

Presentation Sparebanken Møre Group

1st quarter 2023

Trond Lars Nydal
CEO

John Arne Winsnes
CFO

Oslo, 27 April 2023



Q1 2023 - Highlights



Stronger profitability

ROE: 11.0 %



Efficiency

C/I: 39.7 %



Strong growth

Loans: 10.6 %
Deposits: 1.7 %
(Last 12 months)



Stronger Net Interest Income

In NOK: 445 million
In per cent: 1.98



Losses

In NOK: 33 million
In per cent: 0.15
(loans and guarantees)

Low level of loans in default



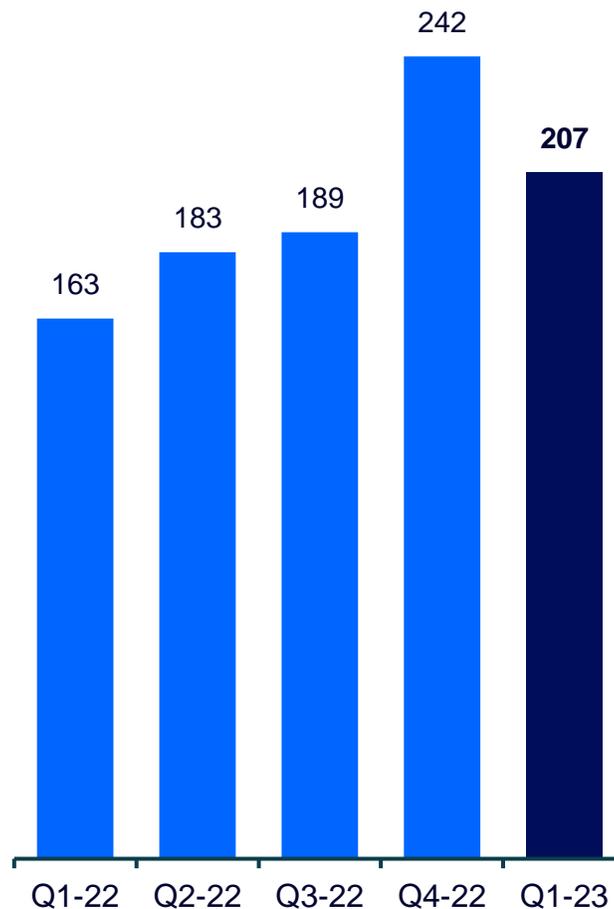
Strong liquidity and solidity

Deposit-to-loan ratio: 56.5%
LCR: 177
NSFR: 121
CET1: 17.7 %
Leverage Ratio: 7.4 %

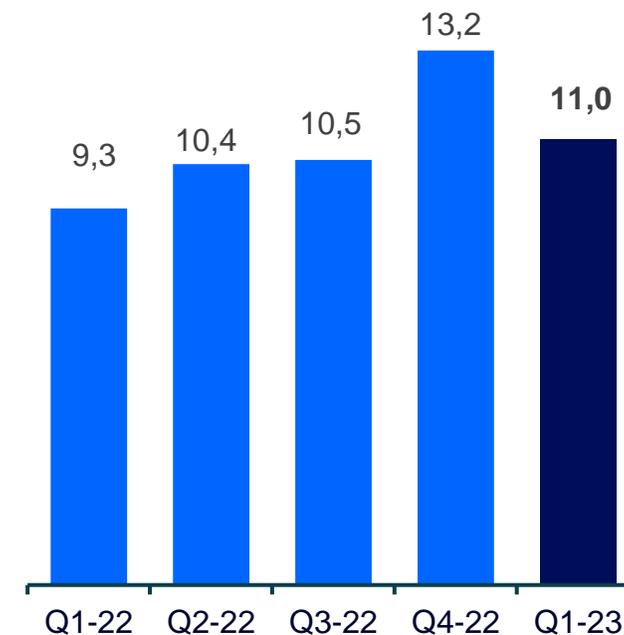
Solid Q1 results

- The result for the first quarter was NOK 207 million, corresponding to a Return on Equity of 11.0 per cent
- Profit per Equity Certificate in the first quarter of 2023 is NOK 1.96 (Group) compared with NOK 1.57 (Group) in the first quarter of 2022

Profit after tax
- NOK million



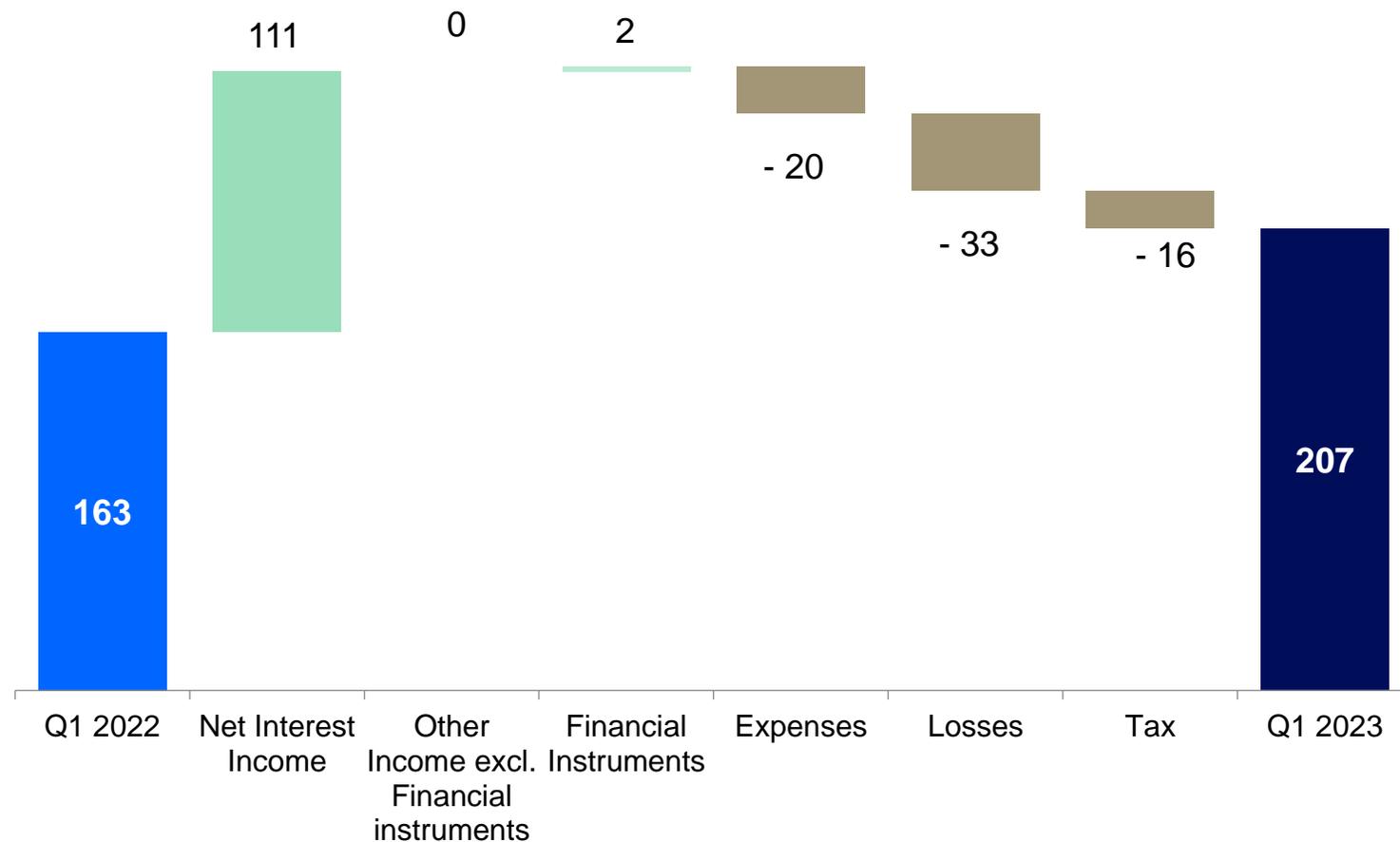
Return on Equity
- in per cent



Results compared

- High activity, good growth, rising interest rates and the composition of the bank's balance sheet contribute to the strengthening of the bank's Net interest income
- Other income is affected by the value of financial instruments. Still good activity for customer related other income
- The costs are higher than in the same period last year, but develops in line with our plans for 2023
- Higher losses compared with the same period last year

Profit after tax in Q1 2023 compared with Q1 2022



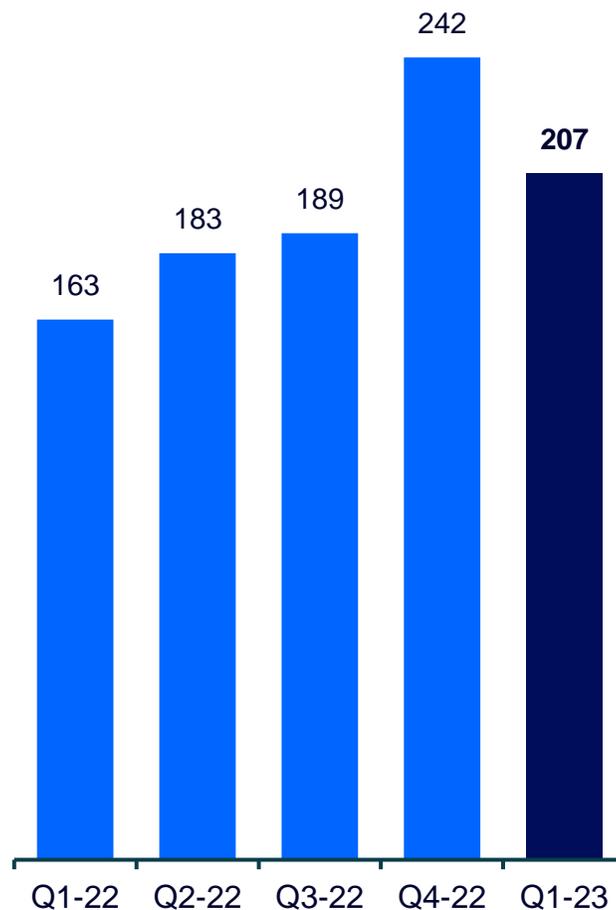
Q1 2023



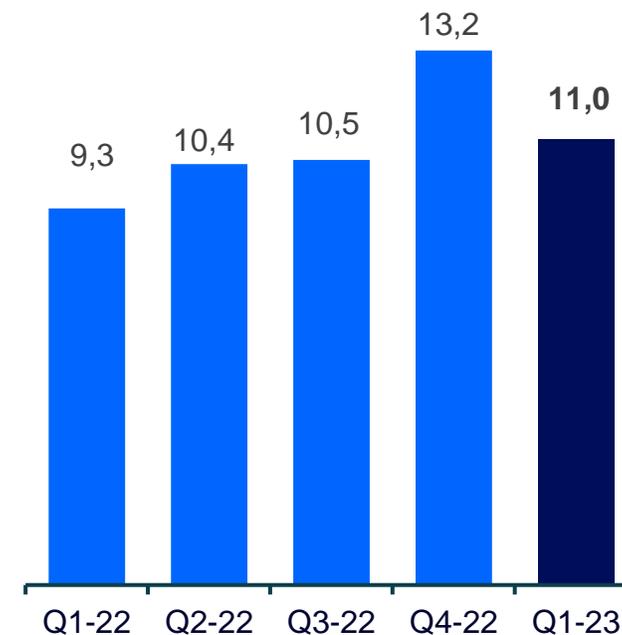
Profitability

- The result for the first quarter was NOK 207 million, corresponding to a Return on Equity of 11.0 per cent
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Profit after tax
- NOK million



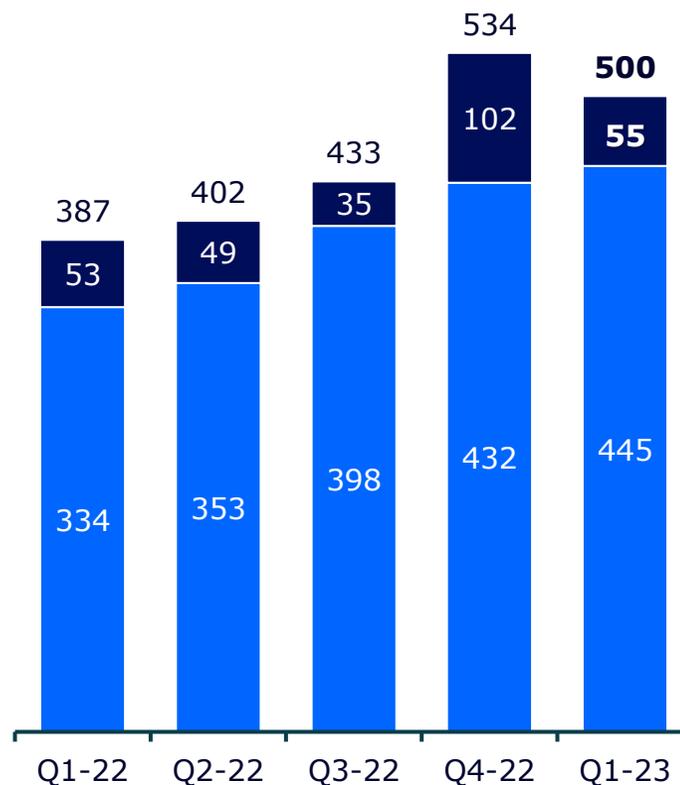
Return on Equity
- in per cent



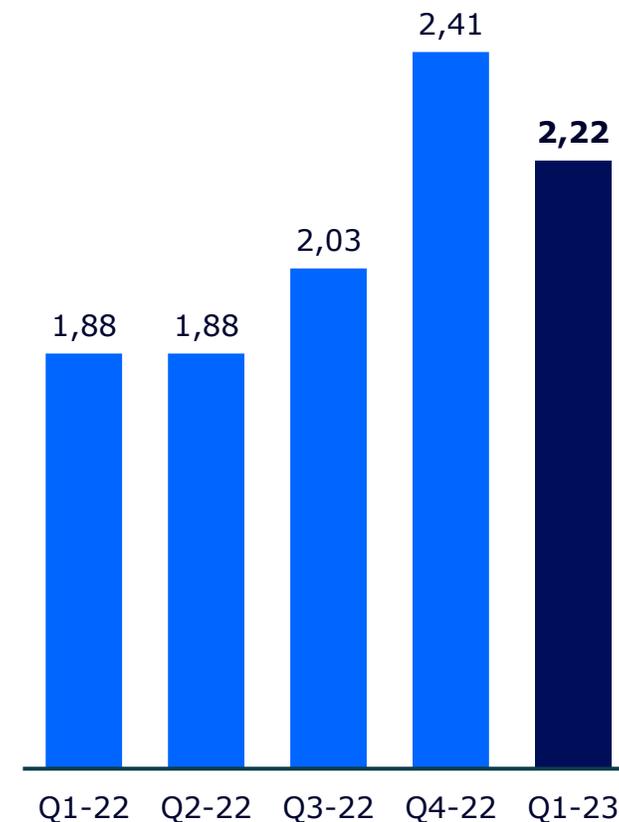
Total income

- Total revenues in the quarter are 30 per cent higher than in the first quarter last year
- The fourth quarter of 2022 had an additional boost in income from changes in the value of financial instruments. Value changes of financial instruments have had a negative development this quarter

