4 Interim report

2023 Unaudited

Sparebanken Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q4 2023		Q4 2022		2023		2022	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	506	2.11	432	1.95	1 900	2.02	1 517	1.78
Net commission and other operating income	70	0.29	67	0.30	250	0.26	246	0.29
Net result from financial instruments	1	0.00	35	0.16	45	0.05	-7	-0.01
Total income	577	2.40	534	2.41	2 195	2.33	1 756	2.06
Total operating expenses	242	1.01	216	0.97	859	0.91	747	0.87
Profit before impairment on loans	335	1.39	318	1.44	1 336	1.42	1 009	1.19
Impairment on loans, guarantees etc.	-117	-0.49	2	0.01	-53	-0.06	-4	0.00
Pre-tax profit	452	1.88	316	1.43	1 389	1.48	1 013	1.19
Taxes	112	0.46	74	0.34	334	0.35	236	0.28
Profit after tax	340	1.42	242	1.09	1 055	1.13	777	0.91

Balance sheet

(NOK million)	31.12.2023	Change over the last 12 months (%)	31.12.2022
Total assets 4)	96 735	8.1	89 501
Average assets 4)	94 095	10.1	85 436
Loans to and receivables from customers	81 572	7.2	76 078
Gross loans to retail customers	53 795	5.9	50 818
Gross loans to corporate and public entities	28 039	9.6	25 575
Deposits from customers	47 410	8.0	43 881
Deposits from retail customers	29 226	10.9	26 344
Deposits from corporate and public entities	18 184	3.7	17 537

Key figures and Alternative Performance Measures (APMs)

	Q4 2023	Q4 2022	2023	2022
Return on equity (annualised) 3) 4)	17.8	13.2	14.0	10.9
Cost/income ratio 4)	42.0	40.3	39.2	42.5
Losses as a percentage of loans and guarantees (annualised) 4)	-0.61	0.01	-0.07	-0.01
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	0.51	1.44	0.51	1.44
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	0.39	1.19	0.39	1.19
Deposit-to-loan ratio 4)	57.9	57.4	57.9	57.4
Liquidity Coverage Ratio (LCR)	174	185	174	185
NSFR (Net Stable Funding Ratio)	124	123	124	123
Lending growth as a percentage 4)	2.3	3.2	7.2	8.8
Deposit growth as a percentage 4)	1.6	-1.8	8.0	4.8
Capital adequacy ratio 1)	22.2	22.1	22.2	22.1
Tier 1 capital ratio 1)	20.0	19.7	20.0	19.7
Common Equity Tier 1 capital ratio (CET1) 1)	18.2	17.9	18.2	17.9
Leverage Ratio (LR) 1)	7.5	7.6	7.5	7.6
Man-years	400	374	400	374

Equity Certificates (ECs)

	2023	2022	2021	2020	2019
Profit per EC (Group) (NOK) 2) 5)	10.12	7.50	31.10	27.10	34.50
Profit per EC (parent bank) (NOK) 2) 5)	10.34	8.48	30.98	26.83	32.00
Number of ECs 5)	49 434 770	49 434 770	9 886 954	9 886 954	9 886 954
Nominal value per EC (NOK) 5)	20.00	20.00	100.00	100.00	100.00
EC fraction 1.1 as a percentage (parent bank)	49.7	49.7	49.7	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	84.00	84.41	444.00	296.00	317.00
Stock market value (NOK million)	4 153	4 173	4 390	2 927	3 134
Book value per EC (Group) (NOK) 4) 5)	80.7	74.8	350	332	320
Dividend per EC (NOK) 5)	7.50	4.00	16.00	13.50	14.00
Price/Earnings (Group, annualised)	8.3	11.3	14.3	10.9	9.2
Price/Book value (P/B) (Group) 2) 4)	1.04	1.13	1.27	0.89	0.99

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 www.sbm.no/IR

5) Our EC(MORG) was split 1:5 in April 2022

Interim 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 2023

Profit before losses amounted to NOK 335 million for the fourth quarter of 2023, or 1.39 per cent of average assets, compared with NOK 318 million, or 1.44 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 340 million for the fourth quarter of 2023, or 1.42 per cent of average assets, compared with NOK 242 million, or 1.09 per cent, for the corresponding quarter last year.

Return on equity was 17.8 per cent for the fourth quarter of 2023, compared with 13.2 per cent for the fourth quarter of 2022, and the cost income ratio amounted to 42.0 per cent compared with 40.3 per cent for the fourth quarter of 2022.

Earnings per equity certificate were NOK 3.28 (NOK 2.33) for the Group and NOK 3.07 (NOK 2.17) for the parent bank.

Net interest income

Net interest income was NOK 506 million for the quarter, which is NOK 74 million, or 17.1 per cent, higher than in the corresponding quarter of last year. This represents 2.11 per cent of total assets, which is 0.16 percentage points higher than for the corresponding quarter last year.

In the retail market, the interest margin for lending was unchanged and the deposit margin contracted compared with the fourth quarter of 2022. In the corporate market, the interest rate margins for both lending and deposits were at the same level as in the fourth quarter of 2022.

Other income

Other income was NOK 71 million for the quarter, which is NOK 31 million less than in the fourth quarter of last year. The net result from financial instruments of NOK 1 million for the quarter was NOK 34 million less than in the fourth quarter of 2022. Capital gains from bond holdings amounted to NOK 0 million in the quarter, compared with capital gains of NOK 18 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 4 million compared with capital gains of NOK 12 million in the fourth quarter of 2022. The negative change in value for fixed-rate lending amounted to NOK 14 million, compared with a negative change in value of NOK 17 million in the same quarter last year. Income from foreign exchange and interest rate business for customers amounted to NOK 15 million in the quarter, NOK 1 million less than in the same quarter last year.

Other income excluding financial instruments increased by NOK 3 million compared with the fourth quarter of 2022. The increase was mainly attributable to income from insurance and fund sales, active management and money-transfer services.

Expenses

Operating expenses amounted to NOK 242 million for the quarter, which is NOK 26 million higher than for the same quarter last year. Personnel expenses accounted for NOK 13 million of the rise in relation to the same period last year and totalled NOK 135 million. Other operating expenses increased by NOK 13 million compared with the same period last year.

Provisions for expected losses and credit-impaired commitments

Reversal of losses on loans and guarantees amounted to NOK 117 million (NOK 2 million), corresponding to -0.49 per cent of average assets (0.01 per cent of average assets). The corporate segment saw reversal of losses of NOK 121 million in the quarter, while losses in the retail segment increased by NOK 4 million.

