments (0.30 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in Stage 3) have decreased by NOK 58 million in the past 12 months. At end of the first quarter of 2022, the corporate market accounted for NOK 709 million of net credit-impaired commitments and the retail market NOK 62 million. In total, this represents 1.07 per cent of gross lending and guarantee commitments (1.19 per cent).

#### **Lending to customers**

At the end of the first quarter of 2022, lending to customers amounted to NOK 70,380 million (NOK 67,711 million). In the past 12 months, customer lending has increased by a total of NOK 2,669 million, or 3.9 per cent. Retail lending has increased by 4.1 per cent and corporate lending has increased by 3.8 per cent in the past 12 months. Lending to corporate customers increased by 0.8 per cent in the first quarter of 2022, while lending to retail customers rose by 0.6 per cent. Retail lending accounted for 67.7 per cent of total lending at the end of the first quarter of 2022 (67.6 per cent).

#### **Deposits from customers**

Customer deposits have increased by NOK 3,200 million, or 7.9 per cent, in the past 12 months. At the end of the first quarter of 2022, deposits amounted to NOK 43,501 million (NOK 40,301 million). Retail deposits have increased by 7.1 per cent in the last 12 months, while corporate deposits have increased by 11.1 per cent and public sector deposits have decreased by 15.8 per cent. The retail market's relative share of deposits amounted to 58.3 per cent (58.8 per cent), while deposits from the corporate market accounted for 39.4 per cent (38.3 per cent) and from the public sector market 2.3 per cent (2.9 per cent).

The deposit-to-loan ratio was 61.5 per cent at the end of the first quarter of 2022 (59.3 per cent).

#### **CAPITAL ADEQUACY**

Sparebanken Møre is well capitalised. At the end of the first quarter, the Common Equity Tier 1 capital ratio was 17.2 per cent (16.9 per cent), including 50 per cent of the result for the year to date. This is 4.5 percentage points higher than the total regulatory minimum requirement for the Common Equity Tier 1 capital ratio of 12.7 per cent. The primary capital ratio, including 50 per cent of the result for the year to date, was 20.8 per cent (20.6 per cent) and the Tier 1 capital ratio was 18.8 per cent (18.6 per cent).

Capital adequacy is calculated in line with the EU's Capital Requirements Directive (CRD) IV and Capital Requirements Regulation (CRR). The total regulatory minimum requirement for Sparebanken Møre's Common Equity Tier 1 capital ratio, including the Pillar 2 supplement, was 12.7 per cent at the end of the first quarter of 2022. In its assessment of Sparebanken Møre's Pillar 2 supplement in 2018, the Financial Supervisory Authority of Norway set it at 1.7 per cent, although it was made subject to a minimum of NOK 590 million with effect from 31 March 2019. Sparebanken Møre's internal target for its Common Equity Tier 1 capital ratio is 15.2 per cent.

The next time it sets the Pillar 2 requirement in 2022, the Financial Supervisory Authority of Norway will

also express its expectation concerning the Pillar 2 Guidance (P2G) in excess of the total risk-weighted capital requirement.

The leverage ratio (LR) at the end of the first quarter of 2022 was 7.7 per cent, the same as it was at the end of the first quarter of 2021. The regulatory minimum requirement (3 per cent) and buffer requirement (2 per cent), 5 per cent in total, were met by a good margin.

#### **MREL**

One key element of the BRRD2 is that capital instruments and debt can be written down and/or converted to equity (bail-in). The Financial Institutions Act, therefore, requires the bank to meet a minimum requirement regarding the sum of its own funds and convertible debt at all times (MREL – minimum requirement for own funds and eligible liabilities) such that the bank has sufficient primary capital and convertible debt to cope with a crisis without the use of public funds.

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

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

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

#### **SUBSIDIARIES**

The aggregate profit of the bank's three subsidiaries was NOK 52 million after tax in the first quarter of 2022 (NOK 59 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The main purpose of the covered bond company is to issue covered bonds for sale to Norwegian and international investors. At the end of the first quarter of 2022, the company had outstanding bonds of NOK 24.1 billion in the market. Around 43 per cent of this was issued in a currency other than NOK. Of the volume of bonds issued by the company, NOK 500 million (nominal values) was held by the parent bank at the end of the first quarter of 2022. Møre Boligkreditt AS contributed NOK 51 million to the Group's result in the first quarter of 2022 (NOK 59 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK -0.3 million to the result in the first quarter of 2022 (NOK -0.3 million). At the end of the quarter, the company employed 19 FTEs.

Sparebankeiendom AS's purpose is to own and manage the bank's commercial properties. The company contributed NOK 1.2 million to the result in the first quarter of 2022 (NOK 0.3 million). The company has no employees.

#### **EQUITY CERTIFICATES**

At the end of the first quarter of 2022, there were 5,617 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 3.6 per cent at the end of the first quarter of 2022. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.66 per cent of the bank's total equity.

Note 14 includes a list of the 20 largest holders of the bank's equity certificates. As at 31 March 2022, the bank owned 22,414 of its own equity certificates. These were purchased on the Oslo Børs at market prices.

#### **FUTURE PROSPECTS**

The outlook for global economic growth has weakened due to the war between Russia and Ukraine. The sanctions that have been adopted will result in reduced international trade. The high inflation rate will also have a dampening effect on growth. This is because high inflation reduces household purchasing power

and increases business costs. In the US, 12-month consumer price inflation was 8.5 per cent in March. In the eurozone and in Norway, inflation was 7.5 and 3.7 per cent, respectively.

The US Federal Reserve raised interest rates by 0.25 percentage points at its policy rate meeting on 16 March in order to curb inflationary pressures and several other central banks have started raising their key policy rates.

Norges Bank increased its key policy rate by 0.25 percentage points to 0.75 per cent at its interest rates meeting on 24 March. Furthermore, its interest rate path, i.e. the central bank's prognosis regarding its key policy rate, was raised considerably. The new interest rate path indicates three further rate hikes this year and four rates hikes in 2023. The main reasons for the increase in the interest rate path were the prospect of higher wages and price inflation, higher oil and gas prices and expectations of higher interest rates abroad.

The level of activity in both Norway and Møre og Romsdal is high. As a result, unemployment has fallen almost continuously since society was first reopened in spring 2020. At the end of March, the number of unemployed in the county accounted for 1.8 per cent of the workforce. The corresponding unemployment rate for the country as a whole was 2.0 per cent. Following the end of the infection control rules in February, output picked up well in service industries such as transport, hotels, restaurants and tourism.

Growth in lending to households levelled off during the first quarter of this year for Norway as a whole, while growth in lending to the corporate market slowed somewhat. At the end of February 2022, the overall 12-month growth in lending to the public was around 4.8 per cent, compared with 5.0 per cent at the end of 2021.