Total Income in the quarter
- NOK million



Total Income in the quarter
- in per cent of Average Assets

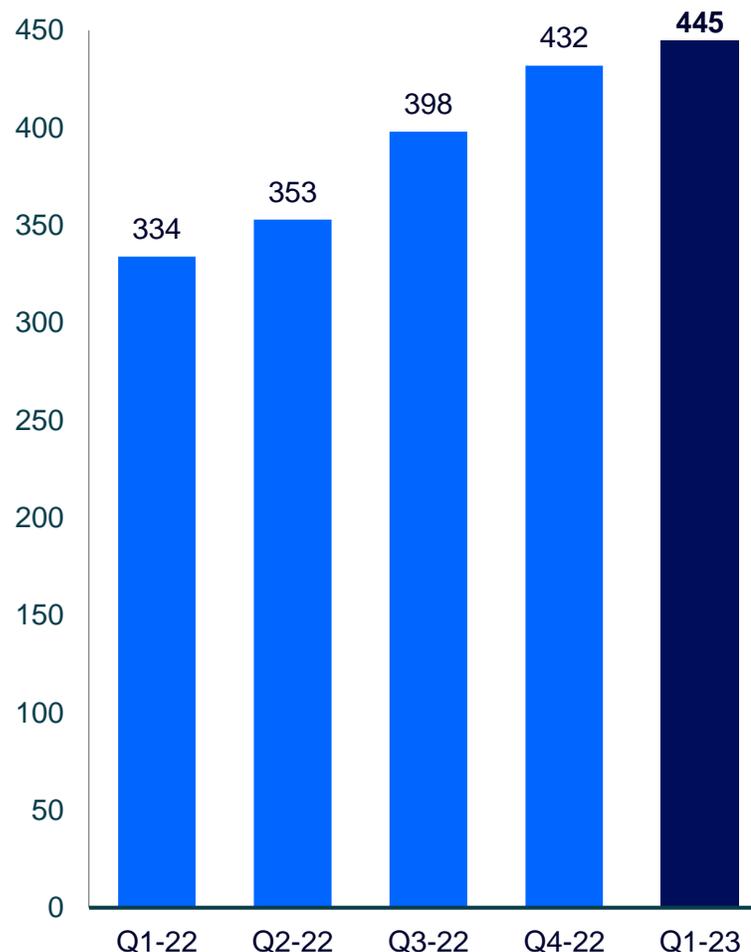


■ Net Interest Income ■ Other Income

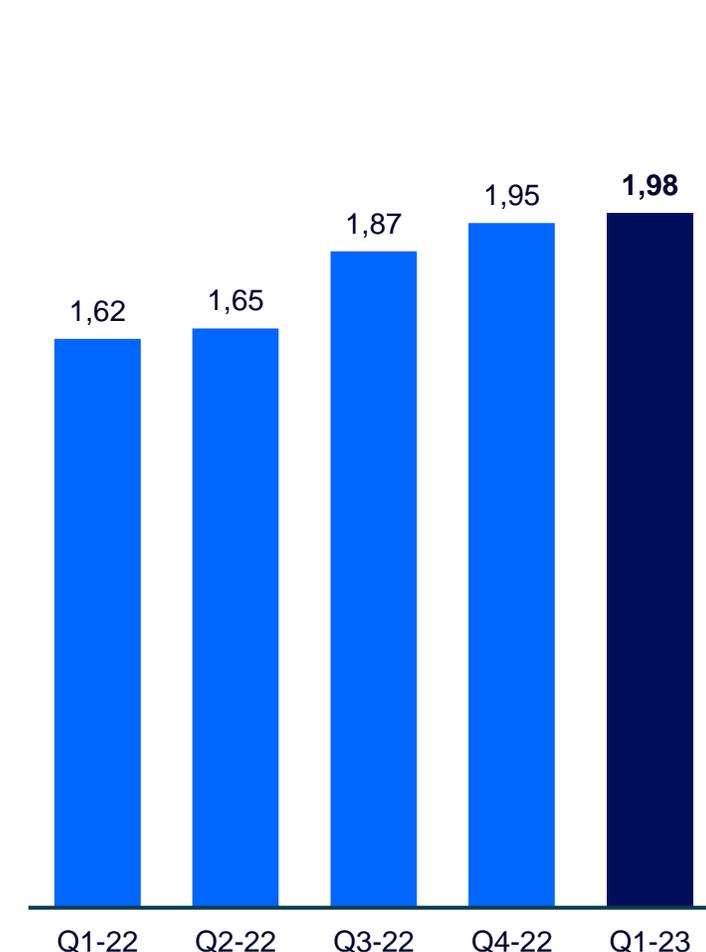
Net Interest Income rebounds

- The good growth contributes to an increase in net interest income of 3 per cent compared with the fourth quarter of 2022
- Interest rate changes on loans and deposits were implemented on 31 January 2023
- New interest rate change has been announced with effect from 10 May

Net Interest Income in the quarter
-NOK million



Net Interest Income in the quarter
- in per cent of Average Assets

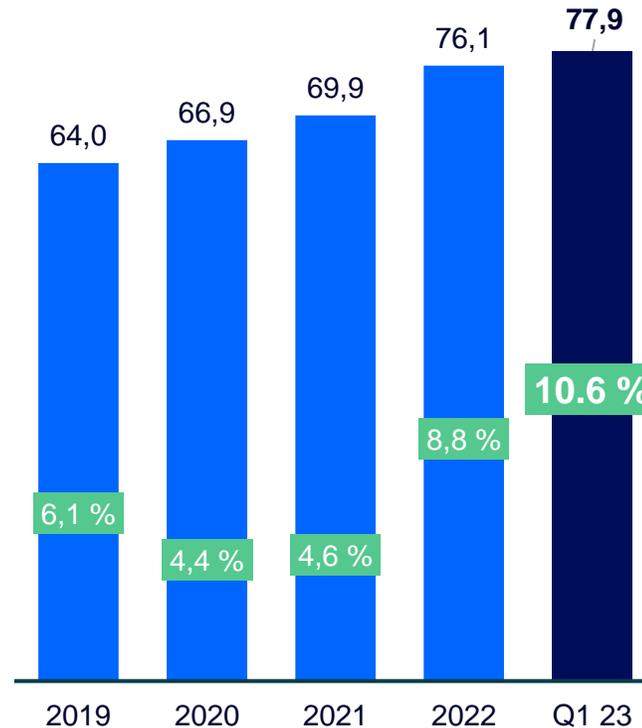


Gaining market shares

- Over the last 12 months, there has been an increase in lending to customers of a total of NOK 7,487 million. corresponding to 10.6 per cent
- The 12-month deposit growth was NOK 2 billion
- Albeit lower growth in deposits compared to growth in lending, the bank's deposit-to-loan ratio is still high

Loans

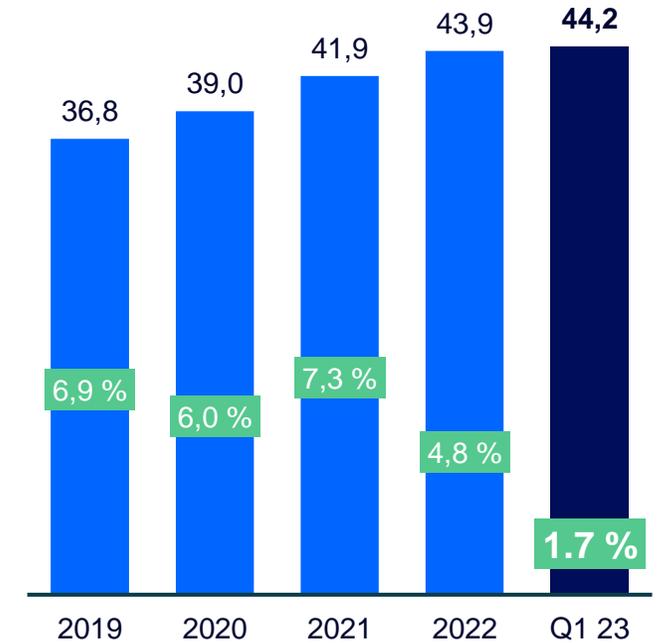
- NOK billion and per cent (y/y)



- Customer lending over the last 12 months: 10.6 %

Deposits

- NOK billion and per cent (y/y)



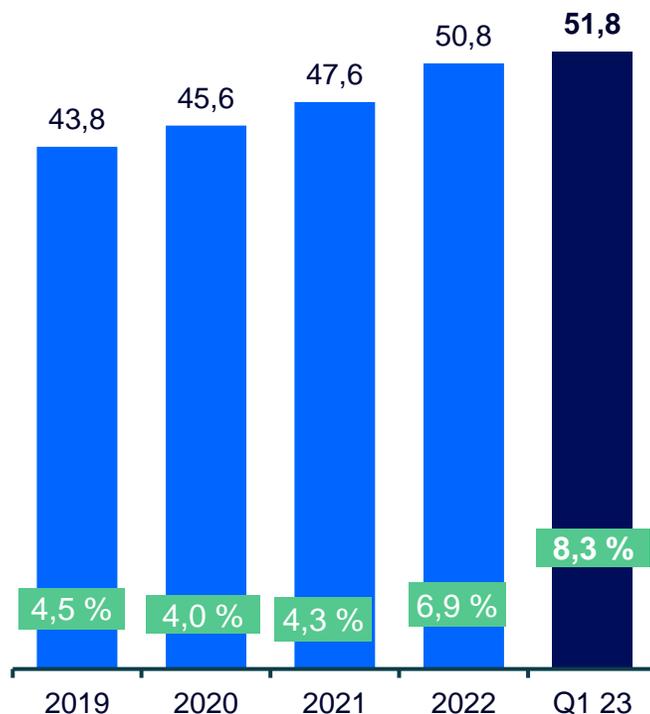
- Deposit growth of 1.7 % over the last 12 months
- High deposit-to-loan ratio of 56.5 %

Lending

- Solid growth in both the retail and the corporate markets
- Another quarter with NOK 1 billion increase in lending to the retail market
- Lending growth to corporate customers is high in the first quarter, but is expected to normalize during the year

Retail market

- NOK billion and per cent (y/y)



- Retail lending has increased by 8.3 % over the last 12 months
- Loans to the retail market amount to 66.2 % of total loans

Corporate market

- NOK billion and per cent y/y



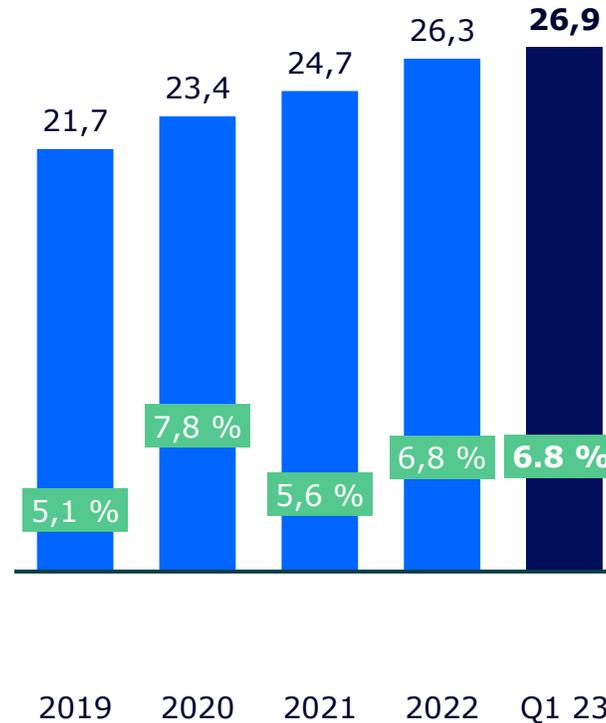
- Corporate lending has increased by 15.5 % over the last 12 months
- Loans to the corporate market amount to 33.8 % of total loans

Deposits

- Good growth in deposits from retail customers, which in the last 12 months have increased by 6.0 per cent
- The deposits from the corporate market have decreased by 4.4 per cent y/y