PRELIMINARY FINANCIAL STATEMENTS FOR 2023

Profit before losses amounted to NOK 1,336 million, or 1.42 per cent of average assets, compared with NOK 1,009 million, or 1.19 per cent, for 2022.

Profit after tax was NOK 1,055 million, or 1.13 per cent of average assets, compared with NOK 777 million, or 0.91 per cent, for 2022.

Return on equity was 14.0 per cent for 2023, compared with 10.9 per cent for 2022, and the cost income ratio was 39.2 per cent, compared with 42.5 per cent for 2022.

Earnings per equity certificate in 2023 were NOK 10.12 for the Group, and NOK 10.34 for the parent bank.

Net interest income

Net interest income totalled NOK 1,900 million (NOK 1,517 million) or 2.02 per cent (1.78 per cent) of average assets.

In the retail market, the lending margin decreased while the deposit margin increased compared with 2022. In the corporate market, the interest margin for lending was on a par with 2022, while the interest margin for deposits increased slightly.

Other income

Other income was NOK 295 million in 2023 (0.31 per cent of average assets). This is an increase of NOK 56 million compared with 2022.

Dividends amounted to NOK 1 million, compared with NOK 11 million in 2022. Capital losses from bond holdings were NOK 2 million, compared with losses of NOK 75 million in 2022. Capital gains from equities amounted to NOK 10 million, compared with capital gains of NOK 24 million in 2022. Income from other financial instruments show a reduction of NOK 7 million compared with 2022.

Other income, excluding financial instruments, increased by NOK 4 million compared with 2022.

See Note 7 for a specification of other income.

Expenses

Total expenses were NOK 859 million, which is NOK 112 million higher than in 2022. Personnel expenses increased by NOK 52 million compared with 2022 and were NOK 482 million. Staffing has increased by 26 FTEs in the past 12 months to 400 FTEs. Other operating expenses were NOK 60 million higher than in 2022. See Note 8 for a specification of expenses.

The cost income ratio for 2023 was 39.2 per cent, which represents a decrease of 3.3 percentage points compared with 2022.

Provisions for expected credit losses and credit-impaired commitments

The accounts were credited with net reversal of losses on loans and guarantees of NOK 53 million in 2023, while the accounts for 2022 were credited with net reversal of NOK 4 million.

At the end of 2023, provisions for expected credit losses totalled NOK 266 million, equivalent to 0.32 per cent of gross loans and guarantee commitments (NOK 341 million and 0.44 per cent). Of the total provision for expected credit losses, NOK 26 million relates to credit-impaired commitments more than 90 days past due (NOK 12 million), which represents 0.03 per cent of gross loans and guarantee commitments (0.02 per cent), while NOK 72 million relates to other credit-impaired commitments (NOK 186 million), corresponding to 0.09 per cent of gross loans and guarantee commitments (0.23 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other credit-impaired commitments) have increased by NOK 35 million in the past 12 months. At year end 2023, the corporate market accounted for NOK 151 million of net credit-impaired commitments and the retail market NOK 176 million. In total, this represents 0.39 per cent of gross loans and guarantee commitments (1.19 per cent).

Lending to customers
At the end of 2023, net lending to customers amounted to NOK 81,572 million (NOK 76,078 million). In the past 12 months, customer lending has increased by a total of NOK 5,494 million, equivalent to 7.2 per cent. Retail lending has increased by 5.9 per cent, while corporate lending has increased by 9.6 per cent in the last 12 months. Retail lending accounted for 66.0 per cent of total lending at the end of the second quarter (65.5 per cent).

Customer deposits
Customer deposits have increased by NOK 3,529 million, or 8.0 per cent, in the past 12 months. At year end 2023, deposits amounted to NOK 47,410 million (NOK 43,881 million). Retail deposits have increased by 10.9 per cent in the past 12 months, while corporate deposits have increased by 3.9 per cent and public sector deposits have decreased by 1.8 per cent. The retail market's relative share of deposits amounted to 61.7 per cent (60.0 per cent), while deposits from the corporate market accounted for 36.9 per cent (38.5 per cent) and from the public sector market 1.4 per cent (1.5 per cent).

The deposit-to-loan ratio was 57.9 per cent (57.4 per cent) at year end 2023.

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 174 for the Group and 155 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 NSFR ended at 124 at the end of 2023 (consolidated figure), while the bank's and Møre Boligkreditt AS's NSFR ended at 128 and 109, respectively.

Total net market funding amounted to NOK 37.7 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 2.74 years, while covered bond funding through Møre Boligkreditt AS correspondingly has a weighted remaining term to maturity of 2.95 years – overall for market funding in the Group (inclusive T2 and T3) the remaining term to maturity is 3.01 years.

Møre Boligkreditt AS issues bonds based on the transfer of loans from the parent bank. Gross retail lending transferred to Møre Boligkreditt AS amounted to NOK 32,369 million at year end, which corresponds to 39.6 per cent of the bank's total lending.

RATING
In a Credit Opinion published on 9 January 2024, the rating agency Moody's confirmed Sparebanken Møre's counterparty, deposit and issuer ratings as A1 with a stable outlook. Møre Boligkreditt has the same issuer rating as the parent bank, while the mortgage credit company's issuances are rated Aaa.

CAPITAL ADEQUACY
Sparebanken Møre is well capitalised. At the end of 2023, the Common Equity Tier 1 capital ratio (CET1) was 18.2 per cent (17.9 per cent). This is 2.09 percentage points higher than the total minimum requirement and the Financial Supervisory Authority of Norway's expected capital adequacy margin (P2G) totalling 16.15 per cent. The capital adequacy ratio ended at 22.2 per cent (22.1 per cent) and Tier 1 capital at 20.0 per cent (19.7 per cent).

The EU's '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. Sparebanken Møre has previously applied to the Financial Supervisory Authority of Norway for model and calibration changes. A letter from the Financial Supervisory Authority dated 22 June 2023 granted approval for the proposed models for the corporate market. Sparebanken Møre incorporated the new models in the fourth quarter of 2023. The model changes increased the Common Equity Tier 1 capital ratio by 0.7 percentage points. In a letter dated 18 January 2024, the Financial Supervisory Authority rejected the bank's application of model changes for the retail market, and the bank will send a new application taking into account the feedback from the FSA.

Sparebanken Møre's total Common Equity Tier 1 capital ratio requirement is 16.15 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 4.5 per cent and a countercyclical buffer of 2.5 per cent. The Financial Supervisory Authority conducted a SREP in 2023. The individual Pillar 2 requirement for Sparebanken Møre has been set at 1.6 per cent, and the expected capital adequacy margin has been set at 1.25 per cent. At least 56.25 per cent of the new Pillar 2 requirement that resulted from the aforementioned SREP must be met with Common Equity Tier 1 capital (0.9 per cent), and minimum 75 per cent must be met with Tier 1 capital.