During the first quarter of the year, the bank registered slightly slower growth in total lending compared with the end of last year. The 12-month growth rate was 3.9 per cent, compared with 4.6 per cent at the end of 2021. The 12-month growth rate for lending in the retail market amounted to 4.1 per cent at the end of the quarter, while the growth rate for corporate market lending was 3.8 per cent. Deposits increased by 7.9 per cent in the past 12 months up to the end of the first quarter of 2022, and the deposit-to-loan ratio remains high.

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

Sparebanken Møre's strategic financial performance targets are a return on equity of above 11 per cent and a cost income ratio of under 40 per cent. The Board of Directors expects the financial target figures to be achieved in 2022.

Ålesund, 31 March 2022

27 April 2022

**THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE**

LEIF-ARNE LANGØY, Chair of the Board

HENRIK GRUNG, Deputy Chair

JILL AASEN

KÅRE ØYVIND VASSDAL

THERESE MONSÅS LANGSET

SIGNY STARHEIM

BJØRN FØLSTAD

MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

# Statement of income

## STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q1 2022	Q1 2021	2021
Interest income from assets at amortised cost		458	384	1 583
Interest income from assets at fair value		56	36	140
Interest expenses		180	116	457
Net interest income	<u>3</u>	334	304	1 266
Commission income and revenues from banking services		56	53	226
Commission expenses and charges from banking services		8	10	34
Other operating income		7	6	26
Net commission and other operating income	<u>7</u>	55	49	218
Dividends		0	1	3
Net change in value of financial instruments		-2	33	40
Net result from financial instruments	<u>7</u>	-2	34	43
Total other income	<u>7</u>	53	83	261
Total income		387	387	1 527
Salaries, wages etc.		105	86	360
Depreciation and impairment of non-financial assets		11	12	45
Other operating expenses		62	57	240
Total operating expenses	<u>8</u>	178	155	645
Profit before impairment on loans		209	232	882
Impairment on loans, guarantees etc.	<u>5</u>	0	14	49
Pre-tax profit		209	218	833
Taxes		46	48	191
Profit after tax		163	170	642
Allocated to equity owners		157	164	619
Allocated to owners of Additional Tier 1 capital		6	6	23
Profit per EC (NOK) 1)		7.85	8.26	31.10
Diluted earnings per EC (NOK) 1)		7.85	8.26	31.10
Distributed dividend per EC (NOK)		0.00	0.00	13.50



**STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)**

(NOK million)	Q1 2022	Q1 2021	2021
Profit after tax	163	170	642
Items that may subsequently be reclassified to the income statement:			
Basisswap spreads - changes in value	30	-9	3
Tax effect of changes in value on basisswap spreads	-7	2	-1
Items that will not be reclassified to the income statement:			
Pension estimate deviations	0	0	12
Tax effect of pension estimate deviations	0	0	-3
<b>Total comprehensive income after tax</b>	<b>186</b>	<b>163</b>	<b>653</b>
Allocated to equity owners	180	157	630
Allocated to owners of Additional Tier 1 capital	6	6	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

## ASSETS (COMPRESSED)

(NOK million)	Note	31.03.2022	31.03.2021	31.12.2021
Cash and receivables from Norges Bank	<u>9 10 13</u>	739	221	428
Loans to and receivables from credit institutions	<u>9 10 13</u>	881	2 566	867
Loans to and receivables from customers	<u>4 5 6 9 11 13</u>	70 380	67 711	69 925
Certificates, bonds and other interest-bearing securities	<u>9 11 13</u>	10 375	8 767	10 185
Financial derivatives	<u>9 11</u>	814	1 189	810
Shares and other securities	<u>9 11</u>	215	188	204
Intangible assets		49	54	51
Fixed assets		201	218	204
Other assets		151	158	123
<b>Total assets</b>		<b>83 805</b>	<b>81 072</b>	<b>82 797</b>

## LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	31.03.2022	31.03.2021	31.12.2021
Loans and deposits from credit institutions	<u>9 10 13</u>	674	1 566	980
Deposits from customers	<u>4 9 10 13</u>	43 501	40 301	41 853
Debt securities issued	<u>9 10 12</u>	29 351	29 758	30 263
Financial derivatives	<u>9 11</u>	664	407	336
Other provisions for incurred costs and prepaid income		96	83	80
Pension liabilities		29	57	35
Tax payable		329	110	334
Provisions for guarantee liabilities		41	50	39
Deferred tax liabilities		61	194	61
Other liabilities		924	567	543
Subordinated loan capital	<u>9 10</u>	703	702	703
<b>Total liabilities</b>		<b>76 373</b>	<b>73 795</b>	<b>75 227</b>
EC capital	<u>14</u>	989	989	989
ECs owned by the bank		-2	-2	-2
Share premium		358	357	357
Additional Tier 1 capital		599	599	599
<b>Paid-in equity</b>		<b>1 944</b>	<b>1 943</b>	<b>1 943</b>

Primary capital fund	3 093	2 939	3 094
Gift fund	125	125	125
Dividend equalisation fund	1 831	1 679	1 831
Other equity	253	428	577
Comprehensive income for the period	186	163	0
Retained earnings	5 488	5 334	5 627
Total equity	7 432	7 277	7 570
Total liabilities and equity	83 805	81 072	82 797

# Statement of changes in equity

<b>GROUP 31.03.2022</b>	<b>Total equity</b>	<b>EC capital</b>	<b>Share premium</b>	<b>Additional Tier 1 capital</b>	<b>Primary capital fund</b>	<b>Gift fund</b>	<b>Dividend equalisation fund</b>	<b>Other equity</b>
Equity as of 31.12.2021	7 570	987	357	599	3 094	125	1 831	577
Changes in own equity certificates	0		1		-1			
Distributed dividends to the EC holders	-158							-158
Distributed dividends to the local community	-160							-160
Interests on issued Additional Tier 1 capital	-6							-6
Comprehensive income for the period	186							186
Equity as at 31 March 2022	7 432	987	358	599	3 093	125	1 831	439

<b>GROUP 31.03.2021</b>	<b>Total equity</b>	<b>EC capital</b>	<b>Share premium</b>	<b>Additional Tier 1 capital</b>	<b>Primary capital fund</b>	<b>Gift fund</b>	<b>Dividend equalisation fund</b>	<b>Other equity</b>
Equity as of 31.12.2020	7 208	987	357	599	2 939	125	1 679	522
Changes in own equity certificates	0							
Distributed dividends to the EC holders	-44							-44
Distributed dividends to the local community	-45							-45
Interests on issued Additional Tier 1 capital	-6							-6
Comprehensive income for the period	163							163
Equity as at 31 March 2021	7 277	987	357	599	2 939	125	1 679	591

