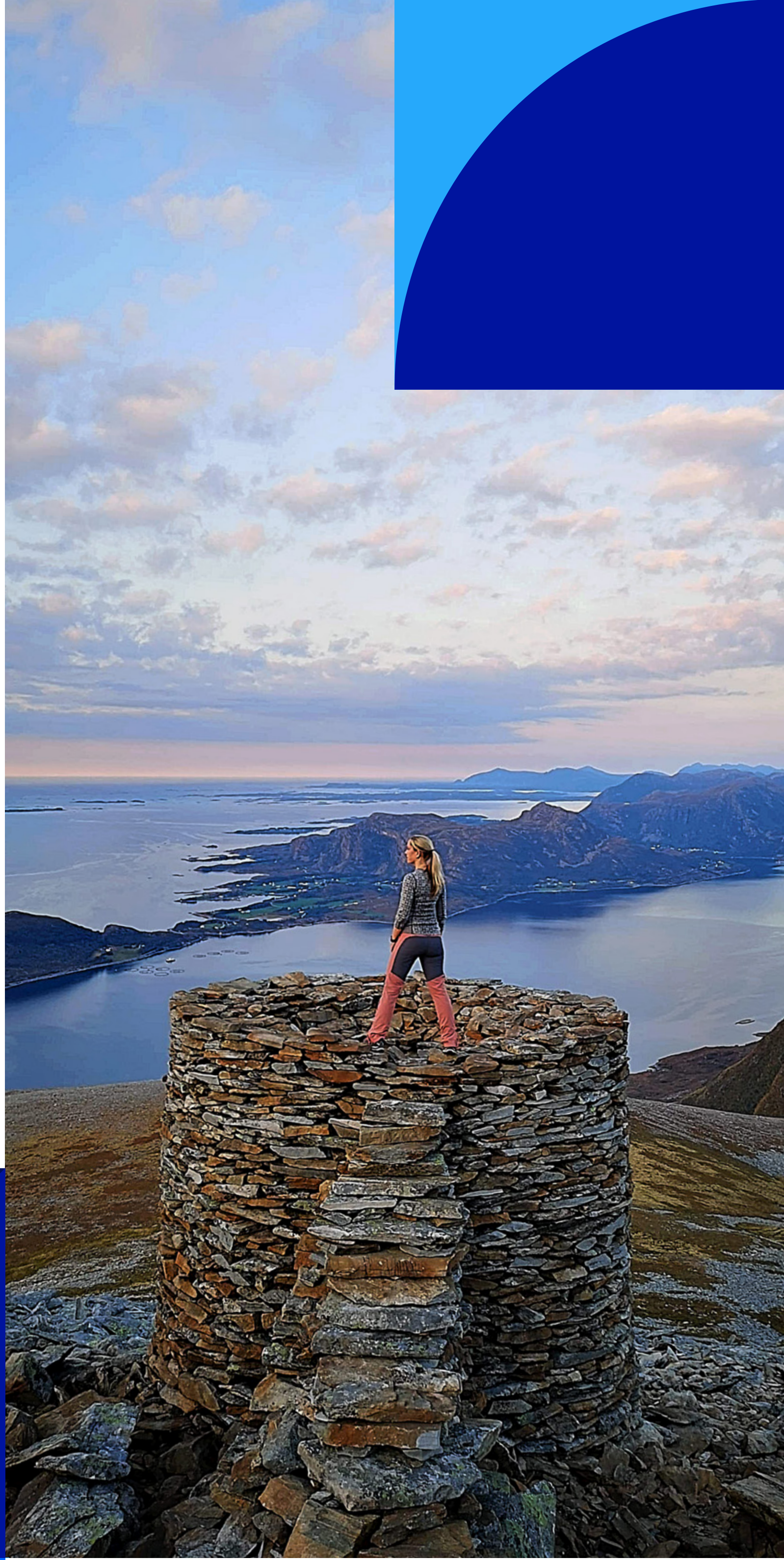
4 quarter 2021

Unaudited
interim report



Sparebanken Møre

Financial highlights - Group

Income statement

(Amounts in percentage of average assets)

	Q4 2021		Q4 2020		2021		2020	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	335	1.62	314	1.59	1 266	1.56	1 227	1.57
Net commission and other operating income	61	0.30	53	0.27	218	0.27	206	0.27
Net result from financial instruments	-16	-0.08	18	0.09	43	0.05	74	0.09
Total income	380	1.84	385	1.95	1 527	1.88	1 507	1.93
Total operating costs	174	0.84	156	0.78	645	0.80	624	0.80
Profit before impairment on loans	206	1.00	229	1.17	882	1.08	883	1.13
Impairment on loans, guarantees etc.	5	0.03	35	0.18	49	0.06	149	0.19
Pre-tax profit	201	0.97	194	0.99	833	1.02	734	0.94
Tax	48	0.23	47	0.24	191	0.24	167	0.21
Profit after tax	153	0.74	147	0.75	642	0.78	567	0.73

Statement of financial position

(NOK million)	31.12.2021	Change over the last 12 months (%)	31.12.2020
Total assets 4)	82 797	4.2	79 486
Average assets 4)	80 942	3.2	78 450
Loans to and receivables from customers	69 925	4.6	66 850
Gross loans to retail customers	47 557	4.3	45 592
Gross loans to corporate and public entities	22 697	5.4	21 534
Deposits from customers	41 853	7.3	39 023
Deposits from retail customers	24 667	5.6	23 366
Deposits from corporate and public entities	17 186	9.8	15 657

Key figures and alternative performance measures (APMs)

	Q4 2021	Q4 2020	2021	2020
Return on equity (annualised) 3) 4)	9.0	9.1	9.5	8.6
Cost/income ratio 4)	45.7	40.2	42.2	41.4
Losses as a percentage of loans (annualised) 4)	0.03	0.21	0.07	0.23
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.52	1.53	1.52	1.53
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.16	1.22	1.16	1.22
Deposit-to-loan ratio 4)	59.6	58.1	59.6	58.1
Liquidity Coverage Ratio (LCR)	122	138	122	138
Lending growth as a percentage 4)	0.7	2.3	4.6	4.4
Deposit growth as a percentage 4)	2.6	-0.8	7.3	6.0
Capital adequacy ratio 1)	20.9	20.8	20.9	20.8
Tier 1 capital ratio 1)	18.9	18.7	18.9	18.7
Common Equity Tier 1 capital ratio (CET1) 1)	17.2	17.0	17.2	17.0
Leverage Ratio (LR) 1)	7.7	7.7	7.7	7.7
Man-years	364	346	364	346

Equity Certificates (ECs)

	2021	2020	2019	2018	2017
Profit per EC (Group) (NOK) 2)	31.10	27.10	34.50	29.60	27.70
Profit per EC (Parent Bank) (NOK) 2)	30.98	26.83	32.00	28.35	27.00
EC fraction 1.1 as a percentage (Parent Bank)	49.7	49.6	49.6	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	444	296	317	283	262
Stock market value (NOK million)	4 390	2 927	3 134	2 798	2 590
Book value per EC (Group, incl. proposed dividends) (NOK) 4)	350	332	320	303	289
Dividend per EC (NOK)	16.00	13.50	14.00	15.50	14.00
Price/Earnings (Group, annualised)	14.3	10.9	9.2	9.6	9.5
Price/Book value (P/B) (Group) 2) 4)	1.27	0.89	0.99	0.93	0.91

1) Including proposed allocations

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

3) Calculated using the share of the profit to be allocated to equity owners.

4) Defined as alternative performance measure (APM), see attachment to the quarterly report.

Interim report from the Board of Directors

All figures relate to the Group. Figures in brackets refer to the corresponding period last year. The financial statements have been prepared in accordance with IFRS and the interim report has been prepared in conformity with IAS 34 'Interim Financial Reporting'.

RESULTS FOR Q4 2021

Profit before losses was NOK 206 million for the fourth quarter of 2021, or 1.00 per cent of average total assets, compared with NOK 229 million, or 1.17 per cent, for the corresponding quarter last year.

Profit after tax was NOK 153 million for the fourth quarter of 2021, or 0.74 per cent of average total assets, compared with NOK 147 million, or 0.75 per cent, for the corresponding quarter last year.