The leverage ratio (LR) at year end 2023 was 7.5 per cent (7.6 per cent). The regulatory minimum requirement (3 per cent) was met by a good margin.

MREL

On 1 January 2024, the Financial Supervisory Authority of Norway set Sparebanken Møre's effective MREL requirement at 35.7 per cent of the risk-weighted assets at any given time. The minimum subordination requirement was set at 28.7 per cent. At the end of the year, Sparebanken Møre's actual MREL level was 40.1 per cent, while the level of subordination was 32.3 per cent of the risk-weighted assets.

Sparebanken Møre had issued NOK 3,000 million in Senior Non-Preferred debt at the end of fourth quarter of 2023.

SUBSIDIARIES

The aggregate profit of the bank's subsidiaries amounted to NOK 130 million after tax in 2023 (NOK 143 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 2023, the company had nominal outstanding covered bonds of NOK 28.3 billion. Around 30 per cent were issued 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 128 million to the Group's result in 2023 (NOK 138 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 0 million to the result in 2023 (NOK 1 million). At year end, the company employed 23 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 company contributed NOK 2 million to the result in 2023 (NOK 4 million). The companies have no staff.

EQUITY CERTIFICATES

At year end 2023, there were 6,775 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 2.4 per cent at the end of the year. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.7 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 2023, the bank owned 186,565 of its own equity certificates. These were purchased on the Oslo Stock Exchange at market price.

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 74.1 per cent of the Group's profit (72.6 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, 49.66 per cent of the profit will be allocated to equity certificate holders and 50.34 per cent to the primary capital fund. The Group posted earnings per equity certificate of NOK 10.12 in 2023 (NOK 10.34 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 2023 financial year set at NOK 7.50, which will come to NOK 371 million in total. The corresponding provision for dividend funds for local communities will amount to NOK 376 million.

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

Profit for the year		1,077
Share allocated to AT1 instrument holders		48
Dividend funds (74.1 per cent):		
To cash dividends	371	
To dividend funds for local communities	376	747
Strengthening of equity (25.9 per cent):		
To the dividend equalisation fund	140	
To the primary capital fund	142	282
Total allocated		**1,077**

FUTURE PROSPECTS
A further slowdown in economic activity, combined with falling inflationary pressures, has made both the central banks and fixed income market more confident that interest rates have now peaked in most places. The focus of market participants has, therefore, gradually shifted to the timing of the first interest rate cut.

It takes time from when a central bank changes its key rate until the change has its full effect on the real economy. Given this, some uncertainty remains with respect to how the sharp rise in interest rates over the past 2 years will affect global growth prospects. The central banks' forecasts demonstrate a continued belief that inflation will be brought under control without this triggering a substantial fall in output and a corresponding increase in unemployment.

The fixed income market and central banks' expectations concerning interest rate developments during 2024 are strikingly different. While the US Federal Reserve has signalled a total of three interest rate cuts during the next year, the fixed income market expects as many as six rate cuts. In the euro area, the fixed income market is also pricing in six interest rate cuts over the course of the coming year. This divergent view of interest rates is partly attributable to differing assessments of how fast inflation will fall and/or how much the interest rate hikes that have been implemented will curb economic activity.

The war in Ukraine and the geopolitical situation in Europe pose persistent risks to further growth. The escalating conflict in the Middle East is also adding to geopolitical uncertainty, although the conflict so far appears to be having a limited effect on developments in commodity prices and financial markets.

A weak NOK has made bringing down inflation in Norway more demanding. The NOK exchange rate was, therefore, one of the main reasons why Norges Bank, somewhat surprisingly, raised its policy rate to 4.50 per cent at its monetary policy meeting in December. In the wake of the interest rate hike, the NOK exchange rate appreciated markedly, which will help to reduce inflationary pressures in the coming period.

In spite of the sharp rise in interest rates in a short space of time, output in the Norwegian economy remains at a relatively high level. Measured by mainland GDP, growth in mainland Norway is expected to be around 1.0 per cent for 2023. Registered unemployment in Norway was low at 1.9 per cent in December and has thus risen by a moderate three-tenths over the past year. In Møre og Romsdal, unemployment is even lower at 1.7 per cent.

The rate of growth in lending to households and non-financial companies for Norway as a whole fell further during the fourth quarter. With a growth rate in lending to households approaching 3 per cent at the end of November, the 12-month growth rate is the lowest measured since 1995. At the end of November, the overall 12-month growth in lending to the public was 3.7 per cent, compared with 5.5 per cent at the start of the year. As a result of higher interest rates and weaker growth in house prices, a further reduction in the growth rate for lending to households is expected in the coming period. The tighter monetary policy is beginning to have an effect and it appears that taking out new loans is no longer as attractive for Norwegian households and enterprises.

The bank's overall lending growth remained good during the fourth quarter. The 12-month growth rate was 7.2 per cent at the end of the year, slightly below the level at the end of 2022 of 8.8 per cent. The year-on-year growth in lending to the retail market ended at 5.9 per cent at the end of 2023, while lending growth in the corporate market amounted to 9.6 per cent. Deposits increased by 8.0 per cent in 2023 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 2023 ended at 14.0 per cent and its cost income ratio at 39.2 per cent. In December, the bank raised its long-term minimum return on equity target from 11 per cent to 12 per cent. At the same time, the long-term target of a cost income ratio below 40 per cent was maintained.