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

# Statement of cash flow

(NOK million)	31.03.2022	31.03.2021	31.12.2021
<b>Cash flow from operating activities</b>			
Interest, commission and fees received	557	459	1 884
Interest, commission and fees paid	-110	-77	-277
Dividend and group contribution received	0	1	3
Operating expenses paid	-142	-118	-531
Income taxes paid	-58	-47	-104
Changes relating to loans to and claims on other financial institutions	-14	-1 401	299
Changes relating to repayment of loans/leasing to customers	-185	-614	-3 037
Changes in utilised credit facilities	-266	-258	-90
Net change in deposits from customers	1 647	1 278	2 829
<b>Net cash flow from operating activities</b>	<b>1 429</b>	<b>-777</b>	<b>976</b>
<b>Cash flow from investing activities</b>			
Interest received on certificates, bonds and other securities	36	22	94
Proceeds from the sale of certificates, bonds and other securities	2 891	522	6 286
Purchases of certificates, bonds and other securities	-3 423	-1 949	-10 013
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-6	-2	-17
Changes in other assets	123	34	135
<b>Net cash flow from investing activities</b>	<b>-379</b>	<b>-1 373</b>	<b>-3 515</b>
<b>Cash flow from financing activities</b>			
Interest paid on debt securities and subordinated loan capital	-105	-66	-268
Net change in deposits from Norges Bank and other financial institutions	-306	-643	-1 229
Proceeds from bond issues raised	999	3 523	6 346
Redemption of debt securities	-1 116	-896	-2 150
Dividend paid	0	0	-133
Changes in other debt	-205	-83	-118
Paid interest on Additional Tier 1 capital issued	-6	-6	-23
<b>Net cash flow from financing activities</b>	<b>-739</b>	<b>1 829</b>	<b>2 425</b>
<b>Net change in cash and cash equivalents</b>	<b>311</b>	<b>-321</b>	<b>-114</b>
Cash balance at 01.01	428	542	542
<b>Cash balance at 31.03/31.12</b>	<b>739</b>	<b>221</b>	<b>428</b>

# 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 March 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 (CRR/CRD IV). 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.

Sparebanken Møre has a total requirement for Common Equity Tier 1 capital ratio (CET1) of 12.7 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 1.0 per cent. In addition, the FSA has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, albeit a minimum of NOK 590 million.

The next time it sets the Pillar 2 requirement in 2022, the FSA will also express its expectation concerning the Pillar 2 Guidance (P2G) in excess of the total risk-weighted capital requirement.

Norges Bank has decided to increase the countercyclical buffer to 1.5 per cent from 30 June 2022, then to 2.0 per cent with effect from 31 December 2022 and further to 2.5 per cent from 31 March 2023. The Ministry of Finance has stated that the systemic risk buffer requirement will be increased from 3.0 per cent to 4.5 per cent with effect from 31 December 2022 for banks using the standardised approach and IRB basic.

Sparebanken Møre has an internal target for CET1 of 15.2 per cent.

## MREL

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

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

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

Sparebanken Møre had issued NOK 2,000 million in senior non-preferred debt (SNP) at the end of the 1 quarter of 2022.



<b>Equity</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
EC capital	989	989	989
- ECs owned by the bank	-2	-2	-2
Share premium	358	357	357
Additional Tier 1 capital (AT1)	599	599	599
Primary capital fund	3 093	2 939	3 094
Gift fund	125	125	125
Dividend equalisation fund	1 831	1 679	1 831
Proposed dividend for EC holders	0	0	158
Proposed dividend for the local community	0	0	160
Equity granted in accordance with board authorisation	0	179	0
Other equity	253	249	0
Comprehensive income for the period	186	163	259
<b>Total equity</b>	<b>7 432</b>	<b>7 277</b>	<b>7 570</b>

<b>Tier 1 capital (T1)</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Goodwill, intangible assets and other deductions	-49	-54	-51
Value adjustments of financial instruments at fair value	-16	-15	-16
Deduction of overfunded pension liability	0	0	0
Additional Tier 1 capital (AT1)	-599	-599	-599
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-492	-490	-498
Deduction for proposed dividend for EC holders	0	0	-158
Deduction for proposed dividend for the local community	0	0	-160
Deduction for dividend distributed in accordance with board authorisation	0	-179	0
Deduction of comprehensive income for the period	-186	-163	0
<b>Total Common Equity Tier 1 capital (CET1)</b>	<b>6 090</b>	<b>5 777</b>	<b>6 088</b>
Additional Tier 1 capital - classified as equity	599	599	599
Additional Tier 1 capital - classified as debt	0	0	0
<b>Total Tier 1 capital (T1)</b>	<b>6 689</b>	<b>6 376</b>	<b>6 687</b>

<b>Tier 2 capital (T2)</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Subordinated loan capital of limited duration	703	702	703
<b>Total Tier 2 capital (T2)</b>	<b>703</b>	<b>702</b>	<b>703</b>

<b>Net equity and subordinated loan capital</b>	<b>7 392</b>	<b>7 078</b>	<b>7 390</b>
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**Risk weighted assets (RWA) by exposure classes**

<b>Credit risk - standardised approach</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Central governments or central banks	0	0	0
Local and regional authorities	313	280	336
Public sector companies	196	196	195
Institutions	457	440	434
Covered bonds	483	438	486
Equity	173	173	173
Other items	697	674	655
<b>Total credit risk - standardised approach</b>	<b>2 319</b>	<b>2 201</b>	<b>2 279</b>
<b>Credit risk - IRB Foundation</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Retail - Secured by real estate	10 728	10 355	10 409
Retail - Other	364	456	359
Corporate lending	19 248	18 473	19 138
<b>Total credit risk - IRB-F</b>	<b>30 340</b>	<b>29 284</b>	<b>29 906</b>
Market risk (standardised approach)	372	326	225
Operational risk (basic indicator approach)	2 903	2 840	2 903
<b>Risk weighted assets (RWA)</b>	<b>35 934</b>	<b>34 651</b>	<b>35 313</b>
Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 617	1 559	1 589
<b>Buffer requirements</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Capital conservation buffer , 2.5 %	898	866	883
Systemic risk buffer, 3.0 %	1 078	1 040	1 059
Countercyclical buffer, 1.0 %	359	347	353
<b>Total buffer requirements for Common Equity Tier 1 capital</b>	<b>2 336</b>	<b>2 252</b>	<b>2 295</b>
<b>Available Common Equity Tier 1 capital after buffer requirements</b>	<b>2 137</b>	<b>1 965</b>	<b>2 204</b>
<b>Capital adequacy as a percentage of risk weighted assets (RWA)</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Capital adequacy ratio	20.6	20.4	20.9
Capital adequacy ratio incl. 50 % of the profit	20.8	20.6	-
Tier 1 capital ratio	18.6	18.4	18.9
Tier 1 capital ratio incl. 50 % of the profit	18.8	18.6	-
Common Equity Tier 1 capital ratio	17.0	16.7	17.2
Common Equity Tier 1 capital ratio incl. 50 % of the profit	17.2	16.9	-