Return on equity was 9.0 per cent for the fourth quarter of 2021, compared with 9.1 per cent for the fourth quarter of 2020, and the cost income ratio amounted to 45.7 per cent compared with 40.2 per cent for the fourth quarter of 2020.

Earnings per equity certificate were NOK 7.00 (NOK 7.10) for the Group and NOK 5.00 (NOK 3.88) for the parent bank.

Net interest income

Net interest income was NOK 335 million, which is NOK 21 million, or 6.7 per cent, higher than in the corresponding quarter of last year. This represents 1.62 per cent of average total assets, which is 0.03 percentage points higher than for the fourth quarter of 2020.

In the retail market, the interest margin for lending contracted and the deposit margin increased compared with the third quarter of 2021. In the corporate market, the interest margin for lending was stable, while the interest margin for deposits increased compared with the third quarter 2021.

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

Other income

Other income was NOK 45 million in the quarter, which is NOK 26 million lower than in the fourth quarter of last year. The net result from total financial instruments of NOK -16 million was NOK 34 million lower than in the fourth quarter of 2020. Capital losses from bond holdings amounted to NOK 23 million in the quarter, compared with capital gains of NOK 2 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 7 million, compared with capital losses of NOK 10 million in the fourth quarter of 2020. The negative change in value for fixed-rate lending amounted NOK 6 million, compared with a positive change in value of NOK 4 million in the same quarter last year. The value of issued bonds decreased by NOK 6 million, compared with a decrease of NOK 1 million in the fourth quarter of 2020. Income from currency and interest rate trading decreased by NOK 2 million compared with the same period last year.

Other income, excluding financial instruments, increased by NOK 8 million compared with the fourth quarter of 2020. The increase was mainly attributable to insurance sales, income from discretionary asset management and money-transfer services.

Costs

Operating costs were NOK 174 million in the quarter, which is NOK 18 million higher than in the same quarter last year. Personnel costs were NOK 15 million higher than in the corresponding period last year and amounted to NOK 97 million. Other operating costs have increased by NOK 3 million from the same period last year.

Provisions for expected losses and credit-impaired commitments
The quarterly accounts were charged NOK 5 million (NOK 35 million) in losses on loans and guarantees. This amounts to 0.03 per cent (0.18 per cent) of average total assets on an annualised basis. Losses in the corporate segment increased by NOK 1 million in the quarter, while losses in the retail segment increased by NOK 4 million.

Lending and deposit growth
Total assets decreased to NOK 82,797 million, a 1.7 per cent change compared with the end of the third quarter of 2021. Lending increased by 0.7 per cent to NOK 69,925 million and deposits from customers rose by 2.6 per cent to NOK 41,853 million. Lending to corporate customers increased by 0.1 per cent in the fourth quarter of 2021, while lending to retail customers rose by 1.0 per cent. For further comments concerning volume trends in the past 12 months, please see the comments for the full year 2021.

PRELIMINARY FINANCIAL STATEMENTS FOR 2021

Sparebanken Møre's profit before losses was NOK 882 million, or 1.08 per cent of average total assets, compared with NOK 883 million, or 1.13 per cent, for 2020.

Profit after tax was NOK 642 million, or 0.78 per cent of average total assets, compared with NOK 567 million, or 0.73 per cent, for 2020. The results for 2021 represent a return on equity of 9.5 per cent, compared with 8.6 per cent for 2020.

Earnings per equity certificate in 2021 were NOK 31.10 (NOK 27.10) for the Group, and NOK 30.98 (26.83) for the parent bank.

Net interest income
Net interest income totalled NOK 1,266 million (NOK 1,227 million) or 1.56 per cent (1.57 per cent) of average total assets. Net interest income accounted for 82.9 per cent of total income in 2021 (81.4 per cent).

In the retail market, the lending margin decreased while the deposit margin increased compared with 2020. In the corporate market, the interest margin for lending was on a par with 2020, while the interest margin for deposits increased slightly.

Lower interest rates in 2021 reduced funding costs, while also significantly reducing the net interest contribution from the bank's equity. Interest rates have risen since the second quarter of 2021 and the rates for both lending and deposits were adjusted from November 2021.

Strong competition in both lending and deposits, and reduced risk in the lending portfolio, contributed to downward pressure on net interest income, while higher lending and deposit volumes resulted in an increase in net interest income.

In 2020, the lending and deposit margins were heavily affected by the interest rate changes implemented during the second and third quarters. Lending rates were reduced before deposit rates and this significantly affected the net interest income and margins for the year.

Other income
Other income was NOK 261 million in 2021 (0.32 per cent of average total assets). This is a decrease of NOK 19 million compared with 2020.

Dividends amounted to NOK 3 million, compared with NOK 22 million in 2020. Capital losses from bond holdings were NOK 23 million, compared with losses of NOK 4 million in 2020. Capital gains from equities amounted to NOK 18 million compared with capital losses of NOK 4 million in 2020. Income from other financial instruments show a reduction of NOK 15 million compared with 2020.

Other income, excluding financial instruments, increased by NOK 12 million compared with 2020.

See Note 7 for a specification of other income.

Costs
Total costs were NOK 645 million, which is NOK 21 million higher than in 2020. Personnel costs increased

by NOK 23 million compared with 2020 and ended at NOK 360 million. Staffing has increased by 18 FTEs in the past 12 months to 364 FTEs. Other operating costs were NOK 2 million lower than in 2020. See Note 8 for a specification of costs.

The cost income ratio for 2021 was 42.2 per cent, which represents an increase of 0.8 percentage points compared with 2020.

Provisions for expected losses and credit-impaired commitments
In 2021, the income statement was charged NOK 49 million (NOK 149 million) in losses on loans and guarantees. This represents 0.06 per cent (0.19 per cent) of average total assets.

At the end of 2021, provisions for expected losses totalled NOK 368 million, equivalent to 0.51 per cent of gross loans and guarantee commitments (NOK 326 million and 0.47 per cent). Of the total provisions for expected losses, NOK 15 million concerns credit-impaired commitments more than 90 days past due (NOK 18 million), which amounts to 0.02 per cent of gross loans and guarantee commitments (0.03 per cent). NOK 248 million concerns other credit-impaired commitments (NOK 191 million), which is equivalent to 0.34 per cent of gross loans and guarantee commitments (0.28 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in stage 3) have decreased by NOK 8 million in the past 12 months. At year end 2021, the corporate market accounted for NOK 762 million of net credit-impaired commitments and the retail market NOK 71 million. In total, this represents 1.16 per cent of gross loans and guarantee commitments (1.22 per cent).

Lending to customers
At year end 2021, lending to customers amounted to NOK 69,925 million (NOK 66,850 million). In the past 12 months, customer lending has increased by a total of NOK 3,075 million, or 4.6 per cent. Retail lending has increased by 4.3 per cent and corporate lending has increased by 5.4 per cent in the past 12 months. Retail lending accounted for 67.7 per cent of lending at year end 2021 (68.2 per cent).

Deposits from customers
Customer deposits have increased by NOK 2,830 million, or 7.3 per cent, in the past 12 months. At year end 2021, deposits amounted to NOK 41,853 million (NOK 39,023 million). Retail deposits have increased by 5.6 per cent in the past 12 months, while corporate deposits have increased by 9.5 per cent and public sector deposits by 15.1 per cent. The retail market's relative share of deposits amounted to 58.9 per cent (59.9 per cent), while deposits from the corporate market accounted for 38.8 per cent (38.0 per cent) and from the public sector market 2.3 per cent (2.1 per cent).

The deposit-to-loan ratio was 59.6 per cent at year end 2021 (58.1 per cent).

CAPITAL ADEQUACY
Sparebanken Møre is well capitalised. At year end 2021, the Common Equity Tier 1 capital ratio was 17.2 per cent (17.0 per cent), which is 4.5 percentage points higher than the total minimum regulatory requirement for the Common Equity Tier 1 capital ratio of 12.7 per cent. Primary capital amounted to 20.9 per cent (20.8 per cent) and Tier 1 capital 18.9 per cent (18.7 per cent).

Capital adequacy is calculated in line with the EU's Capital Requirements Directive (CRD) IV and Capital Requirements Regulation (CRR), which were introduced with effect from 31 December 2019.