Ålesund, 31 December 2023
24 January 2024
THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE
ROY REITE, Chair of the Board
KÅRE ØYVIND VASSDAL, Deputy Chair
JILL AASEN
THERESE MONSÅS LANGSET
TERJE BØE
BIRGIT MIDTBUST
MARIE REKDAL HIDE
BJØRN FØLSTAD

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q4 2023	Q4 2022	2023	2022
Interest income from assets at amortised cost		1 207	804	4 221	2 386
Interest income from assets at fair value		204	129	695	344
Interest expenses		905	501	3 016	1 213
Net interest income	3	506	432	1 900	1 517
Commission income and revenues from banking services		72	68	258	248
Commission expenses and charges from banking services		11	9	42	34
Other operating income		9	8	34	32
Net commission and other operating income	7	70	67	250	246
Dividends		0	10	1	11
Net change in value of financial instruments		1	25	44	-18
Net result from financial instruments	7	1	35	45	-7
Total other income	7	71	102	295	239
Total income		577	534	2 195	1 756
Salaries, wages etc.		135	122	482	430
Depreciation and impairment of non-financial assets		12	12	49	46
Other operating expenses		95	82	328	271
Total operating expenses	8	242	216	859	747
Profit before impairment on loans		335	318	1 336	1 009
Impairment on loans, guarantees etc.	5	-117	2	-53	-4
Pre-tax profit		452	316	1 389	1 013
Taxes		112	74	334	236
Profit after tax		340	242	1 055	777
Allocated to equity owners		327	231	1 007	746
Allocated to owners of Additional Tier 1 capital		13	11	48	31
Profit per EC (NOK) 1)		3.28	2.33	10.12	7.50
Diluted earnings per EC (NOK) 1)		3.28	2.33	10.12	7.50
Distributed dividend per EC (NOK)		0.00	0.00	4.00	16.00

* EC (MORG) was split 1:5 in April 2022. The restated dividend per EC for 2021, paid in 2022, will thus be NOK 3.20.

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q4 2023	Q4 2022	2023	2022
Profit after tax	340	242	1 055	777
Items that may subsequently be reclassified to the income statement:				
Basisswap spreads - changes in value	-14	-28	-37	30
Tax effect of changes in value on basisswap spreads	3	7	8	-6
Items that will not be reclassified to the income statement:				
Pension estimate deviations	1	46	1	46
Tax effect of pension estimate deviations	0	-12	0	-12
Total comprehensive income after tax	330	255	1 027	835
Allocated to equity owners	317	244	979	804
Allocated to owners of Additional Tier 1 capital	13	11	48	31

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

Balance sheet - Group

ASSETS (COMPRESSED)

(NOK million)	Note	31.12.2023	31.12.2022
Cash and receivables from Norges Bank	9 10 13	266	394
Loans to and receivables from credit institutions	9 10 13	919	361
Loans to and receivables from customers	4 5 6 9 11 13	81 572	76 078
Certificates, bonds and other interest-bearing securities	9 11 13	11 898	11 013
Financial derivatives	9 11	1 336	987
Shares and other securities	9 11	217	246
Intangible assets		59	56
Fixed assets		206	202
Overfunded pension liability		59	47
Other assets		203	117
Total assets		96 735	89 501

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	31.12.2023	31.12.2022
Loans and deposits from credit institutions	9 10 13	1 727	586
Deposits from customers	4 9 10 13	47 410	43 881
Debt securities issued	9 10 12	36 170	34 236
Financial derivatives	9 11	603	752
Other provisions for incurred costs and prepaid income		98	90
Pension liabilities		28	26
Tax payable		270	210
Provisions for guarantee liabilities		4	26
Deferred tax liabilities		161	106
Other liabilities		727	629
Subordinated loan capital	9 10	857	857
Total liabilities		88 055	81 399
EC capital	14	989	989
ECs owned by the bank		-4	-3
Share premium		359	358
Additional Tier 1 capital		650	650

Paid-in equity	1 994	1 994
Primary capital fund	3 475	3 334
Gift fund	125	125
Dividend equalisation fund	2 205	2 066
Liability credit reserve	-13	16
Other equity	894	567
Retained earnings	6 686	6 108
Total equity	8 680	8 102
Total liabilities and equity	96 735	89 501

Statement of changes in equity - Group

GROUP 31.12.2023	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 31.12.2022	8 102	986	358	650	3 334	125	2 066	16	567
Changes in own equity certificates	-2	-1	1		-1		-1		
Distributed dividends to the EC holders	-198								-198
Distributed dividends to the local community	-200								-200
Interests on issued Additional Tier 1 capital	-48								-48
Equity before allocation of profit for the year	7 654	985	359	650	3 333	125	2 065	16	121
Allocated to the primary capital fund	142				142				
Allocated to the dividend equalisation fund	140						140		
Allocated to owners of Additional Tier 1 capital	48								48
Allocated to other equity	-22								-22
Proposed dividend allocated for the EC holders	371								371
Proposed dividend allocated for the local community	376								376
Profit for the year	1 055	0	0	0	142	0	140	0	773
Changes in value - basis swaps	-37							-37	
Tax effect of changes in value - basis swaps	8							8	
Pension estimate deviations	1								
Tax effect of pension estimate deviations	0								
Total other income and costs from comprehensive income	-28	0	0	0	0	0	0	-29	0
Total profit for the year	1 027	0	0	0	142	0	140	-29	773
Equity as at 31 December 2023	8 680	985	359	650	3 475	125	2 205	-13	894

GROUP 31.12.2022	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 expenses 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

Statement of cash flow - Group

(NOK million)	31.12.2023	31.12.2022
Cash flow from operating activities		
Interest, commission and fees received	4 775	2 807
Interest, commission and fees paid	-1 363	-580
Interest received on certificates, bonds and other securities	439	213
Dividend and group contribution received	1	11
Operating expenses paid	-786	-630
Income taxes paid	-210	-334
Changes relating to loans to and claims on other financial institutions	-559	506
Changes relating to repayment of loans/leasing to customers	-4 753	-5 169
Changes in utilised credit facilities	-688	-966
Net change in deposits from customers	3 529	2 028
Proceeds from the sale of certificates, bonds and other securities	11 401	13 502
Purchases of certificates, bonds and other securities	-12 840	-14 687
Net cash flow from operating activities	-1 054	-3 299
Cash flow from investing activities		
Proceeds from the sale of fixed assets etc.	0	0
Purchase of fixed assets etc.	-41	-35
Changes in other assets	-159	86
Net cash flow from investing activities	-200	51
Cash flow from financing activities		
Interest paid on debt securities and subordinated loan capital	-1 676	-702
Net change in deposits from Norges Bank and other financial institutions	640	-394
Proceeds from bond issues raised	8 392	8 224
Redemption of debt securities	-5 786	-3 546
Dividend paid	-198	-158
Changes in other debt	-198	-230
Redemption of Additional Tier 1 capital	0	-349
Proceeds from issued Additional Tier 1 capital	0	400
Paid interest on Additional Tier 1 capital issued	-48	-31
Net cash flow from financing activities	1 126	3 214
Net change in cash and cash equivalents	-128	-34
Cash balance at 01.01	394	428
Cash balance at 31.12	266	394

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 2023. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2022 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 use of IRB places extensive demands on the bank's organisation, expertise, risk models and risk management systems.