<b>Leverage Ratio (LR)</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Basis for calculation of leverage ratio	88 011	83 391	86 890
Leverage Ratio (LR)	7.6	7.6	7.7
Leverage Ratio (LR) incl. 50 % of the profit	7.7	7.7	-

# Note 3

## Operating segments

Result - Q1 2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	334	0	-2	141	195	0
Other operating income	53	-15	9	25	27	7
Total income	387	-15	7	166	222	7
Operating costs	178	-15	44	34	108	7
Profit before impairment	209	0	-37	132	114	0
Impairment on loans, guarantees etc.	0	0	0	-3	3	0
Pre-tax profit	209	0	-37	135	111	0
Taxes	46					
Profit after tax	163					

Key figures - 31.03.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	70 705	-112	1 228	22 063	47 526	0
Expected credit loss on loans	-325	0	0	-257	-68	0
Net loans to customers	70 380	-112	1 228	21 806	47 458	0
Deposits from customers 1)	43 501	-17	636	15 778	27 104	0
Guarantee liabilities	1 650	0	0	1 646	4	0
Expected credit loss on guarantee liabilities	41	0	0	41	0	0
The deposit-to-loan ratio	61.5	15.2	51.8	71.5	57.0	0.0
Man-years	370	0	174	42	135	19

<b>Result - Q1 2021</b>	<b>Group</b>	<b>Eliminations</b>	<b>Other 2)</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Net interest income	304	0	-4	125	183	0
Other operating income	83	-15	44	26	22	6
<b>Total income</b>	<b>387</b>	<b>-15</b>	<b>40</b>	<b>151</b>	<b>205</b>	<b>6</b>
Operating costs	155	-15	26	34	104	6
Profit before impairment	232	0	14	117	101	0
Impairment on loans, guarantees etc.	14	0	0	11	3	0
Pre-tax profit	218	0	14	106	98	0
Taxes	48					
Profit after tax	170					

<b>Key figures - 31.03.2021</b>	<b>Group</b>	<b>Eliminations</b>	<b>Other 2)</b>	<b>Corporate</b>	<b>Retail 1)</b>	<b>Real estate brokerage</b>
Gross loans to customers 1)	68 000	-115	1 218	21 391	45 506	0
Expected credit loss on loans	-289	0	0	-225	-64	0
Net loans to customers	67 711	-115	1 218	21 166	45 442	0
Deposits from customers 1)	40 301	-17	667	14 588	25 063	0
Guarantee liabilities	1 642	0	0	1 637	5	0
Expected credit loss on guarantee liabilities	50	0	0	50	0	0
The deposit-to-loan ratio	59.3	14.8	54.8	68.2	55.1	0.0
Man-years	343	0	160	42	127	14

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

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

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

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

MØRE BOLIGKREDITT AS			
Statement of income	Q1 2022	Q1 2021	31.12.2021
Net interest income	76	88	360
Other operating income	3	1	-3
Total income	79	89	357
Operating costs	13	13	51
Profit before impairment on loans	66	76	306
Impairment on loans, guarantees etc.	1	0	0
Pre-tax profit	65	76	306
Taxes	14	17	67
Profit after tax	51	59	239

#### MØRE BOLIGKREDITT AS

Statement of financial position	31.03.2022	31.03.2021	31.12.2021
Loans to and receivables from customers	29 756	29 198	28 971
Total equity	1 624	2 102	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.

31.03.2022		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	596	0	-1	-3	56	648
Fisheries	3 698	-2	-1	-1	2	3 696
Manufacturing	3 045	-5	-4	-6	10	3 040
Building and construction	1 013	-3	-2	-2	5	1 012
Wholesale and retail trade, hotels	1 144	-1	-4	-1	7	1 145
Supply/Offshore	1 276	0	-11	-181	0	1 083
Property management	7 709	-6	-3	-4	197	7 893
Professional/financial services	775	-1	0	0	17	791
Transport and private/public services/abroad	3 288	-4	-4	-2	31	3 309
Total corporate/public entities	22 544	-23	-30	-200	325	22 616
Retail customers	44 226	-7	-48	-17	3 610	47 764
Total loans to and receivables from customers	66 770	-30	-78	-217	3 935	70 380

31.03.2021		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	555	0	-2	-1	52	604
Fisheries	3 602	-2	0	0	3	3 603
Manufacturing	3 107	-6	-1	-7	13	3 106
Building and construction	964	-2	-6	-2	8	962
Wholesale and retail trade, hotels	957	-2	-1	-2	6	958
Supply/Offshore	1 224	-1	-14	-140	0	1 069
Property management	7 472	-7	-8	-6	201	7 652
Professional/financial services	524	-1	-2	-1	17	537
Transport and private/public services/abroad	3 299	-4	-3	-4	29	3 317
Total corporate/public entities	21 704	-25	-37	-163	329	21 808
Retail customers	41 953	-6	-35	-23	4 014	45 903
Total loans to and receivables from customers	63 657	-31	-72	-186	4 343	67 711

31.12.2021

GROUP

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

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

DEPOSITS FROM CUSTOMERS

GROUP

Sector/industry	31.03.2022	31.03.2021	31.12.2021
Agriculture and forestry	300	256	234
Fisheries	1 964	1 928	1 679
Manufacturing	3 219	2 196	2 600
Building and construction	774	840	836
Wholesale and retail trade, hotels	1 485	1 663	1 682
Property management	2 306	1 925	2 306
Transport and private/public services	4 582	4 164	4 400
Public administration	1 012	1 202	946
Others	2 498	2 450	2 503
Total corporate/public entities	18 140	16 624	17 186
Retail customers	25 361	23 677	24 667
Total	43 501	40 301	41 853



# Note 5

## Losses on loans and guarantees

### Methodology for measuring expected credit losses (ECL) according to IFRS 9

Sparebanken Møre has developed an ECL model based on the Group's IRB parameters and applies a three-stage approach when assessing ECL on loans to customers and financial guarantees in accordance with IFRS 9.

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

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

**Stage 3:** If the credit risk increases further, including evidence of loss, the commitment is transferred to stage 3 with lifetime ECL measurement. The commitment is considered to be credit-impaired. As opposed to stage 1 and 2, effective interest rate in stage 3 is calculated on net impaired commitment (total commitment less expected credit loss) instead of gross commitment.

Staging is performed at account level and implies that two or more accounts held by the same customer can be placed in different stages. If a customer has one account in stage 3 (risk classes M or N), all of the customer's accounts will migrate to stage 3.