The total minimum regulatory requirement for Sparebanken Møre's Common Equity Tier 1 capital ratio, including the Pillar 2 supplement, was 12.7 per cent at the end of 2021. In its assessment of Sparebanken Møre's Pillar 2 supplement in 2018, the Financial Supervisory Authority of Norway (FSA) set it at 1.7 per cent, although it was made subject to a minimum of NOK 590 million with effect from 31 March 2019. Sparebanken Møre's internal target for its Common Equity Tier 1 capital ratio is 15.2 per cent.

The leverage ratio (LR) at year end 2021 was 7.7 per cent, the same as at year end 2020. The regulatory minimum requirement (3 per cent) and buffer requirement (2 per cent), 5 per cent in total, were met by a good margin.

When CRR 2, CRD V and BRRD 2 are enacted in Norwegian regulations, probably with effect from 30 June 2022, the SME discount will be expanded. It is estimated that the effect will be an improvement in the Group's Common Equity Tier 1 capital ratio of 1.3 percentage points. On 9 June 2021, the Financial Supervisory Authority of Norway announced requirements for IRB models in circular 03/2021. An assessment has been made under the auspices of the IRB banks that the circular breaches EU regulations, which has been communicated to the Ministry of Finance. Sparebanken Møre has estimated that the effect of changes to the benchmark model for home mortgages will amount to a reduction in its Common Equity Tier 1 capital ratio of 0.4 percentage points. The effect has not been incorporated into the bank's capital reporting. Sparebanken Møre has applied to the FSA for approval of changes to the IRB models and calibration framework and is awaiting a reply.

MREL

The FSA has stipulated that Sparebanken Møre will be subject to a risk-weighted MREL requirement of 25.9 per cent of the adjusted risk-weighted assets based on the relevant capital requirements as at 31 December 2020. Since the Common Equity Tier 1 capital used to fulfill the risk-weighted MREL requirement cannot at the same time be used to fulfil the combined buffer requirement, the estimated actual need for primary capital and MREL is effectively 31.4 per cent of the adjusted risk-weighted assets.

Based on the above, Sparebanken Møre's effective MREL requirement will amount to NOK 9,284 million and the total subordination requirement will amount to NOK 7,658 million. The overall subordination requirement must as a minimum be phased in linearly and be met in full from 1 January 2024 onwards. From 1 January 2022, the effective subordination requirement is 20 per cent of the adjusted risk-weighted assets. For Sparebanken Møre, this will amount to NOK 5,914 million. The calculated primary capital available to meet the effective MREL requirement and overall minimum subordination requirement amounts to NOK 5,094 million. Sparebanken Møre had issued NOK 1,000 million in senior non-preferred debt (SNP) at the end of 2021.

SUBSIDIARIES

The aggregate profit of the bank's three subsidiaries amounted to NOK 240 million at the end of 2021 (NOK 232 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 2021, the company had outstanding bonds of NOK 25.1 billion in the market. Around 41 per cent of this was issued in a currency other than NOK. Of the volume of bonds issued by the company, NOK 510 million (both nominal values) was held by the parent bank at the end of 2021. Møre Boligkreditt AS contributed NOK 239 million to the Group's result in 2021 (NOK 230 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company did not make a profit contribution in 2021 (NOK 0.5 million). At the end of 2021, the company employed 17 FTEs.

Sparebankeiendom AS's purpose is to own and manage the bank's commercial properties. The company made a profit contribution of NOK 1 million in 2021 (NOK 2 million). The company has no employees.

Covid-19

Covid-19 has presented challenges for some of the bank's customers. After returning to more normal everyday lives (albeit with elevated preparedness) in autumn 2021, the omicron variant led to a new shutdown. Although we are now on our way back to more normality again, some uncertainty associated with the expected development in both Norway and the global economy remains, and the picture is constantly changing. Some industries have undergone fundamental changes due to the rapid digitalisation that has occurred during Covid-19. There will be changes in the economy also due to the climate issue and focus on sustainability.

While the omicron variant did result in a new shutdown, the future prospects have become more positive and clearer. Large proportions of the population are vaccinated, and macroeconomic conditions are improving. There are still very few bankruptcies and credit-impaired commitments remain low.

Changes in economic conditions have had consequences for macroeconomic scenarios and weights in the Group's calculations for expected credit loss (ECL) in 2020 and 2021. See Note 5 for further information.

EQUITY CERTIFICATES

At year end 2021, there were 5,617 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 5.28 per cent at the end of the year. 9,886,954 equity certificates have been issued. Equity certificate capital accounts for 49.66 per cent of the bank's total equity.

Note 14 includes a list of the 20 largest holders of the bank's equity certificates. As at 31 December 2021, the bank owned 22,111 of its own equity certificates. These were purchased on the Oslo Børs at market prices.

DIVIDEND POLICY

The aim of Sparebanken Møre is to achieve financial results which provide a good and stable return on the bank's equity capital. The results should ensure that the owners of the equity receive a competitive long-term return in the form of cash dividends and capital appreciation on their equity.

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

Sparebanken Møre's allocation of earnings should ensure that all equity 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 51.5 per cent of the Group's profit 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 31.10 in 2021. The Board of Directors is planning to propose to the Annual General Meeting a cash dividend per equity certificate for the 2021 financial year to be set at NOK 16.00, which will come to NOK 158 million in total. The corresponding provision for dividend funds for local communities will amount to NOK 160 million.

Proposed allocation of profit (figures in NOK millions:

Profit for the year		**642**
Share allocated to AT1 instrument holders		23
Dividend funds (51.5%):		
To cash dividends	158	
To dividend funds for local communities	160	318
Strengthening of equity: (48.5%:		
To the dividend equalisation fund	148	
To the primary capital fund	150	
To other funds	3	301
Total allocated		**642**

FUTURE PROSPECTS

Unemployment began to rise in Møre og Romsdal in December as a result of the introduction of more comprehensive infection control measures. In the middle of the month, the number of people registered as completely or partially unemployed, or as participants in various labour market measures, accounted for 3.7 per cent of the labour force. The proportion of completely unemployed was 2.0 per cent. The corresponding unemployment rate for the country as a whole was 2.2 per cent.

Unemployment particularly rose within service industries like hotels, restaurants, tourism and culture towards the end of the fourth quarter. These are industries that had also been hit hard by the pandemic before. However, when the infection control measures are phased out, it is expected that the service production in the county will rise. Unemployment could then drop again towards the level it was prior to the pandemic.

The growth rate for lending to households for Norway as a whole increased slightly during the first two quarters of the year but levelled off in the second half of the year. The growth rate for lending to the corporate market was accelerating up to the end of October, before it fell back slightly. The overall 12-month growth in lending to the public was 5.1 per cent at the end of November, compared with 4.8 per cent at the end of 2020.

The bank registered good activity throughout 2021 with an accelerating rate of growth compared with the end of 2020. The 12-month growth rate was 4.6 per cent, compared with 4.4 per cent at the end of 2020. The 12-month growth rate for lending in the retail market amounted to 4.3 per cent at the end of the year, while the growth rate for the corporate market lending was 5.4 per cent. Deposits increased by 7.3 per cent in the past 12 months up to the end of 2021, and the deposit-to-loan ratio remains high.

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

Sparebanken Møre's strategic financial performance targets are a return on equity of above 11 per cent and a cost income ratio of under 40 per cent. The activity-dampening measures due to the Covid-19 pandemic impacted the market meaning that the targets were not achieved in 2021. The Board of Directors expects improvement in the target figures and the measures implemented to result in the targets being achieved in 2022.