On 21 December 2021, Sparebanken Møre applied to the FSA to make changes to the bank's IRB models and calibration framework. The bank received a response to the application on 22 June 2023 in which the FSA approved the proposed models for the corporate market. The model changes resulted in an improved Common Equity Tier 1 capital ratio of about 0.7 percentage points. Sparebanken Møre has incorporated the new models in the 4th quarter of 2023. In a letter dated 18 January 2024, the FSA has rejected the bank's application of model changes for the retail market, and the bank will send a new application taking into account the feedback from the FSA.

Sparebanken Møre's total Common Equity Tier 1 capital ratio requirement is 16.15 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 4.5 per cent and a countercyclical buffer of 2.5 per cent. The Financial Supervisory Authority conducted a SREP in 2023. The individual Pillar 2 requirement for Sparebanken Møre has been set at 1.6 per cent, and the expected capital adequacy margin has been set at 1.25 per cent. At least 56.25 per cent of the new Pillar 2 requirement that resulted from the aforementioned SREP must be met with Common Equity Tier 1 capital (0.9 per cent), and minimum 75 per cent must be met with Tier 1 capital.

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

On 15 June 2023, the FSA approved an application for the acquisition of equity certificates. The authorisation has been granted on the condition that the buybacks do not reduce Common Equity Tier 1 capital by more than NOK 64.9 million. Sparebanken Møre will deduct Common Equity Tier 1 capital of NOK 64.9 million from the date the authorisation is granted and for the duration of the authorisation.

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.

In its letter dated 10th November 2023, the FSA set Sparebanken Møre's effective MREL-requirement as of 01.01.2024 at 35.7 per cent and the minimum subordination requirement at 28.7 per cent.

Equity	31.12.2023	31.12.2022
EC capital	989	989
- ECs owned by the bank	-4	-3
Share premium	359	358
Additional Tier 1 capital (AT1)	650	650
Primary capital fund	3 475	3 334
Gift fund	125	125
Dividend equalisation fund	2 205	2 066
Proposed dividend for EC holders	371	198
Proposed dividend for the local community	376	200
Liability credit reserve	-13	16
Other equity	147	169
Total equity	8 680	8 102

Tier 1 capital (T1)	31.12.2023	31.12.2022
Goodwill, intangible assets and other deductions	-59	-56
Value adjustments of financial instruments at fair value	-17	-17
Deduction of overfunded pension liability	-48	-35
Deduction of remaining permission for the acquisition of own equity certificates	-61	0
Additional Tier 1 capital (AT1)	-650	-650
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-242	-518
Deduction for proposed dividend	-371	-198
Deduction for proposed dividend for the local community	-376	-200
Total Common Equity Tier 1 capital (CET1)	6 856	6 428
Additional Tier 1 capital - classified as equity	650	650
Additional Tier 1 capital - classified as debt	0	0
Total Tier 1 capital (T1)	7 506	7 078

Tier 2 capital (T2)	31.12.2023	31.12.2022
Subordinated loan capital of limited duration	857	857
Total Tier 2 capital (T2)	857	857

Net equity and subordinated loan capital	8 363	7 935

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	31.12.2023	31.12.2022
Central governments or central banks	0	0
Local and regional authorities	389	296
Public sector companies	207	203
Institutions	240	245
Covered bonds	550	526
Equity	347	198
Other items	547	738
Total credit risk - standardised approach	2 280	2 206

Credit risk - IRB Foundation	31.12.2023	31.12.2022
Retail - Secured by real estate	11 995	11 307
Retail - Other	295	304
Corporate lending	19 444	18 874
Total credit risk - IRB-Foundation	31 734	30 485

Market risk (standardised approach)	161	236
Operational risk (basic indicator approach)	3 424	2 996
Risk weighted assets (RWA)	**37 599**	**35 923**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 692	1 617

Buffer requirements	31.12.2023	31.12.2022
Capital conservation buffer , 2.5 %	940	898
Systemic risk buffer, 4.5 % (3.0 % per 31.12.2022)	1 692	1 078
Countercyclical buffer, 2.5 % (2.0 % per 31.12.2022)	940	718
Total buffer requirements for Common Equity Tier 1 capital	3 572	2 694
Available Common Equity Tier 1 capital after buffer requirements	1 592	2 117

Capital adequacy as a percentage of risk weighted assets (RWA)	31.12.2023	31.12.2022
Capital adequacy ratio	22.2	22.1
Tier 1 capital ratio	20.0	19.7
Common Equity Tier 1 capital ratio	18.2	17.9
Leverage Ratio (LR)	**31.12.2023**	**31.12.2022**
Basis for calculation of leverage ratio	99 794	93 218
Leverage Ratio (LR)	7.5	7.6

Note 3

Operating segments

Result - Q4 2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	506	0	80	197	229	0
Other operating income	71	-18	17	34	31	7
Total income	577	-18	97	231	260	7
Operating expenses	242	-15	66	45	137	9
Profit before impairment	335	-3	31	186	123	-2
Impairment on loans, guarantees etc.	-117	0	0	-122	5	0
Pre-tax profit	452	-3	31	308	118	-2
Taxes	112					
Profit after tax	340					

Result - 31.12.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 900	1	256	745	898	0
Other operating income	295	-68	93	114	122	34
Total income	2 195	-67	349	859	1 020	34
Operating costs	859	-64	209	164	516	34
Profit before impairment	1 336	-3	140	695	504	0
Impairment on loans, guarantees etc.	-53	0	0	-62	9	0
Pre-tax profit	1 389	-3	140	757	495	0
Taxes	334					
Profit after tax	1 055					

Key figures - 31.12.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	81 834	-107	1 485	26 524	53 932	0
Expected credit loss on loans	-262	0	-1	-159	-102	0
Net loans to customers	81 572	-107	1 484	26 365	53 830	0
Deposits from customers 1)	47 410	-100	873	15 254	31 383	0
Guarantee liabilities	1 249	0	0	1 247	2	0
Expected credit loss on guarantee liabilities	4	0	0	4	0	0
The deposit-to-loan ratio	57.9	93.5	58.8	57.5	58.2	0.0
Man-years	400	0	148	59	170	23

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	-86	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

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 2023**	**Q4 2022**	**31.12.2023**	**31.12.2022**
Net interest income	57	56	237	263
Other operating income	-14	-22	-14	-29
Total income	43	34	223	234
Operating expenses	15	13	58	51
Profit before impairment on loans	28	21	165	183
Impairment on loans, guarantees etc.	0	1	1	6
Pre-tax profit	28	20	164	177
Taxes	6	4	36	39
Profit after tax	22	16	128	138

MØRE BOLIGKREDITT AS		
Balance sheet	**31.12.2023**	**31.12.2022**
Loans to and receivables from customers	32 357	30 464
Total equity	1 665	1 712

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.