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

### Quantitative criteria

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

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

- PD has increased by 100 per cent or more and the increase in PD is more than 0.5 percentage points, or
- PD has increased by more than 2 percentage points

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

### Qualitative criteria

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

### "Backstops"

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

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

### **Significant reduction in credit risk – recovery**

A customer migrates from stage 2 to stage 1 if:

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

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

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

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

### **Scenarios**

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

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

### **Definition of default, credit-impaired and forbearance**

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

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

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

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

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

### **Management override**

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

### **Consequences of the war in Ukraine and measurement of expected credit loss (ECL) for loans and guarantees**

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

The bank's loss provisions reflect expected credit loss (ECL) pursuant to IFRS 9. When assessing ECL, the

relevant conditions at the time of reporting and expected economic developments are taken into account. Consequences of Covid-19 and the war in Ukraine have led to increased uncertainty about the economic development both in Norway and in the global economy, and the picture is constantly changing. Capacity problems in production as a result of the reopening of the economy in combination with increased energy prices and raw material prices have led to rising inflation. Increased uncertainty about economic development and interest rate hikes have led to a sharp rise in market interest rates internationally.

In the Group's calculations of expected credit loss (ECL), the macroeconomic scenarios and the weightings have been impacted by the changes in economic conditions in the first quarter 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.

#### Specification of credit loss in the income statement

GROUP	Q1 2022	Q1 2021	2021
Changes in ECL - stage 1	-1	-1	0
Changes in ECL - stage 2	10	-8	-12
Changes in ECL - stage 3	0	3	-1
Increase in existing expected losses in stage 3 (individually assessed)	0	21	59
New expected losses in stage 3 (individually assessed)	0	2	19
Confirmed losses, previously impaired (individually assessed)	4	3	9
Reversal of previous expected losses in stage 3 (individually assessed)	-11	-3	-23
Confirmed losses, not previously impaired	0	0	7
Recoveries	-2	-3	-9
Total impairments on loans and guarantees	0	14	49

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

GROUP - 31.03.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	6	5	0	11
Disposal of commitments and transfer to stage 3 (individually assessed)	-5	-4	-1	-10
Changes in ECL in the period for commitments which have not migrated	-1	4	-1	2
Migration to stage 1	1	-10	0	-9
Migration to stage 2	-2	16	-1	13
Migration to stage 3	0	-1	3	2
Changes stage 3 (individually assessed)	-	-	-11	-11
ECL 31.03.2022	32	82	252	366
- of which expected losses on loans to retail customers	7	48	17	72
- of which expected losses on loans to corporate customers	23	30	200	253
- of which expected losses on guarantee liabilities	2	4	35	41

<b>GROUP - 31.03.2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
ECL 31.12.2020	33	84	209	326
New commitments	5	1	0	6
Disposal of commitments and transfer to stage 3 (individually assessed)	-2	-8	-1	-11
Changes in ECL in the period for commitments which have not migrated	-4	-4	0	-8
Migration to stage 1	1	-5	0	-4
Migration to stage 2	-1	10	-2	7
Migration to stage 3	0	-2	6	4
Changes stage 3 (individually assessed)	-	-	19	19
<b>ECL 31.03.2021</b>	<b>32</b>	<b>76</b>	<b>231</b>	<b>339</b>
- of which expected losses on loans to retail customers	6	35	23	64
- of which expected losses on loans to corporate customers	25	37	163	225
- of which expected losses on guarantees	1	4	45	50

<b>GROUP - 31.12.2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
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
<b>ECL 31.12.2021</b>	<b>33</b>	<b>72</b>	<b>263</b>	<b>368</b>
- 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**

<b>GROUP - 31.03.2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Low risk (0 % - < 0.5 %)	57 925	351	-	58 276
Medium risk (0.5 % - < 3 %)	9 905	2 390	-	12 295
High risk (3 % - <100 %)	1 947	1 273	-	3 220
Credit-impaired commitments	-	-	1 023	1 023
<b>Total commitments before ECL</b>	<b>69 777</b>	<b>4 014</b>	<b>1 023</b>	<b>74 814</b>
- ECL	-32	-82	-252	-366
<b>Total net commitments *)</b>	<b>69 745</b>	<b>3 932</b>	<b>771</b>	<b>74 448</b>

<b>GROUP - 31.03.2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Low risk (0 % - < 0.5 %)	54 876	588	-	55 464
Medium risk (0.5 % - < 3 %)	9 235	1 959	-	11 194
High risk (3 % - <100 %)	1 380	1 077	-	2 457
Credit-impaired commitments	-	-	1 060	1 060
<b>Total commitments before ECL</b>	<b>65 491</b>	<b>3 624</b>	<b>1 060</b>	<b>70 175</b>
- ECL	-32	-76	-231	-339
<b>Total net commitments *)</b>	<b>65 459</b>	<b>3 548</b>	<b>829</b>	<b>69 836</b>

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

\*) 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).

GROUP	31.03.2022			31.03.2021			31.12.2021		
	Total	Retail	Corporate	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default for more than 90 days	47	37	10	73	64	9	46	41	5
Gross other credit-impaired commitments	976	42	934	987	71	916	1 050	51	999
Gross credit-impaired commitments	1 023	79	944	1 060	135	925	1 096	92	1 004
ECL on commitments in default for more than 90 days	14	10	4	16	11	5	15	11	4
ECL on other credit-impaired commitments	238	7	231	215	12	203	248	10	238
ECL on credit-impaired commitments	252	17	235	231	23	208	263	21	242
Net commitments in default for more than 90 days	33	27	6	57	53	4	31	30	1
Net other credit-impaired commitments	738	35	703	772	59	713	802	41	761
Net credit-impaired commitments	771	62	709	829	112	717	833	71	762
Total gross loans to customers - Group	70 705	47 836	22 869	68 000	45 967	22 033	70 254	47 557	22 697
Guarantees - Group	1 650	4	1 646	1 642	5	1 637	1 732	4	1 728
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.41%	0.17%	3.85%	1.52%	0.29%	3.91%	1.52%	0.19%	4.11%
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.07%	0.13%	2.89%	1.19%	0.24%	3.03%	1.16%	0.15%	3.12%

# Note 7

## Other income

(NOK million)	Q1 2022	Q1 2021	2021
Guarantee commission	10	9	39
Income from the sale of insurance services (non-life/personal)	7	8	26
Income from the sale of shares in unit trusts/securities	3	3	15
Income from Discretionary Asset Management	11	10	42
Income from payment transfers	19	18	79
Other fees and commission income	6	5	25
Commission income and income from banking services	56	53	226
Commission expenses and expenses from banking services	-8	-10	-34
Income from real estate brokerage	7	6	25
Other operating income	0	0	1
Total other operating income	7	6	26
Net commission and other operating income	55	49	218
Interest hedging (for customers)	4	5	12
Currency hedging (for customers)	10	9	35
Dividend received	0	1	3
Net gains/losses on shares	11	10	18
Net gains/losses on bonds	-31	8	-23
Change in value of fixed-rate loans	-72	-51	-107
Derivates related to fixed-rate lending	81	59	113
Change in value of issued bonds	614	526	771
Derivates related to issued bonds	-619	-532	-777
Net gains/losses related to buy back of outstanding bonds	0	-1	-2
Net result from financial instruments	-2	34	43
Total other income	53	83	261