Ålesund, 31 December 2021
26 January 2022

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE
LEIF-ARNE LANGØY, Chair of the Board
HENRIK GRUNG, Deputy Chair
JILL AASEN
ANN MAGRITT BJÅSTAD VIKEBAKK
KÅRE ØYVIND VASSDAL
THERESE MONSÅS LANGSET
HELGE KARSTEN KNUDSEN
MARIE REKDAL HIDE

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q4 2021	Q4 2020	2021	2020
Interest income from assets at amortised cost		406	388	1 583	1 762
Interest income from assets at fair value		42	30	140	192
Interest expenses		113	104	457	727
Net interest income	3	335	314	1 266	1 227
Commission income and revenues from banking services		60	54	226	210
Commission expenses and charges from banking services		6	8	34	31
Other operating income		7	7	26	27
Net commission and other operating income	7	61	53	218	206
Dividends		1	16	3	22
Net change in value of financial instruments		-17	2	40	52
Net result from financial instruments	7	-16	18	43	74
Total other income	7	45	71	261	280
Total income		380	385	1 527	1 507
Salaries, wages etc.		97	82	360	337
Depreciation and impairment of non-financial assets		11	11	45	46
Other operating expenses		66	63	240	241
Total operating expenses	8	174	156	645	624
Profit before impairment on loans		206	229	882	883
Impairment on loans, guarantees etc.	5	5	35	49	149
Pre-tax profit		201	194	833	734
Taxes		48	47	191	167
Profit after tax		153	147	642	567
Allocated to equity owners		147	141	619	540
Allocated to owners of Additional Tier 1 capital		6	6	23	27
Profit per EC (NOK) 1)		7.00	7.10	31.10	27.10
Diluted earnings per EC (NOK) 1)		7.00	7.10	31.10	27.10
Distributed dividend per EC (NOK)		9.00	0.00	13.50	14.00

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q4 2021	Q4 2020	2021	2020
Profit after tax	153	147	642	567
Items that may subsequently be reclassified to the income statement:				
Basisswap spreads - changes in value	8	10	3	3
Tax effect of changes in value on basisswap spreads	-2	-2	-1	-1
Items that will not subsequently be reclassified to the income statement:				
Pension estimate deviations	12	-36	12	-36
Tax effect of pension estimate deviations	-3	9	-3	9
Total comprehensive income after tax	168	128	653	542
Allocated to equity owners	162	122	630	515
Allocated to owners of Additional Tier 1 capital	6	6	23	27

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

Statement of financial position - Group

ASSETS (COMPRESSED)

(NOK million)	Note	31.12.2021	31.12.2020
Cash and claims on Norges Bank	9 10 13	428	542
Loans to and receivables from credit institutions	9 10 13	867	1 166
Loans to and receivables from customers	4 5 6 9 11 13	69 925	66 850
Certificates, bonds and other interest-bearing securities	9 11 13	10 185	8 563
Financial derivatives	9 11	810	1 793
Shares and other securities	9 11	204	178
Intangible assets		51	56
Fixed assets		204	224
Other assets		123	114
Total assets		82 797	79 486

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	31.12.2021	31.12.2020
Loans and deposits from credit institutions	9 10 13	980	2 209
Deposits from customers	4 9 10 13	41 853	39 023
Debt securities issued	9 10 12	30 263	28 774
Financial derivatives	9 11	336	537
Other provisions for incurred costs and prepaid income		80	78
Pension liabilities		35	57
Tax payable		334	111
Provisions for guarantee liabilities		39	50
Deferred tax liabilities		61	194
Other liabilities		543	543
Subordinated loan capital	9 10	703	702
Total liabilities		75 227	72 278
EC capital	14	989	989
ECs owned by the bank		-2	-2
Share premium		357	357
Additional Tier 1 capital		599	599
Paid-in equity		1 943	1 943

Primary capital fund	3 094	2 939
Gift fund	125	125
Dividend equalisation fund	1 831	1 679
Other equity	577	522
Retained earnings	5 627	5 265
Total equity	7 570	7 208
Total liabilities and equity	82 797	79 486

Statement of changes in equity - Group

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

GROUP 31.12.2020	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as at 31 December 2019	6 970	986	357	599	2 819	125	1 559	525
Changes in own equity certificates	2	1					1	
Distributed dividends to the EC holders	-138							-138
Distributed dividends to the local community	-141							-141
Interests paid on Additional Tier 1 capital issued	-27							-27
Equity before allocation of profit for the year	6 666	987	357	599	2 819	125	1 560	219
Allocated to the primary capital fund	134				134			
Allocated to the dividend equalisation fund	132						132	
Allocated to owners of Additional Tier 1 capital	27							27
Allocated to other equity	6							6
Proposed dividends allocated for the EC holders	44							44
Proposed dividends allocated for the local community	45							45
Dividends that can be distributed to EC holders in accordance with board authorisation	89							89
Dividends that can be distributed to the local community in accordance with board authorisation	90							90
Profit for the year	567	0	0	0	134	0	132	301
Changes in value - basis swaps	3							3
Tax effect of changes in value - basis swaps	-1							-1
Pension estimate deviations	-36				-18		-18	
Tax effect of pension estimate deviations	9				4		5	
Total other income and costs from comprehensive income	-25	0	0	0	-14	0	-13	2
Comprehensive income for the year	542	0	0	0	120	0	119	303
Equity as at 31 December 2020	7 208	987	357	599	2 939	125	1 679	522

Statement of cash flow - Group

(NOK million)	31.12.2021	31.12.2020
Cash flow from operating activities		
Interest, commission and fees received	1 884	2 069
Interest, commission and fees paid	-277	-521
Dividend and group contribution received	3	22
Operating expenses paid	-531	-552
Income taxes paid	-104	-99
Changes relating to loans to and claims on other financial institutions	299	-78
Changes relating to repayment of loans/leasing to customers	-3 037	-2 632
Changes in utilised credit facilities	-90	-207
Net change in deposits from customers	2 829	2 220
Net cash flow from operating activities	976	222
Cash flow from investing activities		
Interest received on certificates, bonds and other securities	94	115
Proceeds from the sale of certificates, bonds and other securities	6 286	7 359
Purchases of certificates, bonds and other securities	-10 013	-8 919
Proceeds from the sale of fixed assets etc.	0	0
Purchase of fixed assets etc.	-17	-37
Changes in other assets	135	-65
Net cash flow from investing activities	-3 515	-1 547
Cash flow from financing activities		
Interest paid on debt securities and subordinated loan capital	-268	-388
Net change in deposits from Norges Bank and other financial institutions	-1 229	1 392
Proceeds from bond issues raised	6 346	5 821
Redemption of debt securities	-2 150	-5 912
Dividend paid	-133	-138
Changes in other debt	-118	47
Paid interest on Additional Tier 1 capital issued	-23	-27
Net cash flow from financing activities	2 425	795
Net change in cash and cash equivalents	-114	-530
Cash balance at 01.01	542	1 072
Cash balance at 31.12	428	542

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 2021. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2020 Financial statements.

The accounts are presented in Norwegian kroner (NOK), which is also the parent bank`s and subsidiaries` functional currency. All amounts are stated in NOK million unless stated otherwise.

Note 2

Capital adequacy

Sparebanken Møre calculates and reports capital adequacy in compliance with the EU's capital requirements regulation and directive (CRR/CRD IV). Sparebanken Møre is granted permission from the Financial Supervisory Authority of Norway (FSA) to use internal rating methods, IRB Foundation for credit risk. Calculations regarding market risk are performed using the standard method and for operational risk the basic method is used.

Sparebanken Møre has a total requirement for Common Equity Tier 1 capital ratio (CET1) of 12.7 per cent. The requirement consists of a minimum requirement of 4.5 per cent, a capital conservation buffer of 2.5 per cent, a systemic risk buffer of 3.0 per cent and a countercyclical capital buffer of 1.0 per cent. In addition, the FSA has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, albeit a minimum of NOK 590 million.

The countercyclical capital buffer was reduced from 2.5 per cent to 1.0 per cent with effect from 13 March 2020. The countercyclical capital buffer can be increased with 12 months' notice. It is announced that the countercyclical capital buffer requirement will be increased to 1.5 per cent from 30 June 2022 and further to 2.0 per cent from 31 December 2022.

The Ministry of Finance decided to increase the system risk buffer for financial undertakings using Advanced IRB to 4.5 per cent from 31 December 2020. For other undertakings, including Sparebanken Møre, this change will come into effect from 31 December 2022.

When CRR 2, CRD V and BRRD 2 are enacted in Norwegian regulations, probably with effect from 30 June 2022, the SME discount will be expanded. It is estimated that the effect will be an improvement in the Group's Common Equity Tier 1 capital ratio of 1.3 percentage points. On 9 June 2021, the FSA announced requirements for IRB models in circular 03/2021. An assessment has been made under the auspices of the IRB banks that the circular breaches EU regulations, and this has been communicated to the Ministry of Finance. Sparebanken Møre has estimated that the effect of changes to the benchmark model for mortgages will amount to a reduction in Common Equity Tier 1 capital ratio of 0.4 percentage points. The effect has not been incorporated into the bank's capital reporting. Sparebanken Møre has applied to the FSA for approval of changes to the IRB models and calibration framework and is awaiting a reply.