Retail market

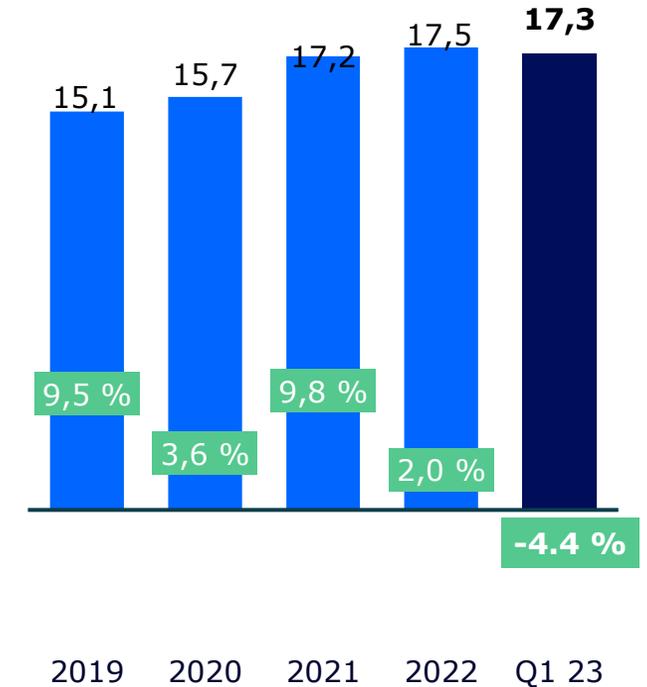
- NOK billion and per cent y/y



- Retail deposits have increased by 6.0 % over the last 12 months
- Deposits from the retail market amount to 60.8 % of total deposits

Corporate and public

-NOK billion and per cent y/y

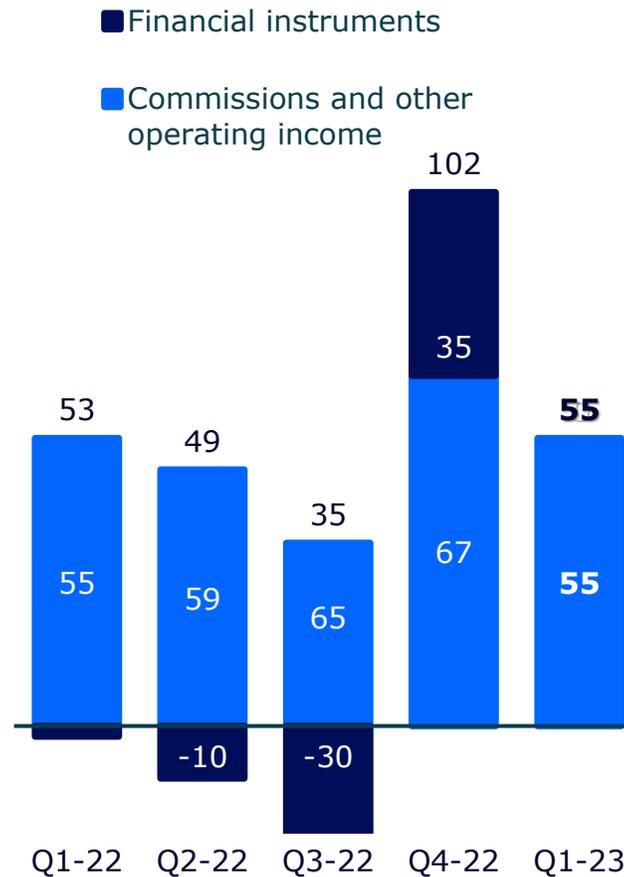


- Corporate deposits have decreased by 2.5 % y/y to NOK 16.7 billion
- Public deposits are reduced by 36.0 % to NOK 0.6 billion

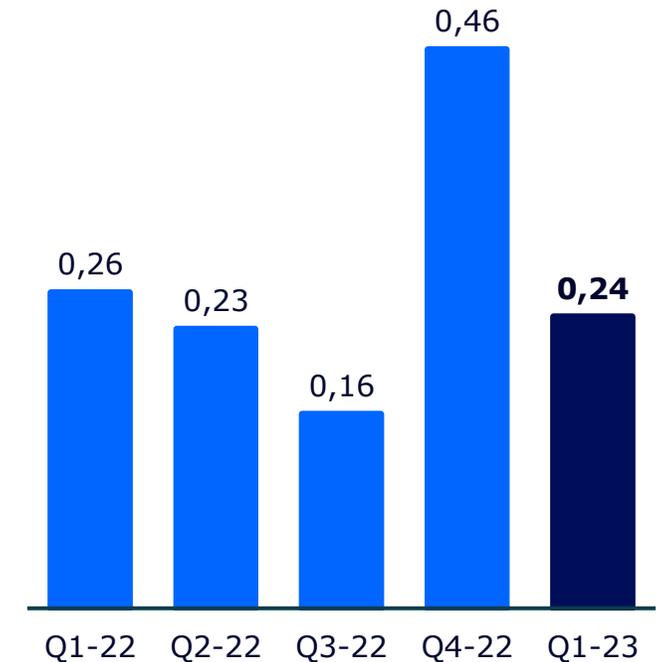
Other Income

- Other income ended on a par with the first quarter of 2022
- Reduction in guarantee-commissions as expected, at the same time other customer-related income shows positive development
- Other income is negatively affected in the quarter by the valuation of our bond portfolio and the value adjustment of the fixed-rate loans

Other Income in the quarter
- NOK million



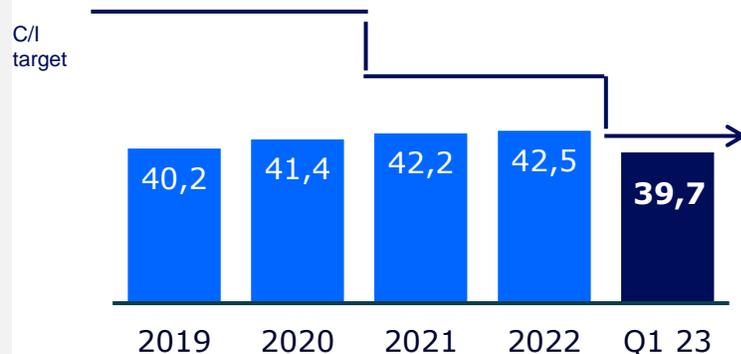
Other Income in the quarter
- in per cent of Average Assets



Costs

- The cost income ratio in Q1 was 39.7 per cent
- The target is a cost income ratio below 40 per cent

Cost/Income ratio



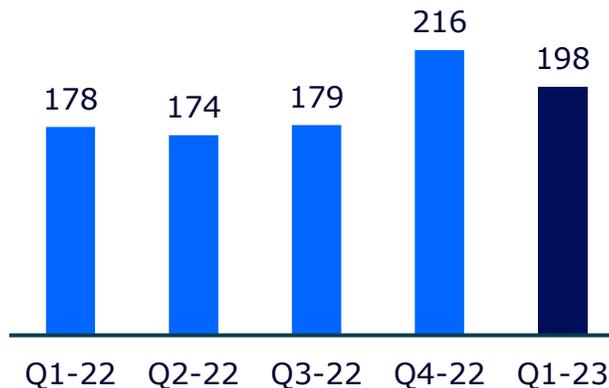
Cost/Income ratio

- Quarterly



Operating costs in the quarter

- NOK million



Operating costs in the quarter

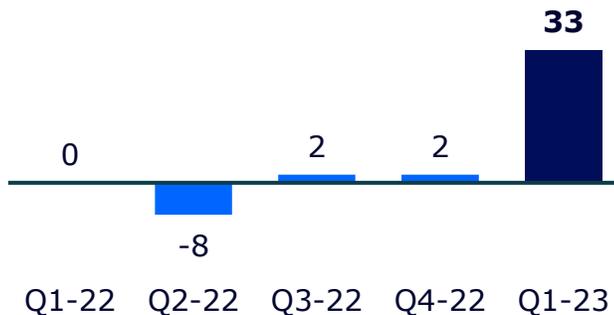
- in per cent of Average Assets



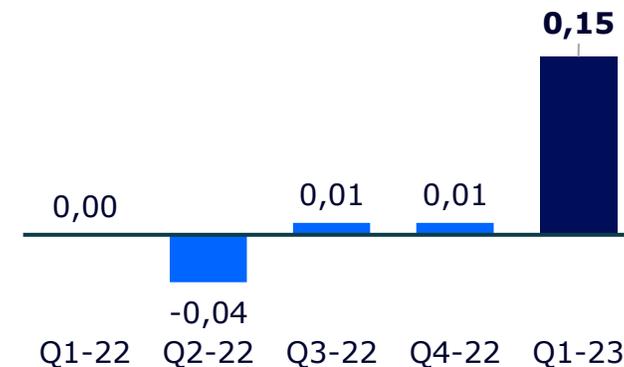
Losses and portfolio quality

- Total losses ended at MNOK 33 in Q1, of which MNOK 14 is model-based loss-provisions
- From December 2022, credit-impaired commitments include commitments in probation. The comparable figure for Q1-2023 according to the old definition would be 0.92 per cent
- The bank is solid and has reassuring loss-provsions

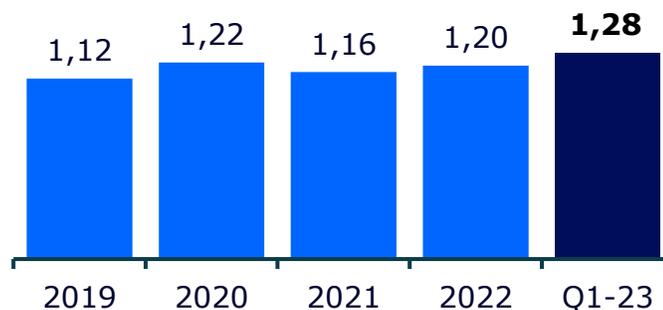
Losses on loans and guarantees
- NOK million



Losses on loans and guarantees
- in per cent of Average Assets



Credit-impaired commitments (net)
- in per cent of loans and guarantees



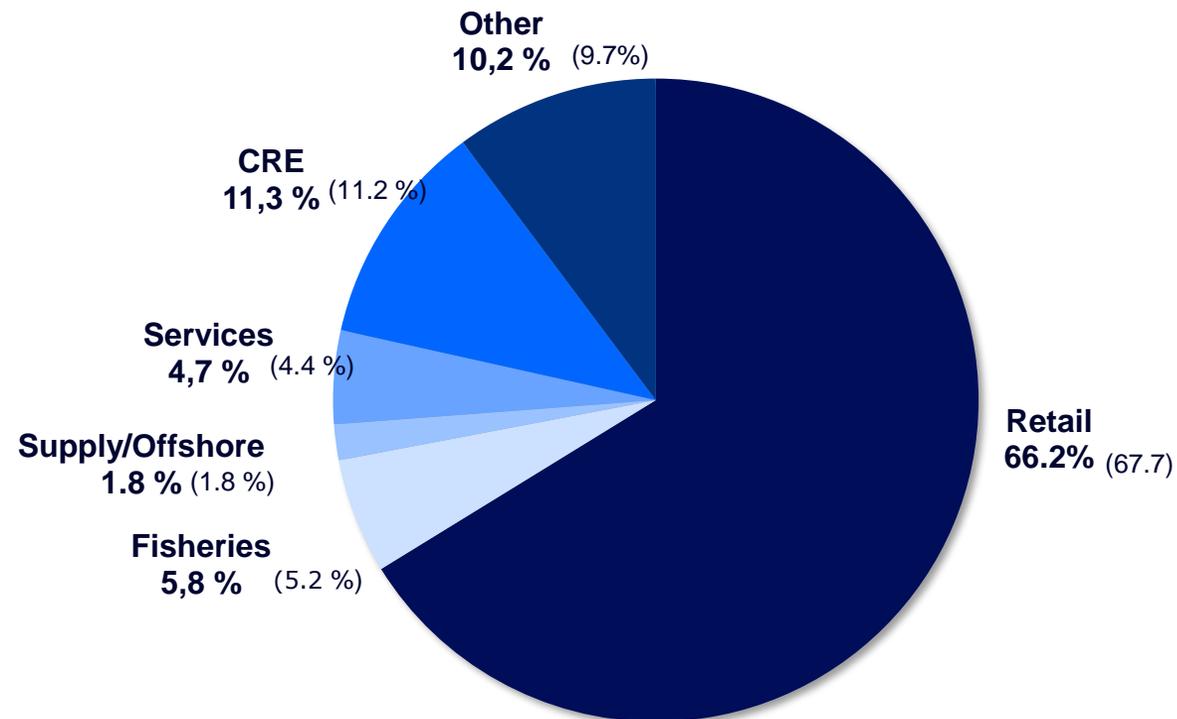
Impairments
- NOK million



Diversified loan book

- The bank has a stable share of commitments to the corporate sector
- There is good industry risk diversification and a persistently low level of risk in the portfolio
- The lending growth in Q1 is related to fisheries and industry

Loans by sector



(comparable figures for Q1 2022 in brackets)

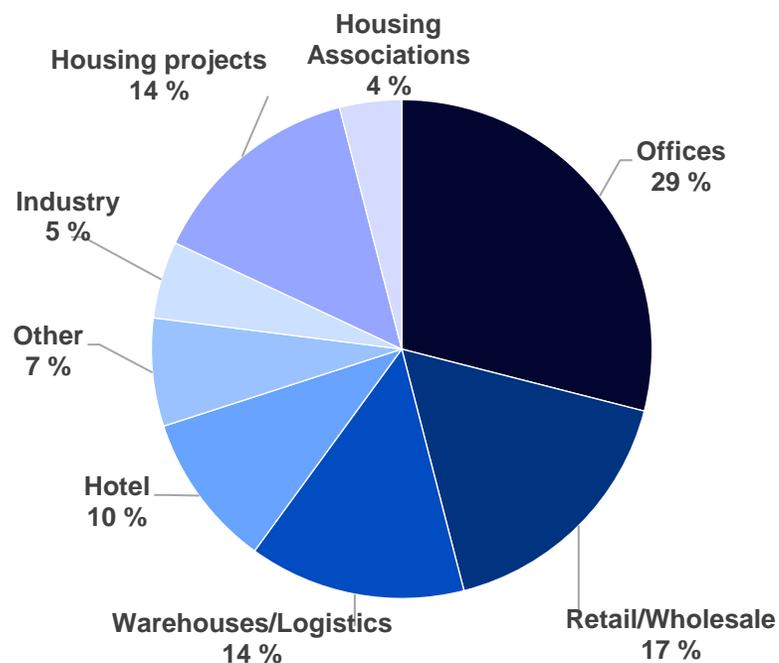
Other – 10.2% (9.7 %):