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

<b>Net commission and other operating income - 31.03.2022</b>	<b>Group</b>	<b>Other</b>	<b>Corporate</b>	<b>Retail</b>	<b>Real estate brokerage</b>
Guarantee commission	10	0	10	0	0
Income from the sale of insurance services	7	-1	1	7	0
Income from the sale of shares in unit trusts/securities	3	0	0	3	0
Income from Discretionary Asset Management	11	1	5	5	0
Income from payment transfers	19	2	5	12	0
Other fees and commission income	6	-8	7	7	0
Commission income and income from banking services	56	-6	28	34	0
Commission expenses and expenses from banking services	-8	-1	-1	-6	0
Income from real estate brokerage	7	0	0	0	7
Other operating income	0	0	0	0	0
Total other operating income	7	0	0	0	7
Net commission and other operating income	55	-7	27	28	7

<b>Net commission and other operating income - 31.03.2021</b>	<b>Group</b>	<b>Other</b>	<b>Corporate</b>	<b>Retail</b>	<b>Real estate brokerage</b>
Guarantee commission	9	0	9	0	0
Income from the sale of insurance services	8	3	0	5	0
Income from the sale of shares in unit trusts/securities	3	1	0	2	0
Income from Discretionary Asset Management	10	1	5	4	0
Income from payment transfers	18	2	5	11	0
Other fees and commission income	5	-13	10	8	0
Commission income and income from banking services	53	-6	29	30	0
Commission expenses and expenses from banking services	-10	-3	-1	-6	0
Income from real estate brokerage	6	0	0	0	6
Other operating income	0	0	0	0	0
Total other operating income	6	0	0	0	6
Net commission and other operating income	49	-9	28	24	6



<b>Net commission and other operating income - 31.12.2021</b>	<b>Group</b>	<b>Other</b>	<b>Corporate</b>	<b>Retail</b>	<b>Real estate brokerage</b>
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 Asset 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 commission and other operating income	218	13	84	96	25

# Note 8

## Operating expenses

(NOK million)	Q1 2022	Q1 2021	2021
Wages	79	63	262
Pension expenses	6	5	21
Employers' social security contribution and Financial activity tax	16	13	57
Other personnel expenses	4	5	20
Wages, salaries, etc.	105	86	360
Depreciations	11	12	45
Operating expenses own and rented premises	4	4	19
Maintenance of fixed assets	2	2	7
IT-expenses	36	34	128
Marketing expenses	7	7	28
Purchase of external services	6	6	22
Expenses related to postage, telephone and newspapers etc.	2	2	7
Travel expenses	0	0	2
Capital tax	1	1	5
Other operating expenses	4	1	22
Total other operating expenses	62	57	240
Total operating expenses	178	155	645

# Note 9

## Classification of financial instruments

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

## CLASSIFICATION AND MEASUREMENT

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

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

The classification of the financial assets depends on two factors:

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

### Financial assets measured at amortised cost

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

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

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

### Financial liabilities measured at amortised cost

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

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

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

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

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

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

Losses and gains as a result of value changes on assets and liabilities measured at fair value, with any

value changes being recognised in the income statement, are included in the accounts during the period in which they occur.

#### LEVELS IN THE VALUATION HIERARCHY

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

##### Level 1 – Valuation based on prices in an active market

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

##### Level 2 – Valuation based on observable market data

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

##### Level 3 – Valuation based on other than observable market data

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

GROUP - 31.03.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		739	739
Loans to and receivables from credit institutions		881	881
Loans to and receivables from customers	3 935	66 445	70 380
Certificates and bonds	10 375		10 375
Shares and other securities	215		215
Financial derivatives	814		814
<b>Total financial assets</b>	<b>15 339</b>	<b>68 065</b>	<b>83 404</b>
Loans and deposits from credit institutions		674	674
Deposits from and liabilities to customers		43 501	43 501
Financial derivatives	664		664
Debt securities		29 351	29 351
Subordinated loan capital		703	703
<b>Total financial liabilities</b>	<b>664</b>	<b>74 229</b>	<b>74 893</b>

<b>GROUP - 31.03.2021</b>	<b>Financial instruments at fair value through profit and loss</b>	<b>Financial instruments measured at amortised cost</b>	<b>Total book value</b>
Cash and receivables from Norges Bank		221	221
Loans to and receivables from credit institutions		2 566	2 566
Loans to and receivables from customers	4 343	63 368	67 711
Certificates and bonds	8 767		8 767
Shares and other securities	188		188
Financial derivatives	1 189		1 189
<b>Total financial assets</b>	<b>14 487</b>	<b>66 155</b>	<b>80 642</b>
Loans and deposits from credit institutions		1 566	1 566
Deposits from customers		40 301	40 301
Financial derivatives	407		407
Debt securities issued		29 758	29 758
Subordinated loan capital		702	702
<b>Total financial liabilities</b>	<b>407</b>	<b>72 327</b>	<b>72 734</b>

<b>GROUP - 31.12.2021</b>	<b>Financial instruments at fair value through profit and loss</b>	<b>Financial instruments measured at amortised cost</b>	<b>Total book value</b>
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
<b>Total financial assets</b>	<b>15 156</b>	<b>67 263</b>	<b>82 419</b>
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
<b>Total financial liabilities</b>	<b>336</b>	<b>73 799</b>	<b>74 135</b>

# Note 10

## Financial instruments at amortised cost

GROUP	31.03.2022		31.03.2021		31.12.2021	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and receivables from Norges Bank	739	739	221	221	428	428
Loans to and receivables from credit institutions	881	881	2 566	2 566	867	867
Loans to and receivables from customers	66 445	66 445	63 368	63 368	65 968	65 968
<b>Total financial assets</b>	<b>68 065</b>	<b>68 065</b>	<b>66 155</b>	<b>66 155</b>	<b>67 263</b>	<b>67 263</b>
Loans and deposits from credit institutions	674	674	1 566	1 566	980	980
Deposits from and liabilities to customers	43 501	43 501	40 301	40 301	41 853	41 853
Debt securities issued	29 381	29 351	29 922	29 758	30 387	30 263
Subordinated loan capital	704	703	716	702	710	703
<b>Total financial liabilities</b>	<b>74 260</b>	<b>74 229</b>	<b>72 505</b>	<b>72 327</b>	<b>73 930</b>	<b>73 799</b>

# Note 11

## Financial instruments at fair value

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

GROUP - 31.03.2022	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 935	3 935
Certificates and bonds	7 365	3 010		10 375
Shares and other securities	21		194	215
Financial derivatives		814		814
<b>Total financial assets</b>	<b>7 386</b>	<b>3 824</b>	<b>4 129</b>	<b>15 339</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		664		664
<b>Total financial liabilities</b>	<b>-</b>	<b>664</b>	<b>-</b>	<b>664</b>