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

Reported capital adequacy in the quarterly report is based on a proposed cash dividend of NOK 16.00 per equity certificate, a total of NOK 158 million, and an allocation of dividend funds to the local community totalling NOK 160 million.

MREL

The FSA has stipulated that Sparebanken Møre will be subject to a risk-weighted MREL requirement of 25.9 per cent of the adjusted risk-weighted assets based on the relevant capital requirements as at 31 December 2020. Since the Common Equity Tier 1 capital used to fulfill the risk-weighted MREL requirement cannot at the same time be used to fulfill the combined buffer requirement, the estimated actual need for primary capital and MREL is effectively 31.4 per cent of the adjusted risk-weighted assets.

Based on the above, Sparebanken Møre's effective MREL requirement will amount to NOK 9,284 million and the total subordination requirement will amount to NOK 7,658 million. The overall subordination requirement must as a minimum be phased in linearly and be met in full from 1 January 2024 onwards. From 1 January 2022, the effective subordination requirement is 20 per cent of the adjusted risk-weighted calculation basis. For Sparebanken Møre, this will amount to NOK 5,914 million. The calculated primary capital available to meet the effective MREL-requirement and overall minimum subordination requirement amounts to NOK 5,094 million.

Sparebanken Møre had issued NOK 1,000 million in senior non-preferred debt (SNP) at the end of 2021.

Equity	31.12.2021	31.12.2020
EC capital	989	989
- ECs owned by the bank	-2	-2
Share premium	357	357
Additional Tier 1 capital (AT1)	599	599
Primary capital fund	3 094	2 939
Gift fund	125	125
Dividend equalisation fund	1 831	1 679
Proposed dividend for EC holders	158	44
Proposed dividend for the local community	160	45
Other equity	0	179
Comprehensive income for the period	259	254
Total equity	7 570	7 208

Tier 1 capital (T1)	31.12.2021	31.12.2020
Goodwill, intangible assets and other deductions	-51	-56
Value adjustments of financial instruments at fair value	-16	-16
Deduction of overfunded pension liability	0	0
Additional Tier 1 capital (AT1)	-599	-599
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-498	-480
Deduction for proposed dividend for EC holders	-158	-44
Deduction for proposed dividend for the local community	-160	-45
Deduction for dividend distributed in accordance with board authorisation	0	-179
Total Common Equity Tier 1 capital (CET1)	6 088	5 788
Additional Tier 1 capital - classified as equity	599	599
Additional Tier 1 capital - classified as debt	0	0
Total Tier 1 capital (T1)	6 687	6 387

Tier 2 capital (T2)	31.12.2021	31.12.2020
Subordinated loan capital of limited duration	703	702
Total Tier 2 capital (T2)	703	702

Net equity and subordinated loan capital	7 390	7 089

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	**31.12.2021**	**31.12.2020**
Central governments or central banks	0	0
Local and regional authorities	336	248
Public sector companies	195	99
Institutions	434	538
Covered bonds	486	454
Equity	173	173
Other items	655	640
Total credit risk - standardised approach	2 279	2 152

Credit risk - IRB Foundation	**31.12.2021**	**31.12.2020**
Retail - Secured by real estate	10 409	9 932
Retail - Other	359	411
Corporate lending	19 138	18 419
Total credit risk - IRB-F	29 906	28 762

Credit value adjustment risk (CVA) - market risk	225	396
Operational risk (basic method)	2 903	2 840
Risk weighted assets (RWA)	**35 313**	**34 150**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 589	1 537

Buffer requirements	**31.12.2021**	**31.12.2020**
Capital conservation buffer , 2.5 %	883	854
Systemic risk buffer, 3.0 %	1 059	1 025
Countercyclical buffer, 1.0 %	353	342
Total buffer requirements for Common Equity Tier 1 capital	2 295	2 220
Available Common Equity Tier 1 capital after buffer requirements	2 204	2 032

Capital adequacy as a percentage of risk weighted assets (RWA)	**31.12.2021**	**31.12.2020**
Capital adequacy ratio	20.9	20.8
Tier 1 capital ratio	18.9	18.7
Common Equity Tier 1 capital ratio	17.2	17.0

Leverage Ratio (LR)	**31.12.2021**	**31.12.2020**
Basis for calculation of leverage ratio	86 890	82 643
Leverage Ratio (LR)	7.7	7.7

Note 3

Operating segments

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

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

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

Result - Q4 2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	314	1	-16	132	197	0
Other operating income	71	-15	33	25	22	6
Total income	385	-14	17	157	219	6
Operating costs	156	-15	26	32	104	9
Profit before impairment	229	1	-9	125	115	-3
Impairment on loans, guarantees etc.	35	0	0	44	-9	0
Pre-tax profit	194	1	-9	81	124	-3
Taxes	47					
Profit after tax	147					

Result - 31.12.2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 227	2	14	485	726	0
Other operating income	280	-56	110	101	102	23
Total income	1 507	-54	124	586	828	23
Operating costs	624	-55	133	128	396	22
Profit before impairment	883	1	-9	458	432	1
Impairment on loans, guarantees etc.	149	0	0	149	0	0
Pre-tax profit	734	1	-9	309	432	1
Taxes	167					
Profit after tax	567					

Key figures - 31.12.2020	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	67 126	-116	1 312	20 906	45 024	0
Expected credit loss on loans	-276	0	0	-216	-60	0
Net loans to customers	66 850	-116	1 312	20 690	44 964	0
Deposits from customers 1)	39 023	-26	651	13 665	24 733	0
Guarantee liabilities	1 530	0	0	1 525	5	0
Expected credit loss on guarantee liabilities	50	0	0	50	0	0
The deposit-to-loan ratio	58.1	0.0	49.6	65.4	54.9	0.0
Man-years	346	0	156	49	130	11

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

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

	MØRE BOLIGKREDITT AS			
Statement of income	**Q4 2021**	**Q4 2020**	**31.12.2021**	**31.12.2020**
Net interest income	86	95	360	345
Other operating income	-12	0	-3	-1
Total income	74	95	357	344
Operating costs	12	12	51	49
Profit before impairment on loans	62	83	306	295
Impairment on loans, guarantees etc.	0	-1	0	1
Pre-tax profit	62	84	306	294
Taxes	13	18	67	64
Profit after tax	49	66	239	230

MØRE BOLIGKREDITT AS		
Statement of financial position	**31.12.2021**	**31.12.2020**
Loans to and receivables from customers	28 971	29 041
Total equity	1 791	2 282

Note 4

Loans and deposits broken down according to sector and industry

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.

31.12.2021	GROUP					
Sector/industry	**Gross loans at amortised cost**	**ECL Stage 1**	**ECL Stage 2**	**ECL Stage 3**	**Loans at fair value**	**Net loans**
Agriculture and forestry	623	0	-2	-3	53	671
Fisheries	3 480	-4	-2	-1	2	3 475
Manufacturing	3 142	-6	-2	-12	10	3 132
Building and construction	1 006	-2	-1	-3	5	1 005
Wholesale and retail trade, hotels	1 065	-1	0	-1	5	1 068
Supply/Offshore	1 258	-1	-10	-181	0	1 066
Property management	7 694	-5	-2	-4	197	7 880
Professional/financial services	785	-1	-1	0	16	799
Transport and private/public services/abroad	3 319	-5	-9	-3	37	3 339
Total corporate/public entities	22 372	-25	-29	-208	325	22 435
Retail customers	43 925	-7	-39	-21	3 632	47 490
Total loans to and receivables from customers	66 297	-32	-68	-229	3 957	69 925

31.12.2020	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	569	0	-2	-1	53	619
Fisheries	3 449	-2	-2	0	3	3 448
Manufacturing	2 690	-8	-6	-7	13	2 682
Building and construction	965	-3	-6	-1	6	961
Wholesale and retail trade, hotels	686	-1	-2	-2	6	687
Supply/Offshore	1 488	-3	-16	-122	0	1 347
Property management	7 516	-7	-5	-8	186	7 682
Professional/financial services	909	-1	-1	0	24	931
Transport and private/public services/abroad	2 941	-2	-3	-5	30	2 961
Total corporate/public entities	21 213	-27	-43	-146	321	21 318
Retail customers	41 541	-6	-34	-20	4 051	45 532
Total loans to and receivables from customers	62 754	-33	-77	-166	4 372	66 850

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

DEPOSITS FROM CUSTOMERS	GROUP	
Sector/industry	**31.12.2021**	**31.12.2020**
Agriculture and forestry	234	196
Fisheries	1 679	1 446
Manufacturing	2 600	2 321
Building and construction	836	909
Wholesale and retail trade, hotels	1 682	1 082
Property management	2 306	1 802
Transport and private/public services	4 400	4 773
Public administration	946	822
Others	2 503	2 306
Total corporate/public entities	17 186	15 657
Retail customers	24 667	23 366
Total	41 853	39 023

Note 5

Losses on loans and guarantees

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

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

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

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

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

Staging is performed at account level and implies that two or more accounts held by the same customer can be placed in different stages.