Financial services	1.4 % (1.1 %)	Retail/ wholesale trade	1.7 % (1.6 %)
Other Industry	2.6 % (2.3 %)	Agriculture	0.9 % (0.9 %)
Fishing Industry	0.7 % (1.2 %)	Other	1.0 % (0.8 %)
Ship Yards	0.5 % (0.4 %)		
Building and Construction	1.4 % (1.4 %)		

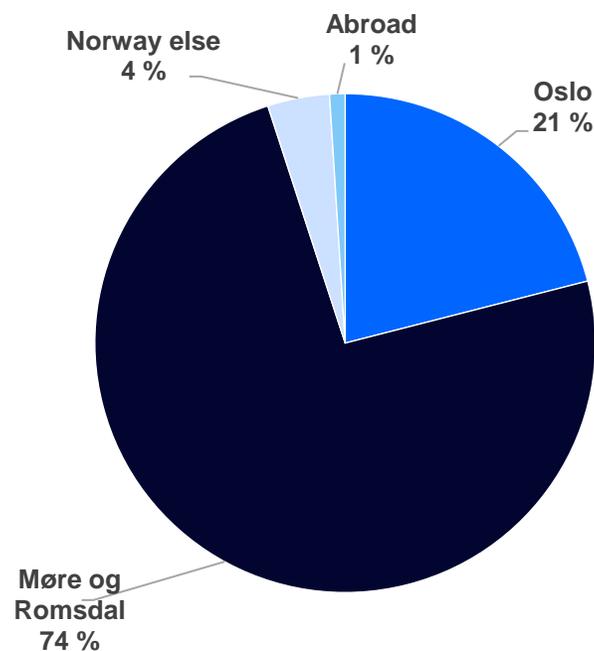
Low exposure to Commercial Real Estate (CRE)

- Stable and well-diversified property portfolio
- 74 per cent of the portfolio within our county Møre and Romsdal. central office and hotel properties in Oslo make up 21 per cent
- 94 per cent of the portfolio is in the low and medium risk category
- Total EAD in the lowest risk class (PD<0.75) has increased from 65 to 70 per cent

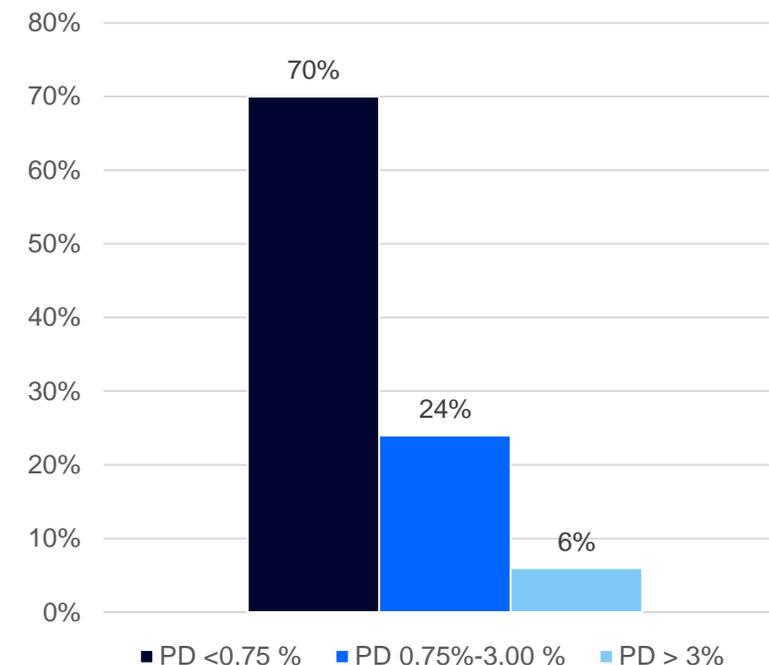
Sub-segments



Geographical distribution



Risk classification

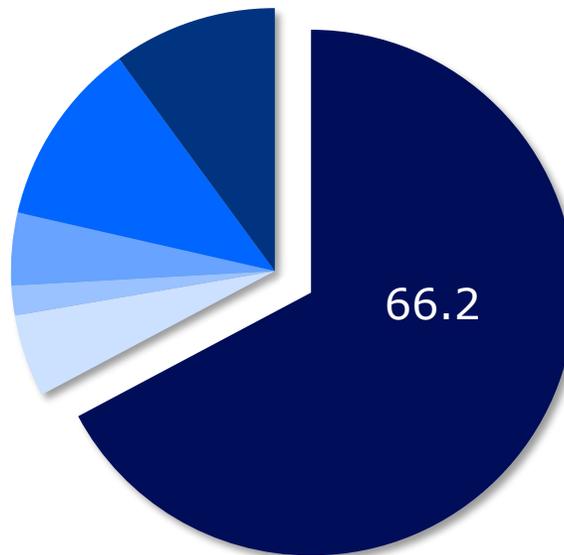


Good quality in our retail portfolio

- Low risk in the portfolio with the majority of the loans below 85 per cent loan-to-value ratio
- The level of credit-impaired commitments is still low and the number of customers applying for payment holidays or reduced term payments is moderate
- The proportion of loans with deviations (the flexibility quota) is lower than in the previous quarter

Loans to retail customers

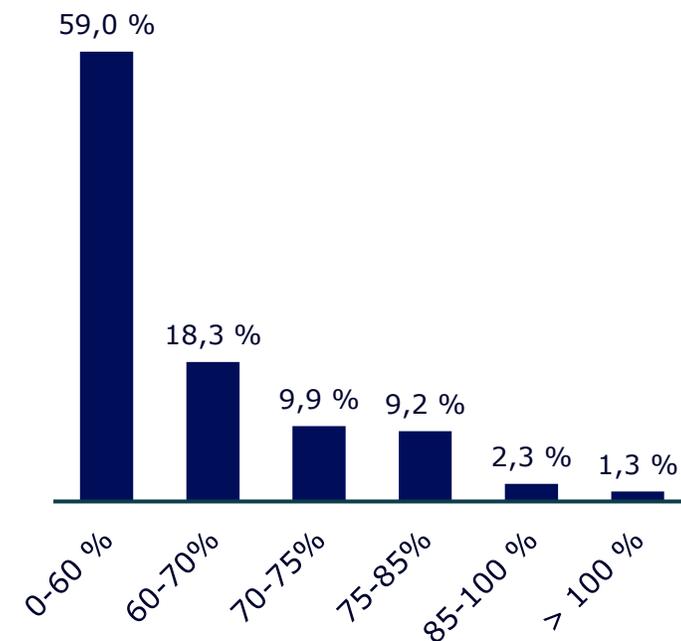
- In per cent of total loans



- Deviation from Boliglånsforskriften reported in Q1-2023:
 - 6.1 % outside Oslo (flexibility quota 10 %)
 - 5.4 % in Oslo (flexibility quota 8 %)

Loan-to-Value – retail loans

(LTV)



- 96.4 % of mortgages are within 85 % of LTV

House prices

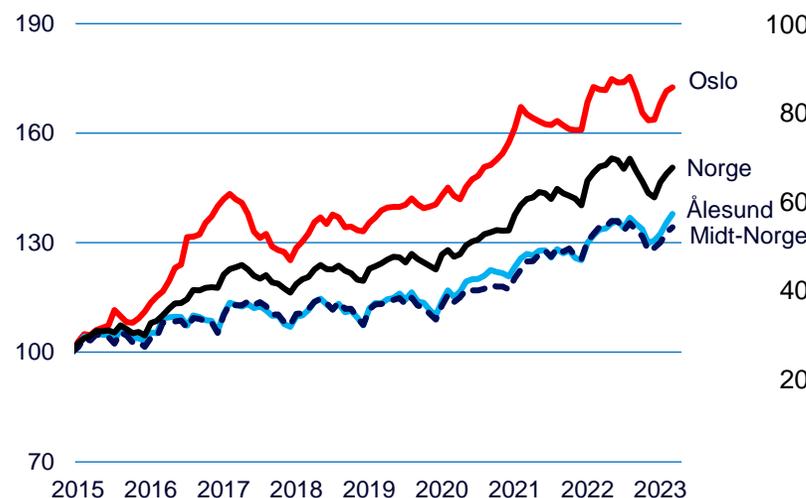
Based on pre-owned dwellings sold in December 2022. Norwegian seasonal adjusted house prices increased by 0.5 per cent last month.

Last twelve months Norwegian house prices have declined in average by 0.2 per cent.

The City of Ålesund and the Mid-Norway region has over time experienced moderate growth in house prices compared to the national average. both indexed development and in price per square meter

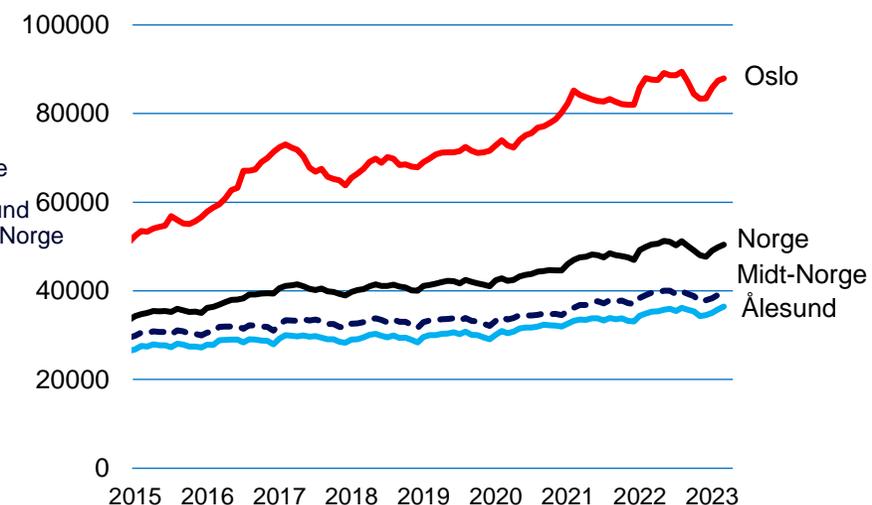
Indexed development

- January 2015 = 100



Price per square meter

- January 2015 – March 2023

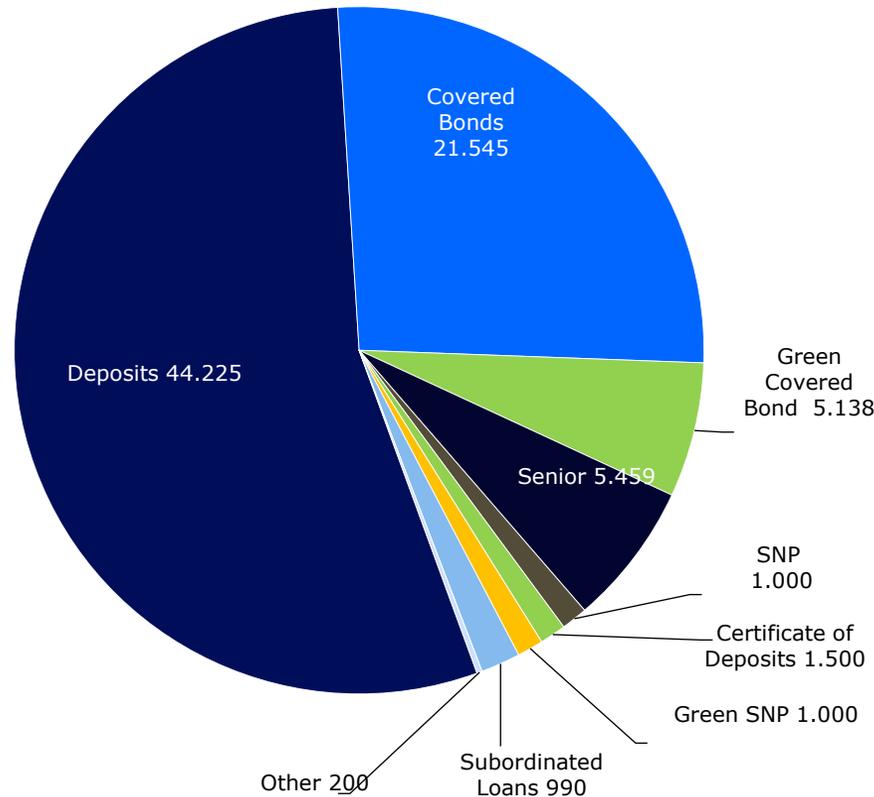


Key information on pre-owned dwellings sold in March 2023

	Norway	Mid-Norway	Greater Ålesund	City of Oslo
Seasonal adj. development last month	+0.5 %	+0.2 %	+0.9 %	+1.0 %
Development last 12 months	-0.2 %	0.0 %	+3.2 %	+0.3%
Development last 10 years	+56.4 %	+38.7 %	+40.1 %	+80.6 %
Per square meter (NOK)	50.407	39.550	36.436	87.966
Average number of days on market	42 days	44 days	46 days	24 days
Price median dwelling (NOK)	3.700.000	3.138.889	3.045.000	4.975.000

Strong Capital gives competitive financing

Deposits are the Group's most important source of funding. The bank has high Deposit-to-Loan ratio.