GROUP - 31.03.2021	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 343	4 343
Certificates and bonds	5 445	3 322		8 767
Shares and other securities	12		175	187
Financial derivatives		1 189		1 189
<b>Total financial assets</b>	<b>5 457</b>	<b>4 511</b>	<b>4 518</b>	<b>14 486</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		407		407
<b>Total financial liabilities</b>	<b>-</b>	<b>407</b>	<b>-</b>	<b>407</b>

GROUP - 31.12.2021	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
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
<b>Total financial assets</b>	<b>7 092</b>	<b>3 913</b>	<b>4 151</b>	<b>15 156</b>
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		336		336
<b>Total financial liabilities</b>	<b>-</b>	<b>336</b>	<b>-</b>	<b>336</b>

#### Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2021	3 957	194
Purchases/additions	163	0
Sales/reduction	-212	0
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	27	0
<b>Book value as at 31.03.2022</b>	<b>3 935</b>	<b>194</b>



<b>GROUP</b>	<b>Loans to and receivables from customers</b>	<b>Shares</b>
Book value as at 31.12.2020	4 372	164
Purchases/additions	220	0
Sales/reduction	-203	-6
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	-46	17
Book value as at 31.03.2021	4 343	175

<b>GROUP</b>	<b>Loans to and receivables from customers</b>	<b>Shares</b>
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 31.03.2022	Interest	Issued	Maturity	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 128	1 203	1 153
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	273	310	297
NO0010730187	NOK	-	fixed NOK 1.50 %	2015	2022	-	1 008	1 014
NO0010777584	NOK	-	3M Nibor + 0.58 %	2016	2021	-	3 005	-
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 429	2 521	2 503
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 003	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 440	2 554	2 526
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	983	1 053	1 028
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 002	2 999	3 001
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 383	2 538	2 505
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 000	2 999	2 999
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	300	311	309
NO0010951544	NOK	2 700	3M Nibor + 0.75 %	2021	2026	2 763	2 775	2 766
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 326	-	2 500
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						24 030	26 278	25 603

As at 31.03.2022, Sparebanken Møre held NOK 503 million in covered bonds (incl. accrued interest) issued by Møre Boligkreditt AS (NOK 1,641 million). Møre Boligkreditt AS held no own covered bonds as at 31.03.2022 (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	31.03.2022	31.03.2021	31.12.2021
<b>Statement of income</b>			
Net interest and credit commission income from subsidiaries	13	8	32
Received dividend from subsidiaries	241	237	237
Administration fee received from Møre Boligkreditt AS	11	11	44
Rent paid to Sparebankeiendom AS	4	3	14
<b>Statement of financial position</b>			
Claims on subsidiaries	5 062	3 500	3 514
Covered bonds	503	1 641	514
Liabilities to subsidiaries	1 067	2 184	1 061
Intragroup right-of-use of properties in Sparebankeiendom AS	86	94	85
Intragroup hedging	61	25	8
Accumulated loan portfolio transferred to Møre Boligkreditt AS	29 761	29 202	28 975

# Note 14

## EC capital

The 20 largest EC holders in Sparebanken Møre as at 31.03.2022	Number of ECs	Percentage share of EC capital
Cape Invest AS	1 005 469	10.17
Sparebankstiftelsen Tingvoll	989 370	10.01
Verdipapirfondet Eika egenkapital	395 630	4.00
Wenaasgruppen AS	380 000	3.84
Spesialfondet Borea utbytte	365 100	3.69
MP Pensjon	339 781	3.44
Verdipapirfond Nordea Norge Verdi	283 012	2.86
Verdipapirfond Pareto Aksje Norge	254 057	2.57
Pareto AS	231 522	2.34
Wenaas EFTF AS	200 000	2.02
Kommunal Landspensjonskasse	177 227	1.79
Beka Holding AS	150 100	1.52
Lapas AS (Leif-Arne Langøy)	123 500	1.25
Forsvarets personellservice	91 800	0.93
Stiftelsen Kjell Holm	80 750	0.82
BKK Pensjonskasse	70 670	0.71
Brown Brothers Harriman & Co.	50 809	0.51
U Aandahls Eftf AS	50 000	0.51
PIBCO AS	45 900	0.46
Morgan Stanley & Co. International	41 912	0.42
Total 20 largest EC holders	5 326 609	53.88
Total number of ECs	9 886 954	100.00

The proportion of equity certificates held by foreign nationals was 3.6 per cent at the end of the 1 quarter of 2022.

## **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 March 2022.

# Statement of income - Parent bank

## STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q1 2022	Q1 2021	2021
Interest income from assets at amortised cost	319	260	1 065
Interest income from assets at fair value	42	26	103
Interest expenses	103	69	261
Net interest income	258	217	907
Commission income and revenues from banking services	56	53	226
Commission expenses and expenditure from banking services	8	10	34
Other operating income	11	11	45
Net commission and other operating income	59	54	237
Dividends	241	238	240
Net change in value of financial instruments	-5	31	44
Net result from financial instruments	236	269	284
Total other income	295	323	521
Total income	553	540	1 428
Salaries, wages etc.	100	81	340
Depreciation and impairment of non-financial assets	13	13	50
Other operating expenses	58	53	225
Total operating expenses	171	147	615
Profit before impairment on loans	382	393	813
Impairment on loans, guarantees etc.	-1	13	50
Pre-tax profit	383	380	763
Taxes	31	32	124
Profit after tax	352	348	639
Allocated to equity owners	346	342	616
Allocated to owners of Additional Tier 1 capital	6	6	23
Profit per EC (NOK) 1)	17.34	17.20	30.98
Diluted earnings per EC (NOK) 1)	17.34	17.20	30.98
Distributed dividend per EC (NOK)	0.00	0.00	13.50

**STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)**

(NOK million)	Q1 2022	Q1 2021	2021
Profit after tax	352	348	639
Items that may subsequently be reclassified to the income statement:			
Basisswap spreads - changes in value	0	0	0
Tax effect of changes in value on basisswap spreads	0	0	0
Items that will not be reclassified to the income statement:			
Pension estimate deviations	0	0	12
Tax effect of pension estimate deviations	0	0	-3
<b>Total comprehensive income after tax</b>	<b>352</b>	<b>348</b>	<b>648</b>
Allocated to equity owners	346	342	625
Allocated to owners of Additional Tier 1 capital	6	6	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)	31.03.2022	31.03.2021	31.12.2021
Cash and receivables from Norges Bank	739	221	428
Loans to and receivables from credit institutions	5 831	5 949	4 268
Loans to and receivables from customers	40 736	38 628	41 067
Certificates, bonds and other interest-bearing securities	10 747	10 294	10 030
Financial derivatives	518	516	278
Shares and other securities	215	188	204
Equity stakes in Group companies	1 571	2 071	1 571
Deferred tax benefit	9	0	9
Intangible assets	49	54	51
Fixed assets	155	176	156
Other assets	142	153	117
<b>Total assets</b>	<b>60 712</b>	<b>58 250</b>	<b>58 179</b>

## LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	31.03.2022	31.03.2021	31.12.2021
Loans and deposits from credit institutions	1 649	3 527	1 877
Deposits from customers	43 517	40 318	41 870
Debt securities issued	5 823	5 123	5 174
Financial derivatives	334	368	264
Incurred costs and prepaid income	96	81	80
Pension liabilities	29	57	35
Tax payable	176	94	200
Provisions for guarantee liabilities	41	50	39
Deferred tax liabilities	0	65	0
Other liabilities	1 006	657	626
Subordinated loan capital	703	702	703
<b>Total liabilities</b>	<b>53 374</b>	<b>51 042</b>	<b>50 868</b>



EC capital	989	989	989
ECs owned by the bank	-2	-2	-2
Share premium	358	357	357
Additional Tier 1 capital	599	599	599
Paid-in equity	1 944	1 943	1 943
Primary capital fund	3 093	2 939	3 094
Gift fund	125	125	125
Dividend equalisation fund	1 831	1 679	1 831
Other equity	-7	174	318
Comprehensive income for the period	352	348	0
Retained earnings	5 394	5 265	5 368
Total equity	7 338	7 208	7 311
Total liabilities and equity	60 712	58 250	58 179

# Profit performance - Group

## QUARTERLY PROFIT

(NOK million)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net interest income	334	335	320	307	304
Other operating income	53	45	69	64	83
Total operating costs	178	174	158	158	155
Profit before impairment on loans	209	206	231	213	232
Impairment on loans, guarantees etc.	0	5	2	28	14
Pre-tax profit	209	201	229	185	218
Tax	46	48	53	42	48
Profit after tax	163	153	176	143	170

## As a percentage of average assets

Net interest income	1.62	1.62	1.58	1.53	1.53
Other operating income	0.26	0.22	0.34	0.31	0.42
Total operating costs	0.86	0.84	0.78	0.79	0.78
Profit before impairment on loans	1.02	1.00	1.14	1.05	1.17
Impairment on loans, guarantees etc.	0.00	0.03	0.01	0.14	0.07
Pre-tax profit	1.02	0.97	1.13	0.91	1.10
Tax	0.22	0.23	0.27	0.21	0.24
Profit after tax	0.80	0.74	0.86	0.70	0.86

# 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.

<b>Total assets</b>	<b>Definition</b>	Total assets.
	<b>Justification</b>	Total assets is an industry-specific designation for the sum of all assets.
	<b>Calculation</b>	The total of all assets.
<b>Average assets</b>	<b>Definition</b>	The average sum of total assets for the year, calculated as a daily average.
	<b>Justification</b>	This key figure is used in the calculation of percentage ratios for the performance items.
	<b>Calculation</b>	This figures comes from daily calculations in the accounting system and cannot be directly reconciled with the balance sheet.
<b>Return on equity</b>	<b>Definition</b>	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.
	<b>Justification</b>	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.
	<b>Calculation</b>	$\frac{\text{Profit after tax-interests on AT1 capital}}{((\text{OB Equity-AT1 capital-allocated dividends and gifts})+(\text{CB Equity-AT1 capital+interests on AT1 capital-proposed dividends and gifts}))/2}$
	<b>Figures</b>	31.03.2022: $((163-6)/3*12)/(((7,570-599-158-160)+(7,432-599+6))/2)=9.3 \%$
		31.03.2021: $((170-6)/3*12)/(((7,208-599-44-45-89-90)+(7,277-599+6-89-90))/2)=10.2 \%$
31.12.2021: $(642-23)/(((7,208-599-44-45-89-90)+(7,570-599-158-160))/2)=9.5 \%$		
<b>Cost income ratio</b>	<b>Definition</b>	Total operating costs in percentage of total income.
	<b>Justification</b>	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.
	<b>Calculation</b>	$\frac{\text{Total operating costs}}{\text{Total income}}$
	<b>Figures</b>	31.03.2022: $178/386=46.0 \%$
		31.03.2021: $154/387=39.9 \%$

		31.12.2021: $645/1,527=42.2\%$
Losses as a percentage of loans, guarantees, etc	Definition	«Impairment on loans, guarantees etc.» in percentage of «Gross loans to and receivables from customers» at the beginning of the accounting period (annualized).
	Justification	This key figure specifies recognised impairments in relation to gross lending and gives relevant information about the bank's losses compared to lending volume. This key figure is considered to be more suitable as a comparison figure to other banks than the impairments itself since this figure is viewed in context of lending volume.
	Calculation	$\frac{\text{Losses on loans and guarantees}}{\text{Gross loans to and receivables from customers per 1.1.}}$
	Figures	31.03.2022: $(0/3*12)/70,254=0.00\%$
31.03.2021: $(14/3*12)/67,125=0.08\%$		
31.12.2021: $49/67,126=0.07\%$		
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	31.03.2022: $43,501/70,705=61.5\%$
31.03.2021: $40,301/67,999=59.3\%$		
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	$\frac{\text{CB Net loans to and recievables from customers} - \text{OB Net loans to and recievables from customers}}{\text{OB Net loans to and recievables from customers}}$
	Figures	31.03.2022: $(70,380-67,711)/67,711=3.9\%$
31.03.2021: $(67,711-65,145)/65,145=3.9\%$		
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	$\frac{\text{CB Deposit from customers} - \text{OB Deposits from customers}}{\text{OB Deposits from customers}}$
	Figures	31.03.2022: $(43,501-40,301)/40,301=7.9\%$
31.03.2021: $(40,301-37,432)/37,432=7.7\%$		

		31.12.2021: (41,853-39,023)/39,023=7.3 %
<b>Book value per equity certificate</b>	<b>Defintion</b>	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.
	<b>Justification</b>	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.
	<b>Calculation</b>	$\frac{\text{(Total Equity+share premium+dividend equal.fund+EC holders' share of other equity, incl.proposed dividends)}}{\text{Number of ECs issued}}$
	<b>Figures</b>	31.03.2022: (987+358+1,831+(439*0.4966))/9,886,954=343 31.03.2021: (987+357+1,678+(591*0.4966))/9,886,954=335 31.12.2021: (987+357+1,831+(577*0.4966))/9,886,954=350
<b>Price/book value (P/B)</b>	<b>Definition</b>	Market price on the bank's equity certificates (MORG) divided by the book value per equity certificate for the Group.
	<b>Justification</b>	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.
	<b>Calculation</b>	$\frac{\text{Market price per equity certificate}}{\text{Book value per equity certificate}}$
	<b>Figures</b>	31.03.2022: 441/343=1.29 31.03.2021: 328/335=0.98 31.12.2021: 444/350=1.27



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