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

Quantitative criteria

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

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

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

A 12-months PD is used to determine whether the credit risk has increased significantly.

Qualitative criteria

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

"Backstops"

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

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

<u>Significant reduction in credit risk – recovery</u>
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.

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

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

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

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

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

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

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

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

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

Consequences of Covid-19 and measurement of expected credit loss (ECL) for loans and guarantees
Pursuant to the accounting rules (IAS 34), interim financial reports must provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of an entity since the last annual report. The information related to these events and transactions must take into account relevant information presented in the most recent annual report.

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

Covid-19 has presented challenges for some of the bank's customers. After returning to more normal everyday lives (albeit with elevated preparedness) in autumn 2021, the omicron variant led to a new shutdown. Although we are now on our way back to more normal everyday lives again, some uncertainty surrounding the developments expected in both Norway and the global economy remains, and the picture is constantly changing. Some industries have undergone fundamental changes due to the rapid digitalisation that has occurred during Covid-19. And there will be further changes in the economy due to the climate issue and focus on sustainability.

In the Group's calculations of expected credit loss (ECL), the macroeconomic scenarios and the weightings have been impacted by the changes in economic conditions through 2020 and 2021.

While the omicron variant did result in a new shutdown, the future prospects have become more positive and clearer. Large proportions of the population are vaccinated, and macroeconomic conditions are improving. There are still very few bankruptcies and credit-impaired commitments remain low.

The probability of a pessimistic scenario is reduced from 20 per cent to 10 per cent, the base case scenario is 70 per cent and the best case scenario is increased from 10 per cent to 20 per cent.

Specification of credit loss in the income statement

GROUP	Q4 2021	Q4 2020	2021	2020
Changes in ECL - stage 1	-4	0	0	-3
Changes in ECL - stage 2	-8	-30	-12	-15
Changes in ECL - stage 3	0	-2	-1	-3
Increase in existing expected losses in stage 3 (individually assessed)	21	-19	59	25
New expected losses in stage 3 (individually assessed)	5	48	19	113
Confirmed losses, previously impaired	2	152	9	161
Reversal of previous expected losses in stage 3 (individually assessed)	-11	-150	-23	-165
Confirmed losses, not previously impaired	2	39	7	44
Recoveries	-2	-3	-9	-8
Total impairments on loans and guarantees	5	35	49	149

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

GROUP - 31.12.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	33	84	209	326
New commitments	13	12	0	25
Disposal of commitments and transfer to stage 3 (individually assessed)	-8	-20	-4	-32
Changes in ECL in the period for commitments which have not migrated	-5	-5	-1	-11
Migration to stage 1	1	-18	-2	-19
Migration to stage 2	-1	22	0	21
Migration to stage 3	0	-3	6	3
Changes stage 3 (individually assessed)	-	-	55	55
ECL 31.12.2021	33	72	263	368
- of which expected losses on loans to retail customers	7	39	21	67
- of which expected losses on loans to corporate customers	25	29	208	262
- of which expected losses on guarantee liabilities	1	4	34	39

GROUP - 31.12.2020	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2019	36	99	240	375
New commitments	13	20	1	34
Disposal of commitments and transfer to stage 3 (individually assessed)	-12	-17	-6	-35
Changes in ECL in the period for commitments which have not migrated	-3	-22	-2	-27
Migration to stage 1	3	-22	0	-19
Migration to stage 2	-4	27	-1	22
Migration to stage 3	0	-1	5	4
Changes stage 3 (individually assessed)	-	-	-28	-28
ECL 31.12.2020	33	84	209	326
- of which expected losses on loans to retail customers	6	34	20	60
- of which expected losses on loans to corporate customers	27	43	146	216
- of which expected losses on guarantee liabilities	0	7	43	50

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

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

GROUP - 31.12.2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk (0 % - < 0.5 %)	52 268	569	-	52 837
Medium risk (0.5 % - < 3 %)	7 532	2 239	-	9 771
High risk (3 % - <100 %)	756	1 112	-	1 868
Credit-impaired commitments	-	-	1 050	1 050
Total commitments before ECL	60 556	3 920	1 050	65 526
- ECL	-33	-84	-209	-326
Total net commitments *)	60 523	3 836	841	65 200

*) The tables above are based on exposure (incl. undrawn credit facilities and guarantee liabilities) and are not including fixed rate loans assessed at fair value. The figures are thus not reconcilable against balances in the statement of financial position.

Note 6

Credit-impaired commitments

The table shows total commitments in default above 90 days and other credit-impaired commitments (not above 90 days).

	31.12.2021			31.12.2020		
GROUP	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default above 90 days	46	41	5	83	72	11
Gross other credit-impaired commitments	1 050	51	999	967	39	928
Gross credit-impaired commitments	1 096	92	1 004	1 050	111	939
ECL on commitments in default above 90 days	15	11	4	18	12	6
ECL on other credit-impaired commitments	248	10	238	191	8	183
ECL on credit-impaired commitments	263	21	242	209	20	189
Net commitments in default above 90 days	31	30	1	65	60	5
Net other credit-impaired commitments	802	41	761	776	31	745
Net credit-impaired commitments	833	71	762	841	91	750
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.52	0.19	4.11	1.53	0.24	4.09
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.16	0.15	3.12	1.22	0.20	3.27

Note 7

Other income

(NOK million)	2021	2020
Guarantee commission	39	36
Income from the sale of insurance services (non-life/personal)	26	23
Income from the sale of shares in unit trusts/securities	15	11
Income from Discretionary Asset Management	42	36
Income from payment transfers	79	81
Other fees and commission income	25	23
Commission income and income from banking services	226	210
Commission expenses and expenses from banking services	-34	-31
Income from real estate brokerage	25	23
Other operating income	1	4
Total other operating income	26	27
Net commission and other operating income	218	206
Interest hedging (for customers)	12	16
Currency hedging (for customers)	35	52
Dividend received	3	22
Net gains/losses on shares	18	-4
Net gains/losses on bonds	-23	-4
Change in value of fixed-rate loans	-107	78
Derivates related to fixed-rate lending	113	-77
Change in value of issued bonds	771	-600
Derivates related to issued bonds	-777	595
Net gains/losses related to buy back of outstanding bonds	-2	-4
Net result from financial instruments	43	74
Total other income	261	280

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

Other income - 2021	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	39	3	36	0	0
Income from the sale of insurance services	26	4	2	20	0
Income from the sale of shares in unit trusts/securities	15	4	1	10	0
Income from Discretionary Asset Management	42	2	21	19	0
Income from payment transfers	79	9	18	52	0
Other fees and commission income	25	-1	8	18	0
Commission income and income from banking services	226	21	86	119	0
Commission expenses and expenses from banking services	-34	-9	-2	-23	0
Income from real estate brokerage	25	0	0	0	25
Other operating income	1	1	0	0	0
Total other operating income	26	1	0	0	25
Net commision and other income	218	13	84	96	25

Other income - 2020	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	36	0	36	0	0
Income from the sale of insurance services	23	0	2	21	0
Income from the sale of shares in unit trusts/securities	11	0	0	11	0
Income from Discretionary Asset Management	36	4	18	14	0
Income from payment transfers	81	13	17	51	0
Other fees and commission income	23	4	7	12	0
Commission income and income from banking services	210	21	80	109	0
Commission expenses and expenses from banking services	-31	-13	-1	-17	0
Income from real estate brokerage	23	0	0	0	23
Other operating income	4	3	1	0	0
Total other operating income	27	3	1	0	23
Net commision and other income	206	11	80	92	23

Note 8

Operating expenses

(NOK million)	2021	2020
Wages	262	250
Pension expenses	21	20
Employers' social security contribution and Financial activity tax	57	53
Other personnel expenses	20	14
Wages, salaries, etc.	360	337
Depreciations	45	46
Operating expenses own and rented premises	19	19
Maintenance of fixed assets	7	9
IT-expenses	128	118
Marketing expenses	28	26
Purchase of external services	22	27
Expenses related to postage, telephone and newspapers etc.	7	10
Travel expenses	2	4
Capital tax	5	5
Other operating expenses	22	23
Total other operating expenses	240	241
Total operating expenses	645	624

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 assessed 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 assessed 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 assessed 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 assessed at fair value to avoid accounting mismatch in relation to the underlying interest rate swaps.