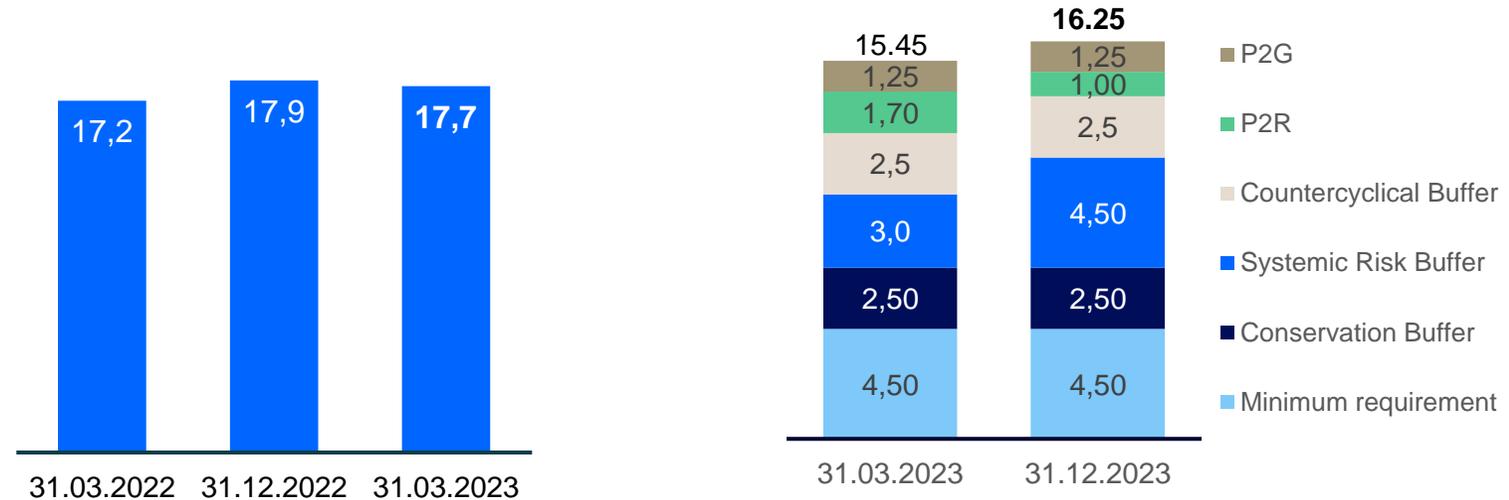
Sparebanken Møre with good access to the market

- Our deposit-to-loan ratio stood at 56.5 per cent by quarter end
- Total net market funding ended at NOK 36.8 billion by end of Q1 2023 – about 79 per cent with remaining maturity of more than one year
- The senior bonds with a remaining term of more than one year have a weighted remaining maturity of 2.62 years. while the financing through Møre Boligkreditt AS has a correspondingly weighted remaining maturity of 3.16 years - in total for market financing in the Group the remaining maturity is 3.17 years
- In July 2022. Moody's confirmed the bank's A1 rating with a stable outlook. All issues from Møre Boligkreditt AS are rated Aaa
- Møre Boligkreditt AS has outstanding bonds for NOK 26.8 billion at the end of Q1 2023. of which just under 40 percent are issued in currencies other than NOK. Two of the company's euro issues are green
- The Group does not have market financing due until 19 June 2023, but shall finance growth. In the first quarter, liquidity and capital are strengthened by issuing T2. Furthermore on 20 March we received payment from our new NOK 500 6-year loan from Nordiska Investeringsbanken and on March 31 payment from our 3-year senior preferred bond loan of NOK 1,000

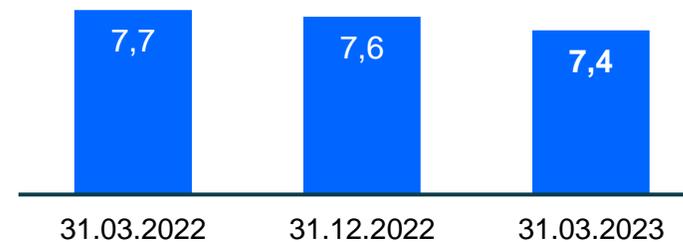
Strong solidity

- Sparebanken Møre has a long-term target for Common Equity Tier 1 capital (CET1) which must be the sum of pillar 1, pillar 2 (P2R) and P2G
- The Norwegian Financial Supervisory Authority (FSA) has notified the bank that it plans to carry out SREP in 2023. This will affect the capital composition
- The bank has applied to the FSA for model and calibration changes and is awaiting a response

CET1- status and requirement



Leverage Ratio



From IRB Foundation to IRB Advanced

IRB Foundation

- Approved for IRB Foundation
 - ✓ Corporates in 2014
 - ✓ Retail market in 2015
- Accumulated substantial records of default and loss data
- Has built up a department for risk management and gathered many years of experience with the use of internal risk models
- Internal use of advanced methodology throughout the organization

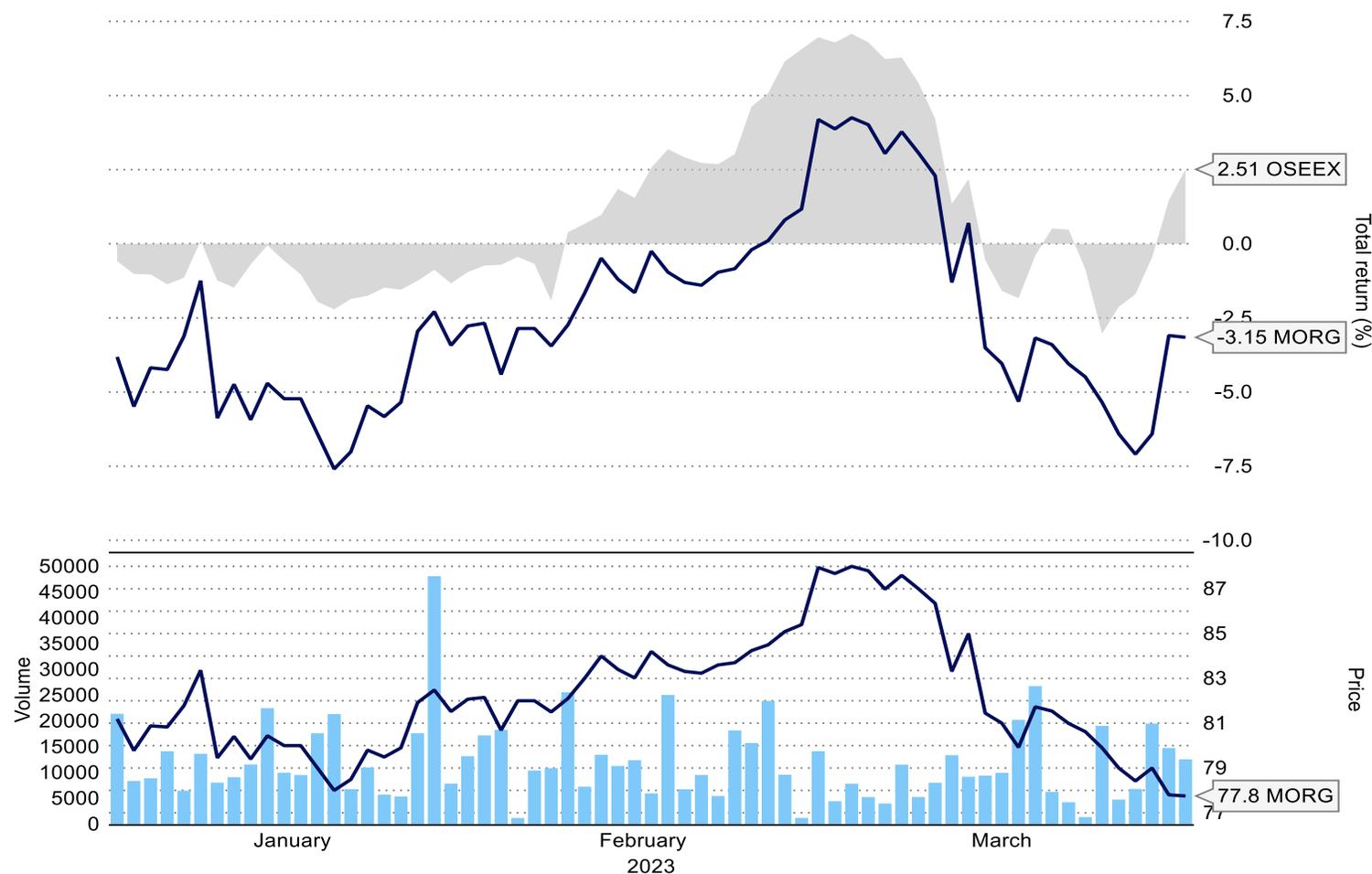
IRB Advanced

- Stronger competitiveness
- Further improved risk management and control of credit risk
- Contribute to return targets

MORG: Slow start to the year

- In 2022, MORG finished at the top of the podium among the regional banks with a price decline of 1.50 per cent throughout the year. On average, equity certificates (OSEEX) fell by 6.69 per cent in 2022
- Throughout the first quarter of this year, we have seen a weaker development for MORG compared to the equity certificate index

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



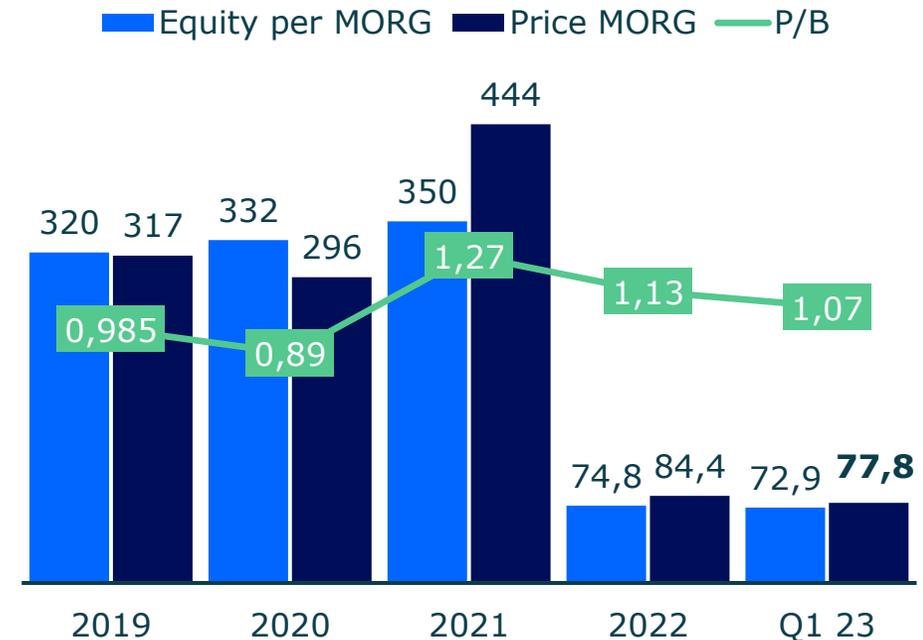
Source: Bloomberg

Dividend policy

- Sparebanken Møre aims to achieve financial results providing a good and stable return on the bank's equity capital
- Sparebanken Møre's profit allocation must ensure that all equity owners are guaranteed equal treatment
- If the solvency ratio does not indicate otherwise, the aim is that around 50 per cent of the year's profit overall can be distributed as dividends

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

- Equity. price and P/B



*Equity per MORG is calculated on Group figures. Figures for 2018-2021 stated before the split in 2022

Strong presence

Largest financial group in the region

- Highly qualified advisers with local knowledge
 - ✓ 240 authorised advisers located close to the customers
 - ✓ Norway's best customer center
 - ✓ Strong professional environment located in the region
 - ✓ Markets and Asset management environment
 - ✓ Real Estate Agent



387

FTE

93.2 bln.