31.12.2023	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	711	0	-3	-8	41	741
Fisheries	4 998	-1	-26	-	2	4 973
Manufacturing	3 526	-5	-9	-4	6	3 514
Building and construction	1 160	-2	-6	-21	6	1 137
Wholesale and retail trade, hotels	1 200	-1	-4	-3	9	1 201
Supply/Oil services	2 138	-9	0	-	0	2 129
Property management	8 957	-11	-7	-8	97	9 028
Professional/financial services	797	-1	-1	-2	25	818
Transport and private/public services/abroad	4 327	-6	-7	-5	39	4 348
Total corporate/public entities	27 814	-36	-63	-51	225	27 889
Retail customers	50 737	-11	-54	-47	3 058	53 683
Total loans to and receivables from customers	78 551	-47	-117	-98	3 283	81 572

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/Oil services	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	-9	0	37	3 740
Total corporate/public entities	25 174	-27	-42	-153	401	25 353
Retail customers	47 804	-11	-56	-26	3 014	50 725
Total loans to and receivables from customers	72 978	-38	-98	-179	3 415	76 078

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	**31.12.2023**	**31.12.2022**
Agriculture and forestry	278	262
Fisheries	1 556	1 950
Manufacturing	3 687	3 516
Building and construction	967	867
Wholesale and retail trade, hotels	1 098	1 183
Property management	2 502	2 324
Transport and private/public services	5 008	4 628
Public administration	657	669
Others	2 431	2 138
Total corporate/public entities	18 184	17 537
Retail customers	29 226	26 344
Total	47 410	43 881

Note 5

Losses and impairment on loans and guarantees

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

For a detailed description of the bank's loss model, please see note 9 in the annual report for 2022.

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.

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 2,0 percentage points
- The customer's agreed payments are overdue by more than 30 days

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

Qualitative criteria

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

Credit risk is always considered to have increased significantly if the customer has been granted forbearance measures, though it is not severe enough to be individually assessed in stage 3.

Positive migration in credit risk
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.

Customers who are going through a probation period after default (at least 3 or 12 months), are initially held in stage 3. The customers can be overridden to stage 2 if that is considered to give the best estimate of expected credit loss.

In the quarterly report for the third quarter of 2023, it was informed about improvements in the market for Oil Services/Supply and developments within some commitments placed in stage 3.

According to notice to the Oslo Stock Exchange during the fourth quarter of 2023, the loss provisions on these commitments were reversed. In addition, further loss reversals on other loans and guarantees were recognized in the quarter. Net loan loss reversals in the fourth quarter amounts to MNOK 117.

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 is similar to that used in the capital adequacy regulation.

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.

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
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.

At its meeting on 13 December 2023, Norges Bank decided to raise the key policy rate from 4.25 to 4.5 per cent. Based on their current assessment of the outlook and risk profile, the key policy rate will probably be kept at this level for some time ahead. Growth in the Norwegian economy is low. After growth slowed in the first half of 2023, mainland Norway GDP was approximately unchanged from the second to the third quarter. Household consumption as a whole has fallen so far this year and has been slightly lower than expected in Norges Bank's March Report. Norges Bank estimates that the average mortgage rate will rise to about 5.7 per cent next year. Higher interest rates and high inflation have curbed demand in the Norwegian economy, and household consumption and housing investments are expected to show weak developments this year and next. On the other hand, the depreciation of the krone has improved cost competitiveness for Norwegian enterprises. This points to increased exports. High activity in petroleum-related industries will boost activity in both 2024 and 2025. Prospects of rising public demand throughout the projection period also point to increased activity. Through 2025 and 2026, Norges Bank expects economic activity to pick up gradually, primarily as a result of higher private consumption. The interest burden is expected to increase slightly further through 2024 before gradually decreasing later in the projection period. The slowdown will occur both as a result of a lower debt burden and a lower key policy rate over time. As a result of weak growth in employment in the next few years, Norges Bank expects unemployment to edge up.

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

The ECL as of 31.12.2023 is based on a scenario weighting with 70 per cent weight on the baseline scenario (normal development), 20 per cent weight on the worst case scenario and 10 per cent weight on the best-case scenario. The weightings have been kept unchanged from the first quarter of 2022 when the weighting for the worst-case scenario was increased from 10 per cent to 20 per cent while the weighting for the best-case scenario was reduced from 20 per cent to 10 per cent as a result of the war in Ukraine, sharp increase in energy and commodity prices and prospects of persistently higher inflation and interest rates.

Specification of credit loss in the income statement

GROUP	Q4 2023	Q4 2022	2023	2022
Changes in ECL - stage 1 (model-based)	-10	11	9	6
Changes in ECL - stage 2 (model-based)	11	6	16	32
Changes in ECL - stage 3 (model-based)	11	10	13	9
Changes in individually assessed losses	-141	-35	-114	-73
Confirmed losses covered by previous individual impairment	14	9	23	26
Confirmed losses, not previously impaired	0	2	6	2
Recoveries	-2	-1	-6	-6
Total impairments on loans and guarantees	-117	2	-53	-4

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

GROUP - 31.12.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	39	104	198	341
New commitments	19	31	2	52
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-25	-8	-42
Changes in ECL in the period for commitments which have not migrated	-3	1	1	-1
Migration to stage 1	8	-30	0	-22
Migration to stage 2	-6	43	-2	35
Migration to stage 3	0	-4	20	16
Changes stage 3 (individually assessed)	-	-	-113	-113
ECL 31.12.2023	48	120	98	266
- of which expected losses on loans to retail customers	11	54	47	112
- of which expected losses on loans to corporate customers	36	63	51	150
- of which expected losses on guarantee liabilities	1	3	0	4

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

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

GROUP - 31.12.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	59 313	3 032	-	62 345
Medium risk (0.5 % - < 3 %)	10 109	7 709	-	17 818
High risk (3 % - <100 %)	1 648	3 008	-	4 656
PD = 100 %	-	-	420	420
Total commitments before ECL	71 070	13 749	420	85 239
- ECL	-48	-120	-98	-266
Total net commitments *)	71 022	13 629	322	84 973
Gross commitments with overridden migration	416	-416	0	0

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
Gross commitments with overridden migration	368	-129	-238	0

*) 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 the balance sheet.

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.