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

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

Losses and gains as a result of value changes on assets and liabilities assessed 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 - 31.12.2021	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		428	428
Loans to and receivables from credit institutions		867	867
Loans to and receivables from customers	3 957	65 968	69 925
Certificates and bonds	10 185		10 185
Shares and other securities	204		204
Financial derivatives	810		810
Total financial assets	15 156	67 263	82 419
Loans and deposits from credit institutions		980	980
Deposits from and liabilities to customers		41 853	41 853
Financial derivatives	336		336
Debt securities		30 263	30 263
Subordinated loan capital		703	703
Total financial liabilities	336	73 799	74 135

GROUP - 31.12.2020	Financial instruments at fair value through profit and loss	Financial instruments assessed at amortised cost	Total book value
Cash and claims on Norges Bank		542	542
Loans to and receivables from credit institutions		1 166	1 166
Loans to and receivables from customers	4 372	62 478	66 850
Certificates and bonds	8 563		8 563
Shares and other securities	178		178
Financial derivatives	1 793		1 793
Total financial assets	14 906	64 186	79 092
Loans and deposits from credit institutions		2 209	2 209
Deposits from customers		39 023	39 023
Financial derivatives	537		537
Debt securities issued		28 774	28 774
Subordinated loan capital		702	702
Total financial liabilities	537	70 708	71 245

Note 10

Financial instruments at amortised cost

GROUP	31.12.2021		31.12.2020	
	Fair value	Book value	Fair value	Book value
Cash and claims on Norges Bank	428	428	542	542
Loans to and receivables from credit institutions	867	867	1 166	1 166
Loans to and receivables from customers	65 968	65 968	62 478	62 478
Total financial assets	67 263	67 263	64 186	64 186
Loans and deposits from credit institutions	980	980	2 209	2 209
Deposits from and liabilities to customers	41 853	41 853	39 023	39 023
Debt securities issued	30 387	30 263	28 907	28 774
Subordinated loan capital	710	703	714	702
Total financial liabilities	73 930	73 799	70 853	70 708

Note 11

Financial instruments at fair value

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

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

GROUP - 31.12.2020	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Cash and claims on Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			4 372	4 372
Certificates and bonds	6 121	2 442		8 563
Shares and other securities	14		164	178
Financial derivatives		1 793		1 793
Total financial assets	6 135	4 235	4 536	14 906
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		537		537
Total financial liabilities	-	537	-	537

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2020	4 372	164
Purchases/additions	648	9
Sales/reduction	-1 170	-8
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	107	29
Book value as at 31.12.2021	3 957	194

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2019	4 197	188
Purchases/additions	1 204	4
Sales/reduction	-1 058	-17
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	29	-11
Book value as at 31.12.2020	4 372	164

Note 12

Issued covered bonds

The debt securities of the Group consist of covered bonds quoted in Norwegian kroner (NOK) and Euro (EUR) issued by Møre Boligkreditt AS, in addition to certificates and bonds quoted in NOK issued by Sparebanken Møre. The table below provides an overview of the Group's issued covered bonds.

Issued covered bonds in the Group (NOK million)

ISIN code	Currency	Nominal value 31.12.2021	Interest	Issued	Maturity	Book value 31.12.2021	Book value 31.12.2020
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 153	1 221
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	297	330
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	1 014	1 022
NO0010777584	NOK	-	3M Nibor + 0.58 %	2016	2021	-	3 006
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 503	2 647
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 526	2 684
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	1 028	1 086
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 001	2 998
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 505	2 670
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	2 999	2 998
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	309	327
NO0010951544	NOK	2 700	3M Nibor + 0.75 %	2021	2026	2 766	-
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 500	-
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						25 603	23 991

As at 31.12.2021, Sparebanken Møre held NOK 514 million in covered bonds (incl.accrued interest) issued by Møre Boligkreditt AS (NOK 503 million). Møre Boligkreditt AS held no own covered bonds as at 31.12.2021 (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	31.12.2021	31.12.2020
Statement of income		
Net interest and credit commission income from subsidiaries	32	24
Received dividend from subsidiaries	237	227
Administration fee received from Møre Boligkreditt AS	44	41
Rent paid to Sparebankeiendom AS	14	14
Statement of financial position		
Claims on subsidiaries	3 514	4 876
Covered bonds	514	503
Liabilities to subsidiaries	1 061	1 475
Intragroup right-of-use of properties in Sparebankeiendom AS	85	96
Intragroup hedging	8	60
Accumulated loan portfolio transferred to Møre Boligkreditt AS	28 975	29 045

Note 14

EC-capital

The 20 largest EC holders in Sparebanken Møre as at 31.12.2021	Number of ECs	Percentage share of EC capital
Cape Invest AS	975 469	9.87
Sparebankstiftelsen Tingvoll	974 300	9.85
Verdipapirfondet Eika egenkapital	382 630	3.87
Wenaasgruppen AS	380 000	3.84
MP Pensjon	339 781	3.44
Pareto AS	305 189	3.09
Verdipapirfond Nordea Norge Verdi	283 012	2.86
Spesialfondet Borea utbytte	271 334	2.74
Verdipapirfond Pareto Aksje Norge	250 257	2.53
Wenaas EFTF AS	200 000	2.02
Brown Brothers Harriman & Co.	199 377	2.02
Beka Holding AS	150 100	1.52
Lapas AS (Leif-Arne Langøy)	123 500	1.25
Kommunal Landspensjonskasse	90 751	0.92
Forsvarets personellservice	87 000	0.88
Stiftelsen Kjell Holm	80 750	0.82
BKK Pensjonskasse	70 670	0.71
U Aandahls Eftf AS	50 000	0.51
PIBCO AS	45 900	0.46
Borghild Hanna Møller	40 244	0.41
Total 20 largest EC holders	5 300 264	53.61
Total number of ECs	9 886 954	100.00

The proportion of equity certificates held by foreign nationals was 5.28 per cent at the end of the quarter.

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 2021.

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q4 2021	Q4 2020	2021	2020
Interest income from assets at amortised cost	292	258	1 065	1 140
Interest income from assets at fair value	29	21	103	169
Interest expenses	71	60	261	426
Net interest income	250	219	907	883
Commission income and revenues from banking services	61	54	226	209
Commission expenses and expenditure from banking services	7	8	34	31
Other operating income	11	11	45	44
Net commission and other operating income	65	57	237	222
Dividends	0	15	240	249
Net change in value of financial instruments	-7	4	44	54
Net result from financial instruments	-7	19	284	303
Total other income	58	76	521	525
Total income	308	295	1 428	1 408
Salaries, wages etc.	91	76	340	322
Depreciation and impairment of non-financial assets	12	12	50	51
Other operating expenses	64	59	225	224
Total operating expenses	167	147	615	597
Profit before impairment on loans	141	148	813	811
Impairment on loans, guarantees etc.	2	37	50	148
Pre-tax profit	139	111	763	663
Taxes	35	29	124	102
Profit after tax	104	82	639	561
Allocated to equity owners	98	76	616	534
Allocated to owners of Additional Tier 1 capital	6	6	23	27
Profit per EC (NOK) 1)	5.00	3.88	30.98	26.83
Diluted earnings per EC (NOK) 1)	5.00	3.88	30.98	26.83
Distributed dividend per EC (NOK)	9.00	0.00	13.50	14.00