in Total Assets



● Kristiansund

● Tingvoll

● Åndalsnes

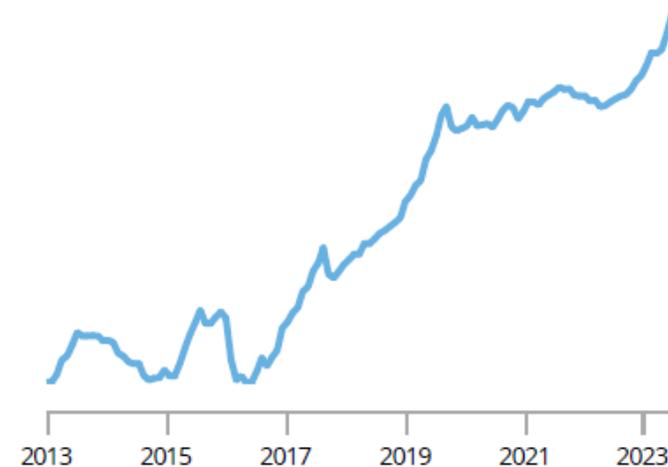
Retail market

Markedsandel 1. kvartal

25,4 %
21 540

+0,2 % +121

Endring siste periode



Kilde: Eiendomsverdi

170
authorised
advisers

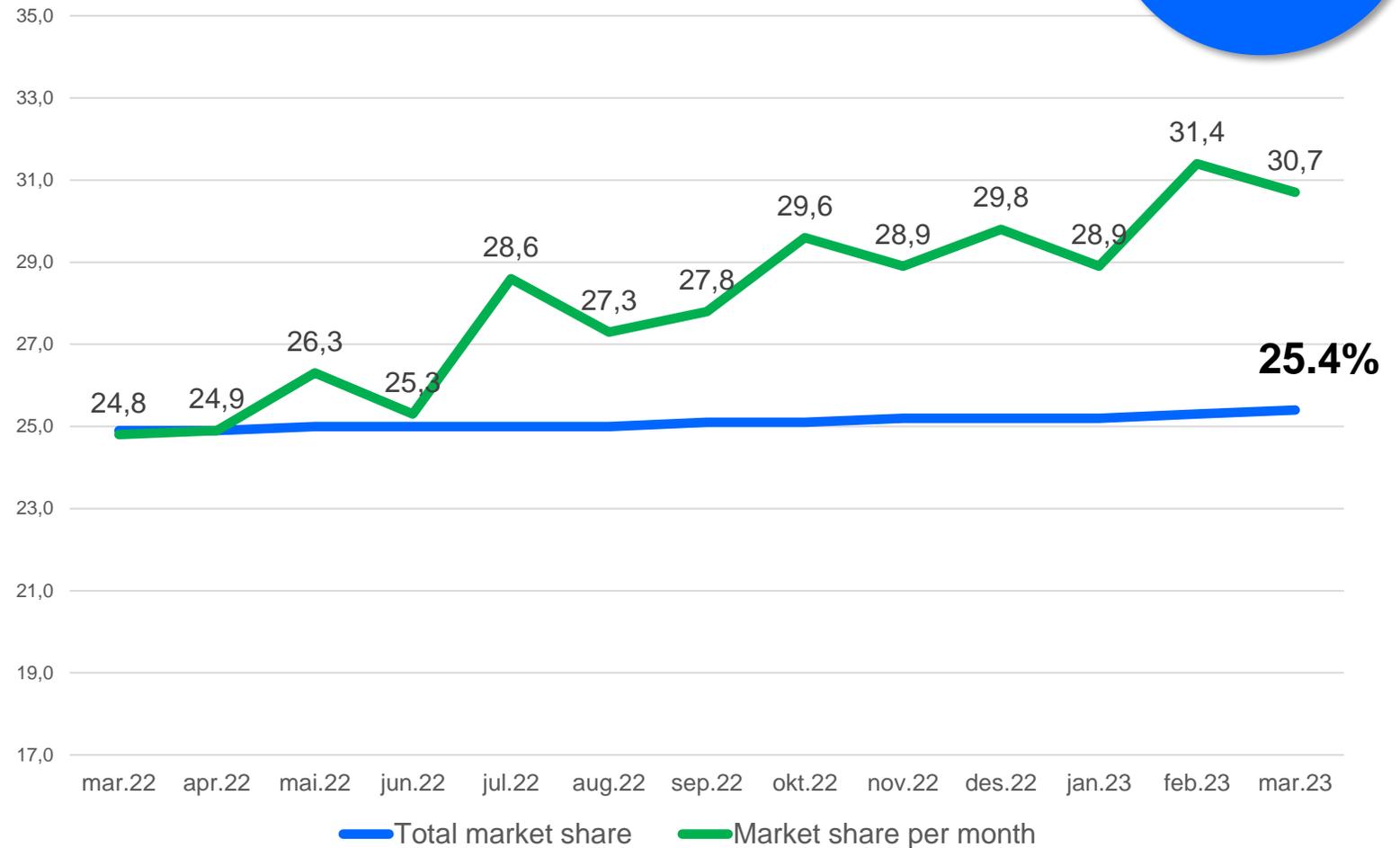
- We are growing well on new and existing customers
- **8.3 %** lending growth (y/y)

Retail market

- Strong growth in new customers
- Competitive terms and conditions
- Own adviser with good expertise
- Distinct business model
- Strong professional environment and total provider of financial services

Gaining market shares in our region

30.4 % in Q1 2023



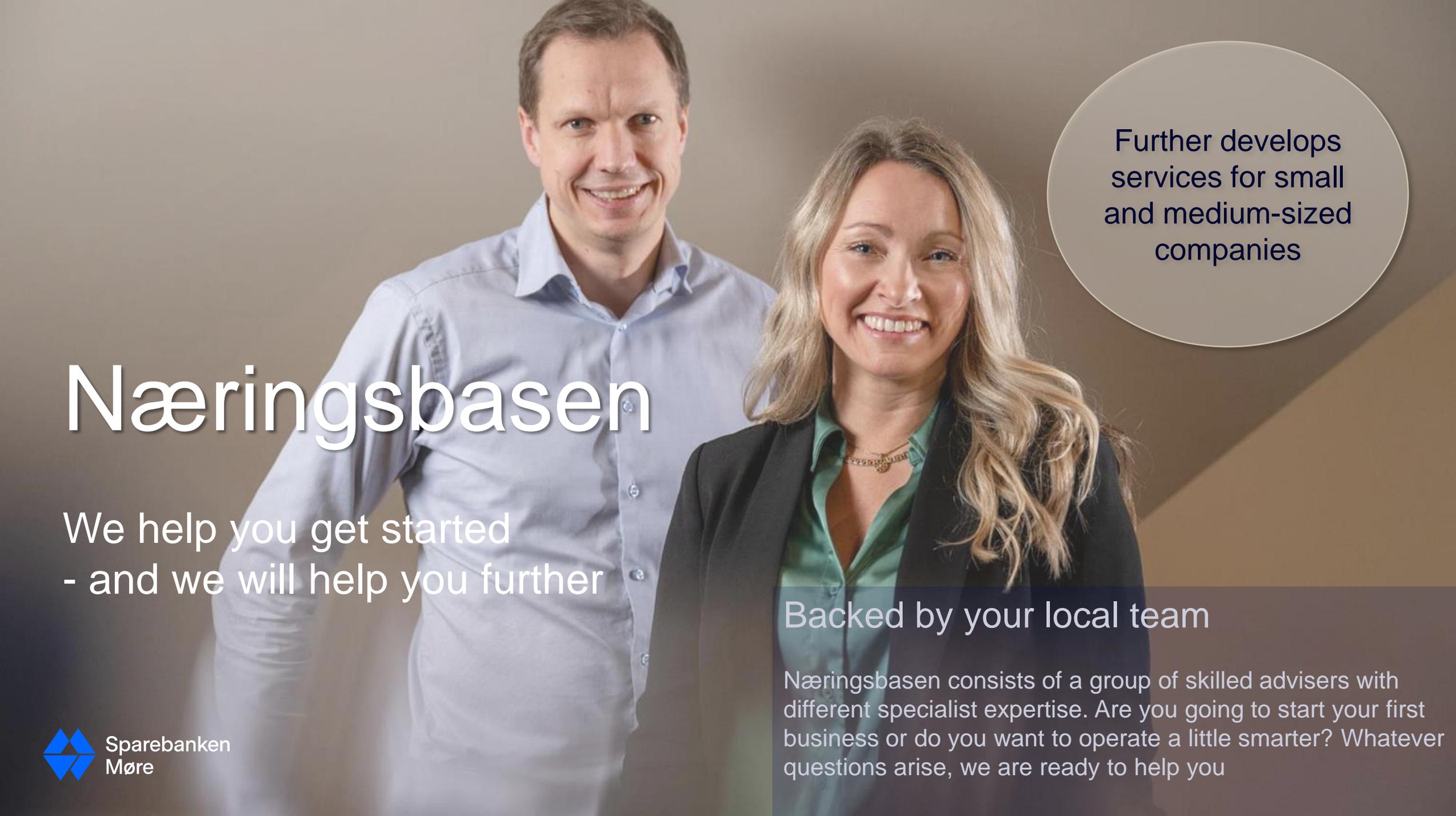
Corporate market

 15.5 % lending growth *(y/y)*

 550 new customers in 2022

 High customer satisfaction

- We are growing well on new and existing customers
- Good growth of new corporate customers
- New, exciting business opportunities in several industries
- 28 % market share in Møre og Romsdal



Næringsbasen

We help you get started
- and we will help you further

Further develops
services for small
and medium-sized
companies

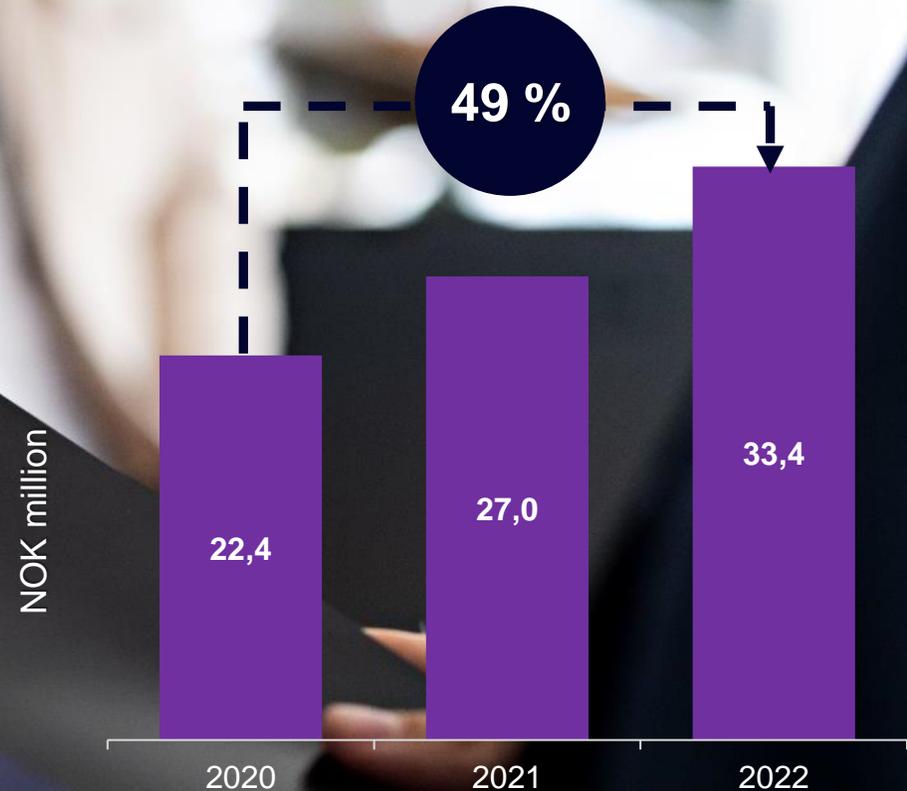
Backed by your local team

Næringsbasen consists of a group of skilled advisers with different specialist expertise. Are you going to start your first business or do you want to operate a little smarter? Whatever questions arise, we are ready to help you

Møremegling

Real estate agent with unique local knowledge

- Strengthens our position in the region
- Increased capacity significantly in recent years
- Growing in assignments and sales
- Provides fast and good services together with the bank's advisers



Aim for a 20 % increase in turnover each year

Private Banking

Asset management through personal advice

- Strengthens our position in the region
- Growing in the number of customers and capital under management
- Strong professional environment and authorised advisers who follow-up of their customers closely
- Provides competent and good advice together with the bank's advisers



The Board of Directors in Sparebanken Møre

- At the General Meeting on 29 March, Roy Reite was elected as the new Chair of Sparebanken Møre with an election period of up to two years
- Terje Bøe and Birgit Midtbust are new board members and Kåre Øyvind Vassdal is the new Deputy Chair of the Board
- The Board must be versatile and have relevant expertise
- The new Board has a good balance in terms of seniority, competence and experience



Roy Reite

Chair

CEO.
SalMar Aker Ocean AS



Kåre Øyvind Vassdal

Deputy Chair

CEO.
Brunvoll



Jill Aasen

Board member

Finance Manager.
Jets Vacuum AS



Therese Monsås Langset

Board member

CPOO.
Axess Group



Terje Bøe

Board member

CEO.
A/S Spilka Industri



Birgit Midtbust

Board member

Senior Lawyer
Law firm Schjødt AS



Marie Rekdal Hide

Board member
Employee representative

Sparebanken Møre



Bjørn Følstad

Board member
Employee representative

Sparebanken Møre

Future prospects

- The economic outlook going forward is characterized by high interest rates, high inflation, lower demand from our trading partners and thus weaker growth
 - ✓ Weaker growth will contribute to somewhat higher unemployment, but employment growth in Møre og Romsdal is expected to be somewhat higher than in the rest of the country and unemployment will probably peak at just over 2 per cent
 - ✓ In NHO's (confederation of Norwegian enterprises) latest national member survey, the companies in our region express the highest confidence in the development in the next 6 months
 - ✓ Uncertainty linked to the banking sector in the US and Europe contributed to considerable nervousness in the financial markets in March. Among other things, interest rate expectations fell sharply. After this, however, confidence in the banks seems to have picked up. If no new problem banks of importance appears, the central banks will therefore probably continue to raise their key interest rates as planned in order to dampen inflationary pressure
- The bank is solid and has good liquidity, and will continue to be a strong and committed supporter for our customers and our region



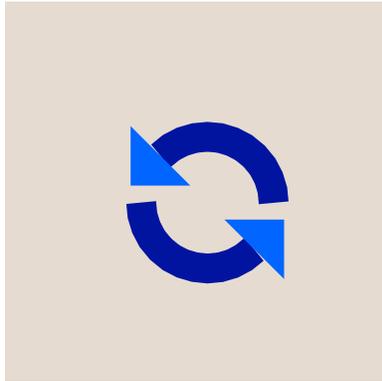
COMMITTED-CLOSE-CAPABLE

Financial targets

- Sparebanken Møre's strategic financial performance target is a Return on Equity that exceeds 11 per cent and a Cost/Income ratio below 40 per cent
- The financial objectives were achieved in the first quarter and are expected to be achieved for the year as a whole as well



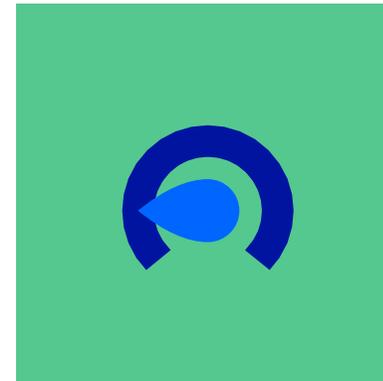
ROE
> 11.0%



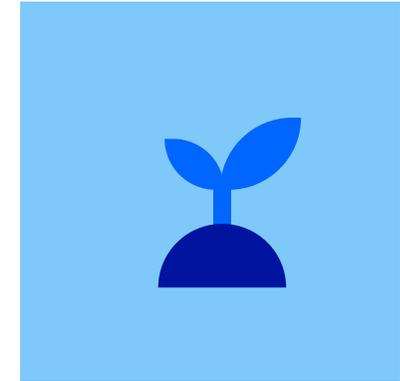
C/I < 40 %



Sparebanken Møre has a long-term target for Common Equity Tier 1 capital (CET1) which must be the sum of pillar 1. pillar 2 (P2R) and P2G