	31.12.2023			31.12.2022		
GROUP	**Tot.**	**Ret.**	**Corp.**	**Tot.**	**Ret.**	**Corp.**
Gross commitments in default for more than 90 days	96	56	40	47	35	12
Gross other credit-impaired commitments	329	166	163	1 076	146	930
Gross credit-impaired commitments	425	222	203	1 123	181	942
ECL on commitments in default for more than 90 days	26	14	12	12	6	6
ECL on other credit-impaired commitments	72	32	40	186	20	166
ECL on credit-impaired commitments	98	46	52	198	26	172
Net commitments in default for more than 90 days	70	42	28	35	29	6
Net other credit-impaired commitments	257	134	123	890	126	764
Net credit-impaired commitments	327	176	151	925	155	770
Total gross loans to customers - Group	81 834	53 795	28 039	76 393	50 818	25 575
Guarantees - Group	1 249	2	1 247	1 362	3	1 359
Gross credit-impaired commitments in % of loans/guarantee liabilities	0.51%	0.41%	0.69%	1.44%	0.36%	3.50%
Net credit-impaired commitments in % loans/guarantee liabilities	0.39%	0.33%	0.52%	1.19%	0.30%	2.86%

Commitments with probation period	31.12.2023			31.12.2022		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments with probation period	111	72	39	508	59	449
Gross commitments with probation period in % of gross credit-impaired commitments	26%	32%	19%	45%	33%	48%

Note 7

Other income

(NOK million)	2023	2022
Guarantee commission	27	44
Income from the sale of insurance services (non-life/personal)	29	27
Income from the sale of shares in unit trusts/securities	17	15
Income from Discretionary Portfolio Management	47	43
Income from payment transfers	95	90
Other fees and commission income	43	29
Commission income and income from banking services	258	248
Commission expenses and expenses from banking services	-42	-34
Income from real estate brokerage	33	31
Other operating income	1	1
Total other operating income	34	32
Net commission and other operating income	250	246
Interest hedging (for customers)	16	15
Currency hedging (for customers)	31	42
Dividend received	1	11
Net gains/losses on shares	10	24
Net gains/losses on bonds	-2	-75
Change in value of fixed-rate loans	17	-121
Derivates related to fixed-rate lending	-26	107
Change in value of issued bonds	-1 172	371
Derivates related to issued bonds	1 173	-380
Net gains/losses related to buy back of outstanding bonds	-3	-1
Net result from financial instruments	45	-7
Total other income	295	239

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

Net commission and other operating income - 31.12.2023	**Group**	**Other**	**Corporate**	**Retail**	**Real estate brokerage**
Guarantee commission	27	0	27	0	0
Income from the sale of insurance services	29	2	3	24	0
Income from the sale of shares in unit trusts/securities	17	3	0	14	0
Income from Discretionary Portfolio Management	47	3	23	21	0
Income from payment transfers	95	9	20	66	0
Other fees and commission income	43	3	22	18	0
Commission income and income from banking services	258	20	95	143	0
Commission expenses and expenses from banking services	-42	-16	-2	-24	0
Income from real estate brokerage	33	0	0	0	33
Other operating income	1	1	0	0	0
Total other operating income	34	1	0	0	33
Net commision and other operating income	250	5	93	119	33

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

Note 8

Operating expenses

(NOK million)	2023	2022
Wages	343	314
Pension expenses	25	23
Employers' social security contribution and Financial activity tax	82	67
Other personnel expenses	32	26
Wages, salaries, etc.	482	430
Depreciations	49	46
Operating expenses own and rented premises	19	15
Maintenance of fixed assets	8	7
IT-expenses	168	150
Marketing expenses	47	37
Purchase of external services	32	25
Expenses related to postage, telephone and newspapers etc.	9	8
Travel expenses	6	5
Capital tax	12	8
Other operating expenses	27	16
Total other operating expenses	328	271
Total operating expenses	859	747

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 - 31.12.2023	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		266	266
Loans to and receivables from credit institutions		919	919
Loans to and receivables from customers	3 283	78 289	81 572
Certificates and bonds	11 898		11 898
Shares and other securities	217		217
Financial derivatives	1 336		1 336
Total financial assets	16 734	79 474	96 208
Loans and deposits from credit institutions		1 727	1 727
Deposits from and liabilities to customers	138	47 272	47 410
Financial derivatives	603		603
Debt securities		36 170	36 170
Subordinated loan capital		857	857
Total financial liabilities	741	86 026	86 767

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

Note 10

Financial instruments at amortised cost

GROUP	31.12.2023		31.12.2022	
	Fair value	Book value	Fair value	Book value
Cash and receivebles from Norges Bank	266	266	394	394
Loans to and receivables from credit institutions	919	919	361	361
Loans to and receivables from customers	78 289	78 289	72 663	72 663
Total financial assets	79 474	79 474	73 418	73 418
Loans and deposits from credit institutions	1 727	1 727	586	586
Deposits from and liabilities to customers	47 272	47 272	43 833	43 833
Debt securities issued	36 276	36 170	34 175	34 236
Subordinated loan capital	857	857	848	857
Total financial liabilities	86 132	86 026	79 442	79 512

Note 11

Financial instruments at fair value

A change in the discount rate of 10 basis points will have an impact of about NOK 8.1 million on loans with fixed interest rate.

GROUP - 31.12.2023	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 283	3 283
Certificates and bonds	8 572	3 326		11 898
Shares and other securities	5		212	217
Financial derivatives		1 336		1 336
Total financial assets	8 577	4 662	3 495	16 734
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			138	138
Debt securities				-
Subordinated loan capital				-
Financial derivatives		603		603
Total financial liabilities	-	603	138	741

GROUP - 31.12.2022	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 415	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

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2022	3 415	207	48
Purchases/additions	597	10	89
Sales/reduction	-746	0	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	-8	0
Net gains/losses in the period	17	3	1
Book value as at 31.12.2023	3 283	212	138

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

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	Curr.	Nominal value in currency 31.12.23	Interest	Issued	Maturity	Book value 31.12.23	Book value 31.12.22
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 066	1 087
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	289	261
NO0010819543	NOK	2 347	3M Nibor + 0.42 %	2018	2024	2 351	3 004
XS1839386577	EUR	-	fixed EUR 0.375 %	2018	2023	-	2 606
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	956	957
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 015	3 010
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 734	2 481
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 006	3 004
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	345	324
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 074	5 094
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 625	2 341
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 823	2 638
NO0012908617	NOK	4 000	3M Nibor + 0.54 %	2023	2028	4 027	-
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						28 311	26 807