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q4 2021	Q4 2020	2021	2020
Profit after tax	104	82	639	561
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 subsequently be reclassified to the income statement:				
Pension estimate deviations	12	-36	12	-36
Tax effect of pension estimate deviations	-3	9	-3	9
Total comprehensive income after tax	113	55	648	534
Allocated to equity owners	107	49	625	507
Allocated to owners of Additional Tier 1 capital	6	6	23	27

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

Statement of financial position - Parent bank

ASSETS (COMPRESSED)

(NOK million)	31.12.2021	31.12.2020
Cash and claims on Norges Bank	428	542
Loans to and receivables from credit institutions	4 268	5 925
Loans to and receivables from customers	41 067	37 925
Certificates, bonds and other interest-bearing securities	10 030	8 950
Financial derivatives	278	677
Shares and other securities	204	178
Equity stakes in Group companies	1 571	2 071
Deferred tax benefit	9	0
Intangible assets	51	56
Fixed assets	156	183
Other assets	117	111
Total assets	58 179	56 618

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	31.12.2021	31.12.2020
Loans and deposits from credit institutions	1 877	3 113
Deposits from customers	41 870	39 049
Debt securities issued	5 174	5 286
Financial derivatives	264	521
Incurred costs and prepaid income	80	79
Pension liabilities	35	57
Tax payable	200	109
Provisions for guarantee liabilities	39	50
Deferred tax liabilities	0	65
Other liabilites	626	633
Subordinated loan capital	703	702
Total liabilities	50 868	49 664

EC capital	989	989
ECs owned by the bank	-2	-2
Share premium	357	357
Additional Tier 1 capital	599	599
Paid-in equity	1 943	1 943
Primary capital fund	3 094	2 939
Gift fund	125	125
Dividend equalisation fund	1 831	1 679
Other equity	318	268
Retained earnings	5 368	5 011
Total equity	7 311	6 954
Total liabilities and equity	58 179	56 618

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net interest income	335	320	307	304	314
Other operating income	45	69	64	83	71
Total operating costs	174	158	158	155	156
Profit before impairment on loans	206	231	213	232	229
Impairment on loans, guarantees etc.	5	2	28	14	35
Pre-tax profit	201	229	185	218	194
Tax	48	53	42	48	47
Profit after tax	153	176	143	170	147

As a percentage of average assets					
Net interest income	1.62	1.58	1.53	1.53	1.59
Other operating income	0.22	0.34	0.31	0.42	0.36
Total operating costs	0.84	0.78	0.79	0.79	0.78
Profit before impairment on loans	1.00	1.14	1.05	1.16	1.17
Impairment on loans, guarantees etc.	0.03	0.01	0.14	0.07	0.18
Pre-tax profit	0.97	1.13	0.91	1.09	0.99
Tax	0.23	0.27	0.21	0.23	0.24
Profit after tax	0.74	0.86	0.70	0.86	0.75

Alternative Performance Measures

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

Total assets	**Definition**	Total assets.
	Justification	Total assets is an industry-specific designation for the sum of all assets.
	Calculation	The total of all assets.
Average assets	**Definition**	The average sum of total assets for the year, calculated as a daily average.
	Justification	This key figure is used in the calculation of percentage ratios for the performance items.
	Calculation	This figures comes from daily calculations in the accounting system and cannot be directly reconciled with the balance sheet.
Return on equity	**Definition**	Profit/loss for the financial year as a percentage of the average equity for the year. Additional Tier 1 capital classified as equity is excluded from this calculation, both in profit/loss and in equity.
	Justification	Return on equity is one of Sparebanken Møre's most important financial performance figures. It provides relevant information about the profitability of the Group by measuring the profitability of the operation in relation to the invested capital. The profit/loss is adjusted for interest on Additional Tier 1 capital, which pursuant to IFRS, is classified as equity, but in this context more naturally is classified as liability since the Additional Tier 1 capital bears interest and does not entitle to dividend.
	Calculation	$\frac{\text{Profit after tax-interests on AT1 capital}}{\text{((OB Equity-AT1-dividends-gifts)+(CB Equity-AT1-interests AT1-proposed dividend-gifts))/2}}$
	Figures	31.12.2021:(642-23)*100/(((7,208-599-44-45-89-90)+(7,570-599-158-160))/2)=9.5%
		31.12.2020: (567-27)*100/(((6,970-599-138-141)+(7,208-599-44-45))/2)=8.6 %
Cost income ratio	**Definition**	Total operating costs in percentage of total income.
	Justification	This key figure provides information about the relation between income and costs and is a useful performance indicator for evaluating the cost-efficiency of the Group.
	Calculation	$\frac{\text{Total operating costs}}{\text{Total income}}$
	Figures	31.12.2021: 645/1,527=42.2 %
		31.12.2020: 624/1,507=41.4 %

Losses as a percentage of loans, guarantees, etc	**Definition**	«Impairment on loans, guarantees etc.» in percentage of «Gross loans to and receivables from customers» at the beginning of the accounting period (annualized).
	Justification	This key figure specifies recognised impairments in relation to gross lending and gives relevant information about the bank's losses compared to lending volume. This key figure is considered to be more suitable as a comparison figure to other banks than the impairments itself since this figure is viewed in context of lending volume.
	Calculation	Losses on loans and guarantees / Gross loans to and receivables from customers per 1.1.
	Figures	31.12.2021: 49/67,126=0.07 %
		31.12.2020: 149/64,288=0.23 %
Deposit-to-loan ratio	**Definition**	«Deposit from customers» as a percentage of «Gross loans to and receivables from customers».
	Justification	The deposit-to-loan ratio provides important information about how the Group finances its operations. Receivables from customers represent an important share of the financing of the Group's lending, and this key figure provides important information about the Group's dependence on market funding.
	Calculation	Deposits from customers / Gross loans to and receivables from customers
	Figures	31.12.2021: 41,853/70,254=59.6 %
		31.12.2020: 39,023/67,126=58.1 %
Lending growth as a percentage	**Definition**	The period's change in «Lending to and receivables from customers» as a percentage of «Lending to and receivables from customers» over the last 12 months.
	Justification	This key figure provides information about the activity and growth in the bank's lending.
	Calculation	CB Net loans to and recievables from customers - OB Net loans to and recievables from customers / OB Net loans to and recievables from customers
	Figures	31.12.2021: (69,925-66,850)/66,850=4.6 %
		31.12.2020: (66,850-64,029)/64,029=4.4 %
Deposit growth as a percentage	**Definition**	The period's change in «Receivables from customers» as a percentage of «Receivables from customers» over the last 12 months.
	Justification	This key figure provides information about the activity and growth in deposits, which is an important part of the financing of the Group's lending.
	Calculation	CB Deposit from customers - OB Deposits from customers / OB Deposits from customers
	Figures	31.12.2021: (41,853-39,023)/39,023=7.3 %
		31.12.2020: (39,023-36,803)/36,803=6.0 %
	Defintion	The total equity that belongs to the owners of the bank's equity certificates (equity certificate capital, share premium, dividend equalisation fund and equity certificate holders' share of other equity, including proposed dividend) divided by the number of issued equity certificates.

Book value per equity certificate	**Justification**	This key figure provides information about the value of the book equity per equity certificate. This gives the reader the opportunity to assess the market price of the equity certificate. The key figure is calculated as equity certificate holders' share of the equity at the end of the period, divided by the number of equity certificates.
	Calculation	(Total Equity+share premium+dividend equal.fund+EC holders' share of other equity, incl.proposed dividend) Number of ECs issued
	Figures	31.12.2021: (989+357+1,831+(577*0.4966))/9.886954=350
		31.12.2020: (989+357+1,679+(522*0.496))/9.886954=332
Price/book value (P/B)	**Definition**	Market price on the bank's equity certificates (MORG) divided by the book value per equity certificate for the Group.
	Justification	This key figure provides information about the book value per equity certificate compared to the market price at a certain time. This gives the reader the opportunity to assess the market price of the equity certificate.
	Calculation	Market price per equity certificate / Book value per equity certificate
	Figures	31.12.2021: 444/350=1.27
		31.12.2020: 296/332=0.89

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