Low level of losses



Healthy financial structure



Contact

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Attachments

Results in Q1

Key figures in Q1 2023 and Q1 2022

Results (NOK million and %)	Q1 2023		Q1 2022		Changes		
	NOK	%	NOK	%	NOK	p.p.	%
Net Interest Income	445	1.98	334	1.62	111	0.36	33.2
Gains/losses liquidity portfolio	-12	-0.05	-31	-0.16	19	0.10	-61.3
Gains/losses on shares	5	0.02	11	0.06	-6	-0.03	-54.5
Net income Financial Instruments	7	0.03	18	0.09	-11	-0.06	-61.1
Other Income	55	0.24	55	0.27	0	-0.03	0.0
Total Other Income	55	0.24	53	0.26	2	-0.02	3.8
Total Income	500	2.22	387	1.88	113	0.34	29.2
Salaries and wages	111	0.49	105	0.51	6	-0.01	5.7
Other expenses	87	0.39	73	0.35	14	0.03	19.2
Total operating expenses	198	0.88	178	0.86	20	0.02	11.2
Profit before losses	302	1.34	209	1.02	93	0.32	44.5
Losses on loans. guarantees	33	0.15	0	0.00	33	0.15	-
Pre-tax profit	269	1.19	209	1.02	60	0.17	28.7
Taxes	62	0.27	46	0.22	16	0.05	34.8
Profit after tax	207	0.92	163	0.80	44	0.12	27.0
Return on equity (ROE) %	11.0		9.3			1.7	
Cost/Income ratio	39.7		46.0			-6.3	
Profit per EC (NOK)	1.96		1.57			0.39	

Balance sheet and key figures

Key figures Q1 2023 and Q1 2022

	31.03.23	31.03.22	Changes	
Balance in NOK million			MNOK	%
Total Assets	93 159	83 805	9 354	11.2
Loans to customers	77 867	70 380	7 487	10.6
Deposits from customers	44 225	43 501	724	1.7
Net Equity and Subordinated Loans	8 020	7 392	628	8.5

Key Figures	31.03.23	31.03.22	Changes p.p.	
Return on Equity	11.0	9.3	1.7	
Cost/Income ratio	39.7	46.0	-6.3	
Primary Capital	22.2	20.8	1.4	
Tier 1 Capital	19.5	18.8	0.7	
CET1	17.7	17.2	0.5	
Leverage Ratio	7.4	7.7	-0.3	
Profit per EC (NOK. the Group)	1.96	1.57	0.39	
Profit per EC (NOK. the bank)	3.10	3.47	-0.37	

Specification of other income

Q1 2023 and Q1 2022

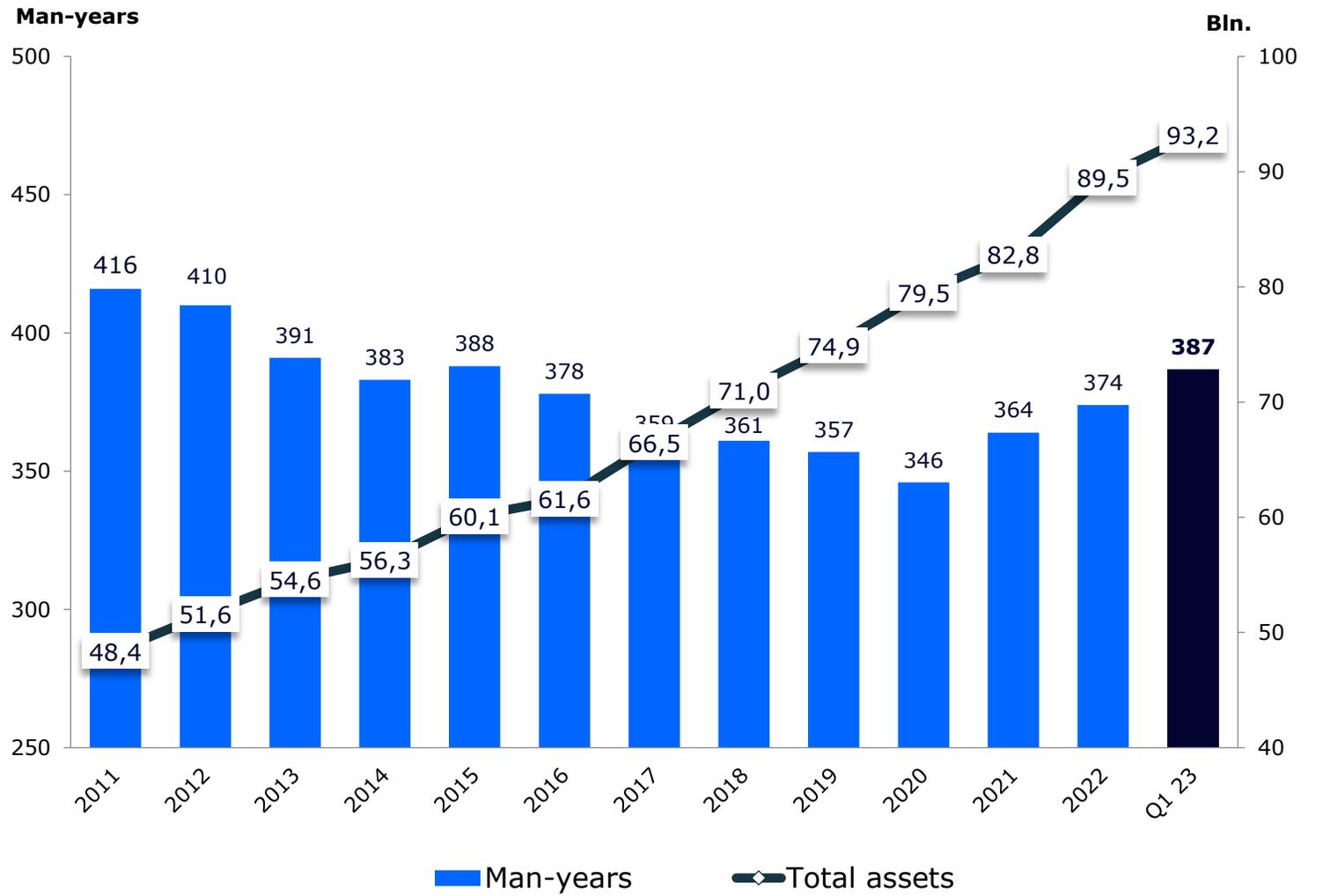
(NOK million)	31.03.23	31.03.22	Changes y/y
Guarantee commission	7	10	-3
Income from the sale of insurance services (non-life/personal)	7	7	0
Income from the sale of shares in unit trusts/securities	3	3	0
Income from Discretionary Portfolio Management	11	11	0
Income from payment transfers	21	19	2
Other fees and commission income	8	6	2
Commission income and income from banking services	57	56	1
Commission expenses and expenses from banking services	-10	-8	-2
Income from real estate brokerage	8	7	1
Other operating income	0	0	0
Total other operating income	8	7	1
Net commission and other operating income	55	55	0
Interest rate hedging (for customers)	2	4	-2
Currency hedging (for customers)	10	10	0
Dividend received	0	0	0
Net gains/losses on shares	5	11	-6
Net gains/losses on bonds	-12	-31	19
Change in value of fixed-rate loans	-7	9	-16
Change in value of issued bonds	4	-5	9
Net gains/losses related to buy back of outstanding bonds	-2	0	-2
Net result from financial instruments	0	-2	2
Total other income	55	53	2

Specification of costs

Q1 2023 and Q1 2022

(NOK million)	31.03.23	31.03.22	Changes y/y
Wages	81	79	2
Pension expenses	6	6	0
Employers' social security contribution and Financial activity tax	18	16	2
Other personnel expenses	6	4	2
Wages. salaries. etc.	111	105	6
Depreciations	12	11	1
Operating expenses own and rented premises	5	4	1
Maintenance of fixed assets	2	2	0
IT-expenses	38	36	2
Marketing expenses	9	7	2
Purchase of external services	7	6	1
Expenses related to postage. telephone. newspapers etc.	3	2	1
Travel expenses	1	0	1
Capital tax	2	1	1
Other operating expenses	8	4	4
Total other operating expenses	75	62	13
Total operating expenses	198	178	20

Efficient operations



Low level of credit-impaired commitments

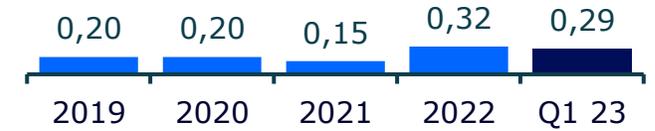
Group figures

- in % of total commitments



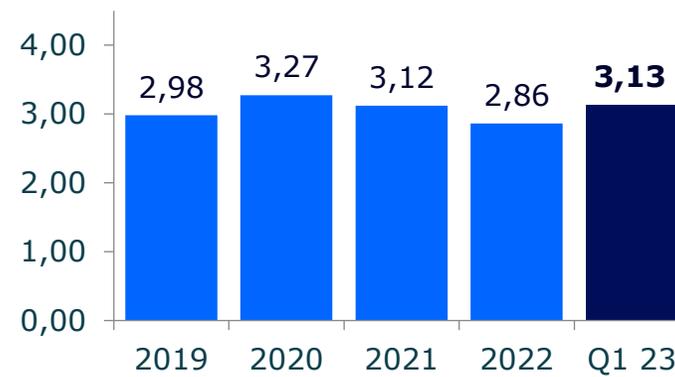
Retail market

- in % of retail commitments



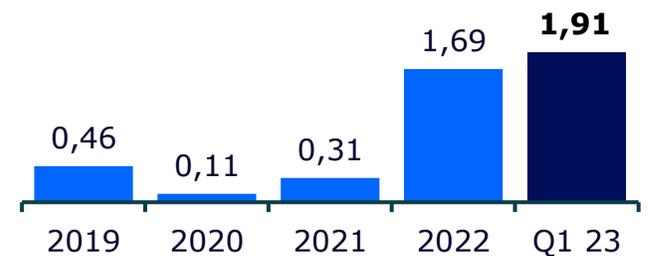
Corporate market

- in % of corporate commitments



Corporate market (excl. Oil services/supply)

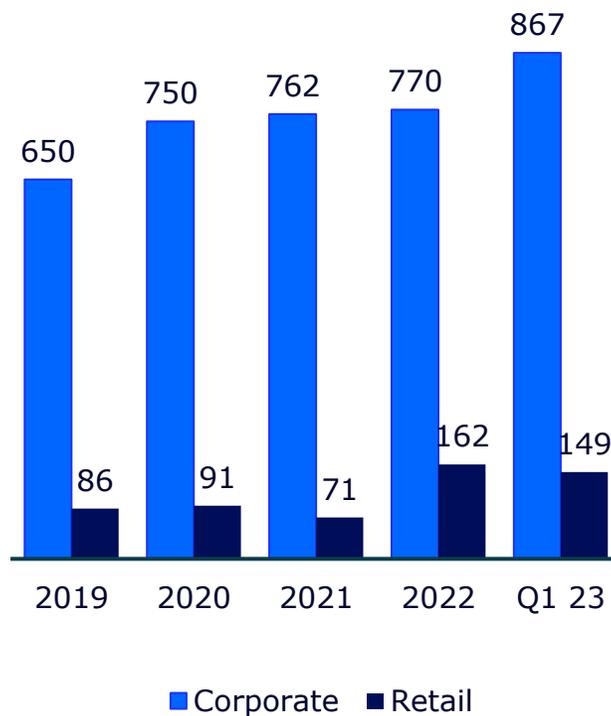
- in % of corporate commitments



Credit-impaired commitments

- The overview shows non-performing commitments in default above 90 days and other credit-impaired commitments

Total credit-impaired commitments
- in NOK million



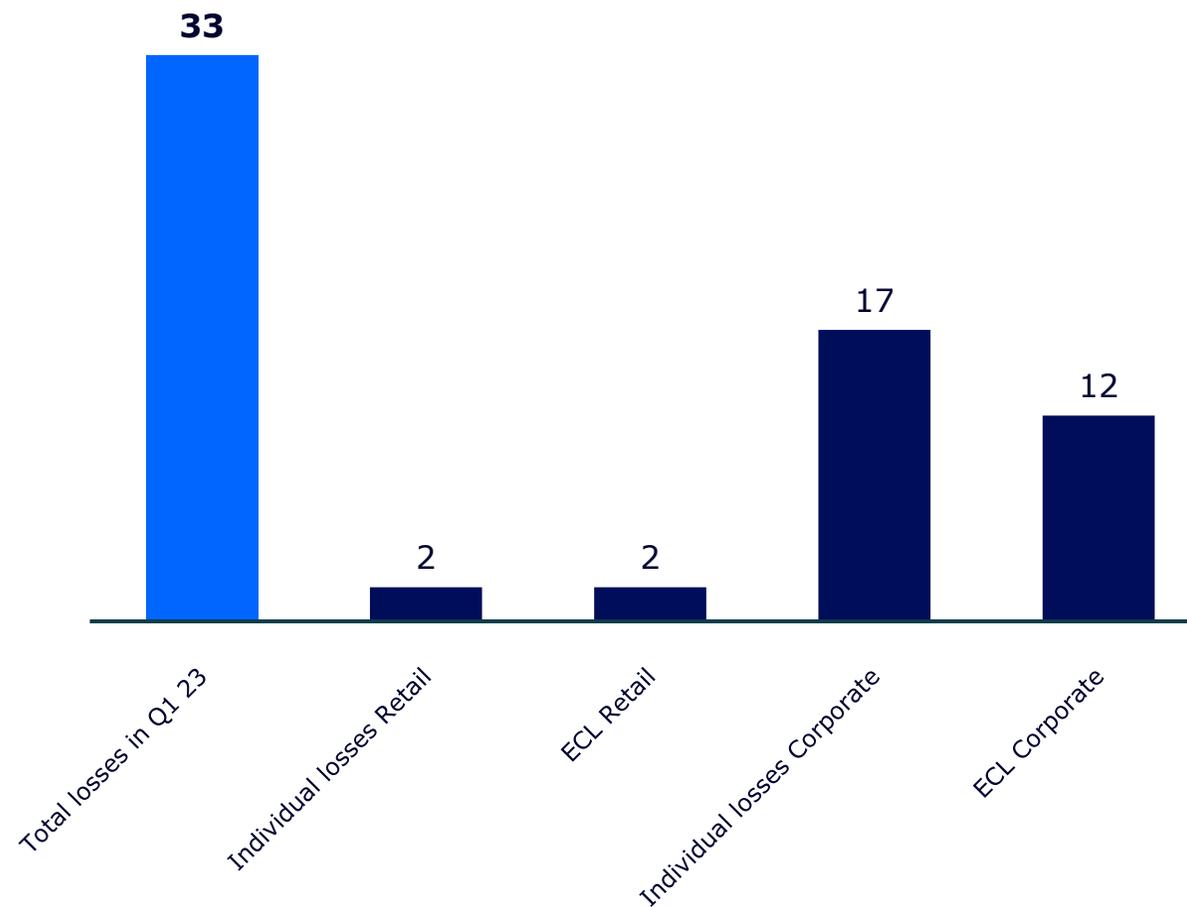
Total credit-impaired commitments
- in % of commitments