As at 31.12.2023, Sparebanken Møre held NOK 0 million in covered bonds issued by Møre Boligkreditt AS (NOK 0 million). Møre Boligkreditt AS held no own covered bonds as at 31.12.2023 (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	31.12.2023	31.12.2022
Statement of income		
Net interest and credit commission income from subsidiaries	146	68
Received dividend from subsidiaries	152	241
Administration fee received from Møre Boligkreditt AS	49	43
Rent paid to Sparebankeiendom AS and Storgata 41-45 Molde AS	15	14
Balance sheet		
Claims on subsidiaries	3 983	3 614
Covered bonds	0	0
Liabilities to subsidiaries	1 484	1 747
Intragroup right-of-use of properties in Sparebankeiendom AS and Storgata 41-45 Molde AS	70	76
Intragroup hedging	306	125
Accumulated loan portfolio transferred to Møre Boligkreditt AS	32 369	30 474

Note 14

EC capital

The 20 largest EC holders in Sparebanken Møre as at 31.12.2023	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	4 904 584	9.92
Spesialfondet Borea utbytte	2 866 229	5.80
Verdipapirfondet Eika egenkapital	2 334 387	4.72
Wenaasgruppen AS	2 100 000	4.25
Verdipapirfond Pareto Aksje Norge	1 896 676	3.84
MP Pensjon	1 798 905	3.64
Kommunal Landspensjonskasse	1 548 104	3.13
Verdipapirfond Nordea Norge Verdi	1 505 120	3.04
Wenaas EFTF AS	1 100 000	2.23
Beka Holding AS	750 500	1.52
Lapas AS	627 500	1.27
Forsvarets personellservice	459 000	0.93
BKK Pensjonskasse	422 600	0.85
Stiftelsen Kjell Holm	419 750	0.85
Kverva Finans AS	413 995	0.84
Pareto Invest Norge AS	375 753	0.76
Hjellegjerde Invest AS	300 000	0.61
U Aandahls Eftf AS	250 000	0.51
PIBCO AS	229 500	0.46
Borghild Hanna Møller	201 967	0.41
Total 20 largest EC holders	24 504 570	49.57
Total number of ECs	49 434 770	100.00

The proportion of equity certificates held by foreign nationals was 2.4 per cent at the end of the 4th quarter of 2023.

During the 4th quarter of 2023, Sparebanken Møre has acquired 100,000 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 2023.

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q4 2023	Q4 2022	2023	2022
Interest income from assets at amortised cost	831	572	2 932	1 703
Interest income from assets at fair value	172	102	560	267
Interest expenses	552	297	1 825	715
Net interest income	451	377	1 667	1 255
Commission income and revenues from banking services	72	68	257	247
Commission expenses and expenditure from banking services	10	9	41	34
Other operating income	13	12	50	45
Net commission and other operating income	75	71	266	258
Dividends	0	10	154	252
Net change in value of financial instruments	7	42	43	3
Net result from financial instruments	7	52	197	255
Total other income	82	123	463	513
Total income	533	500	2 130	1 768
Salaries, wages etc.	128	114	458	406
Depreciation and impairment of non-financial assets	15	14	59	53
Other operating expenses	90	79	308	257
Total operating expenses	233	207	825	716
Profit before impairment on loans	300	293	1 305	1 052
Impairment on loans, guarantees etc.	-125	-3	-68	-18
Pre-tax profit	425	296	1 373	1 070
Taxes	106	69	296	195
Profit after tax	319	227	1 077	875
Allocated to equity owners	306	216	1 029	844
Allocated to owners of Additional Tier 1 capital	13	11	48	31
Profit per EC (NOK) 1) *	3.07	2.17	10.34	8.48
Diluted earnings per EC (NOK) 1) *	3.07	2.17	10.34	8.48
Distributed dividend per EC (NOK)	0.00	0.00	4.00	16.00

* EC (MORG) was split 1:5 in April 2022. The restated dividend per EC for 2021, paid in 2022, will thus be NOK 3.20.

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q4 2023	Q4 2022	2023	2022
Profit after tax	319	227	1 077	875
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	1	46	1	46
Tax effect of pension estimate deviations	0	-12	0	-12
Total comprehensive income after tax	320	261	1 078	909
Allocated to equity owners	307	250	1 030	878
Allocated to owners of Additional Tier 1 capital	13	11	48	31

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

Balance sheet - Parent bank

ASSETS (COMPRESSED)

(NOK million)	31.12.2023	31.12.2022
Cash and receivables from Norges Bank	266	394
Loans to and receivables from credit institutions	4 796	3 865
Loans to and receivables from customers	49 321	45 723
Certificates, bonds and other interest-bearing securities	11 744	10 892
Financial derivatives	937	643
Shares and other securities	217	246
Equity stakes in Group companies	1 571	1 571
Intangible assets	58	55
Fixed assets	153	151
Overfunded pension liability	59	47
Other assets	203	117
Total assets	69 325	63 704

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	31.12.2023	31.12.2022
Loans and deposits from credit institutions	2 550	1 969
Deposits from customers	47 510	43 967
Debt securities issued	7 859	7 429
Financial derivatives	840	579
Incurred costs and prepaid income	93	86
Pension liabilities	28	26
Tax payable	268	180
Provisions for guarantee liabilities	4	26
Deferred tax liabilities	45	17
Other liabilites	725	651
Subordinated loan capital	857	857
Total liabilities	60 779	55 787
EC capital	989	989
ECs owned by the bank	-4	-3
Share premium	359	358
Additional Tier 1 capital	650	650
Paid-in equity	1 994	1 994

Primary capital fund	3 475	3 334
Gift fund	125	125
Dividend equalisation fund	2 205	2 066
Other equity	747	398
Retained earnings	6 552	5 923
Total equity	8 546	7 917
Total liabilities and equity	69 325	63 704

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net interest income	506	487	462	445	432
Other operating income	71	88	81	55	102
Total operating costs	242	208	211	198	216
Profit before impairment on loans	335	367	332	302	318
Impairment on loans, guarantees etc.	-117	34	-3	33	2
Pre-tax profit	452	333	335	269	316
Taxes	112	80	80	62	74
Profit after tax	340	253	255	207	242

As a percentage of average assets					
Net interest income	2.11	2.05	1.94	1.98	1.95
Other operating income	0.29	0.38	0.34	0.24	0.46
Total operating costs	1.01	0.88	0.89	0.88	0.97
Profit before impairment on loans	1.39	1.55	1.39	1.34	1.44
Impairment on loans, guarantees etc.	-0.49	0.14	-0.01	0.15	0.01
Pre-tax profit	1.88	1.41	1.40	1.19	1.43
Taxes	0.46	0.34	0.33	0.27	0.34
Profit after tax	1.42	1.07	1.07	0.92	1.09

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