Losses by sector

Losses on loans and guarantees

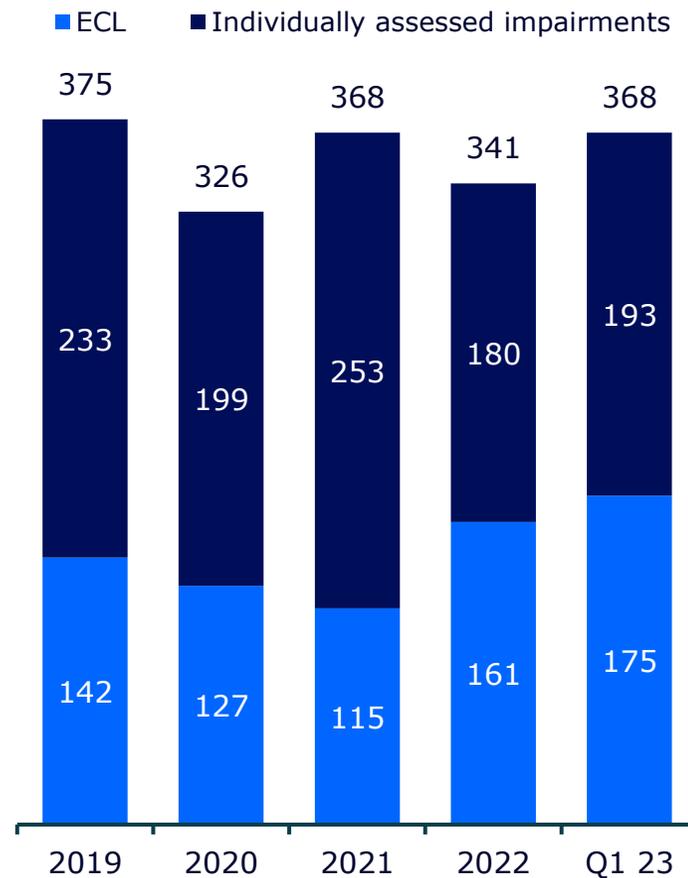
- NOK million



Expected credit losses

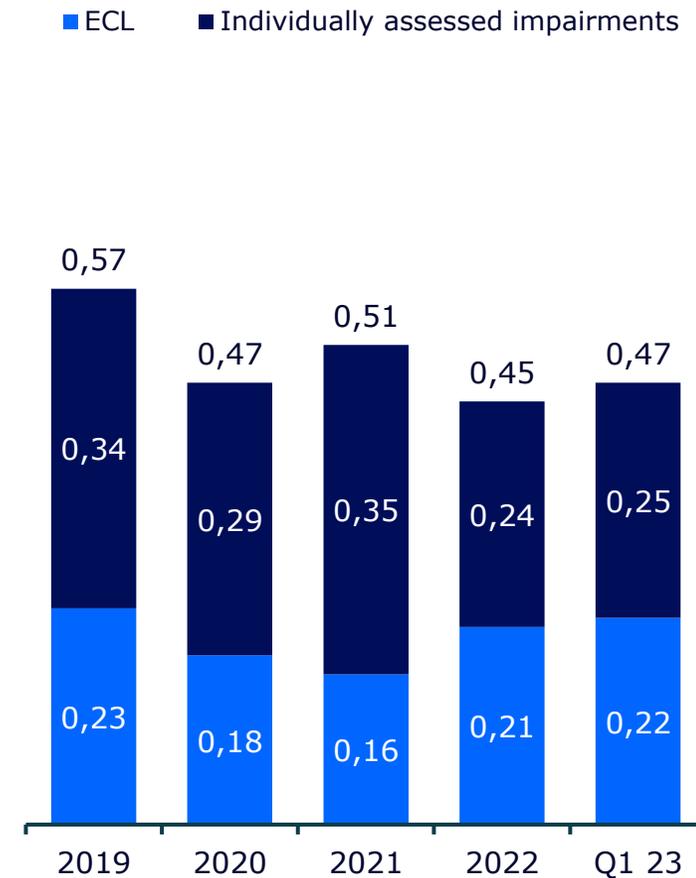
Expected credit losses

- in NOK million



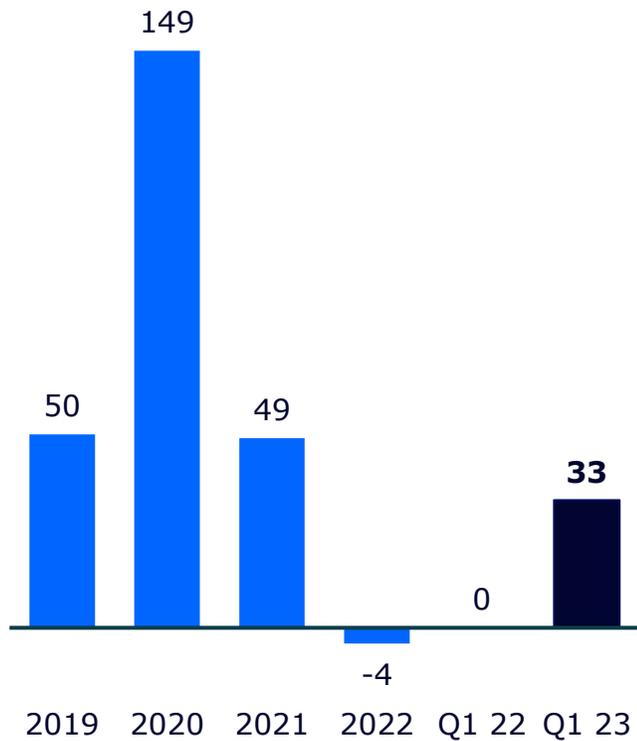
Expected credit losses

- in % of commitments

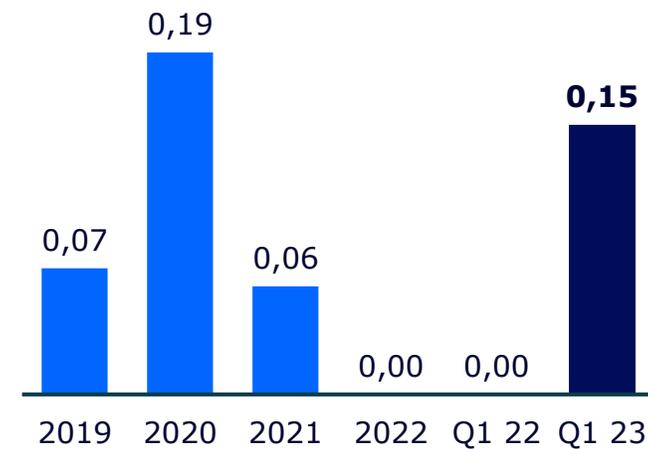


Recognized losses

Losses on loans and guarantees - NOK million

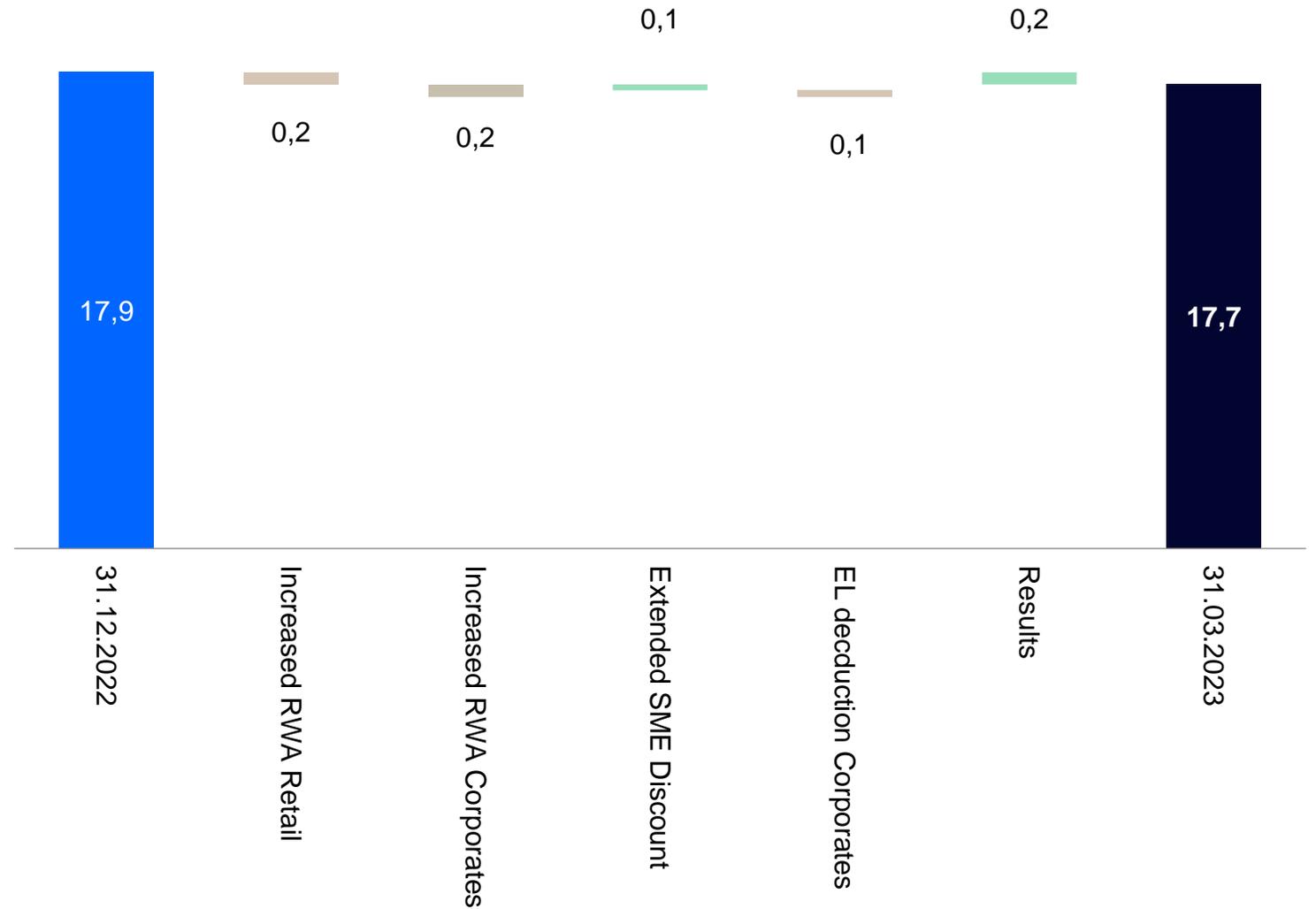


Losses on loans and guarantees - In % of Average Assets



Development in CET1

Changes in CET1 from 31.12.2022



EC capital in Sparebanken Møre

The largest owners (1-10) of EC capital

EC holder	Number of ECs	
	31.03.23	31.12.22
Sparebankstiftelsen Tingvoll	4.925.776	4.913.706
Cape Invest AS	4.913.706	4.910.776
Spesialfondet Borea Utbytte	2.383.459	2.455.103
Verdipapirfondet Eika egenkapital	2.060.679	2.081.419
Wenaasgruppen	1.900.000	1.900.000
MP Pensjon	1.698.905	1.698.905
Pareto Aksje Norge	1.459.048	1.369.168
Verdipapirfond Nordea Norge Verdi	1.205.120	1.211.011
Kommunal Landspensjonskasse	1.148.104	1.148.104
Wenaas EFTF AS	1.000.000	1.000.000
Total 10 largest	22.694.797	22.688.192
Of which Møre og Romsdal	12.739.482	12.724.482
Of which Møre og Romsdal (in per cent)	56.1	56.1

EC capital in Sparebanken Møre

The largest owners (11-20) of
EC capital

EC holder	Number of ECs	
	31.03.23	31.12.22
Beka Holding AS	750.500	750.500
Lapas AS (Leif-Arne Langøy)	617.500	617.500
Pareto Invest Norge AS/Pareto AS	565.753	565.753
Forsvarets personellservice	459.000	459.000
Stiftelsen Kjell Holm	419.750	419.750
BKK Pensjonskasse	378.350	378.350
U. Aandals EFTF AS	250.000	250.000
PIBCO AS	229.500	229.500
Morgan Stanley & Co. International	201.456	204.198
Borghild Hanna Møller	201.363	201.220
Total 20 largest	26.761.364	26.969.341
Of which Møre og Romsdal	14.213.095	14.514.947
Of which Møre og Romsdal (in per cent)	53.2	53.1