

Presentation Sparebanken Møre Group 1st quarter 2024

Trond Lars Nydal
CEO

John Arne Winsnes
CFO

Ålesund
25 April 2024



Næringsteft 2024





Industry and business community with the ability and willingness to adapt to the market

We work closely with customers

Specialist environment
with in-depth industry
expertise, local
knowledge and who
make local decisions.

It is felt to be valuable
and provides
predictability for all
parties.



Local presence

Skilled local advisers with local knowledge and local relationships are a competitive advantage

27 April

A good start to the year



Continuous good growth rate

Loans: 6.9 %
Deposits: 9.0 %
(Last 12 months)



Strong Net Interest Income

In NOK: 508 million
In per cent: 2.07



Low loan losses

In NOK: 17 million
In per cent: 0,07
(loans and guarantees)



Strong profitability

ROE: 13.1 %



Strong Efficiency

C/I: 39.5 %



Strong liquidity and solidity

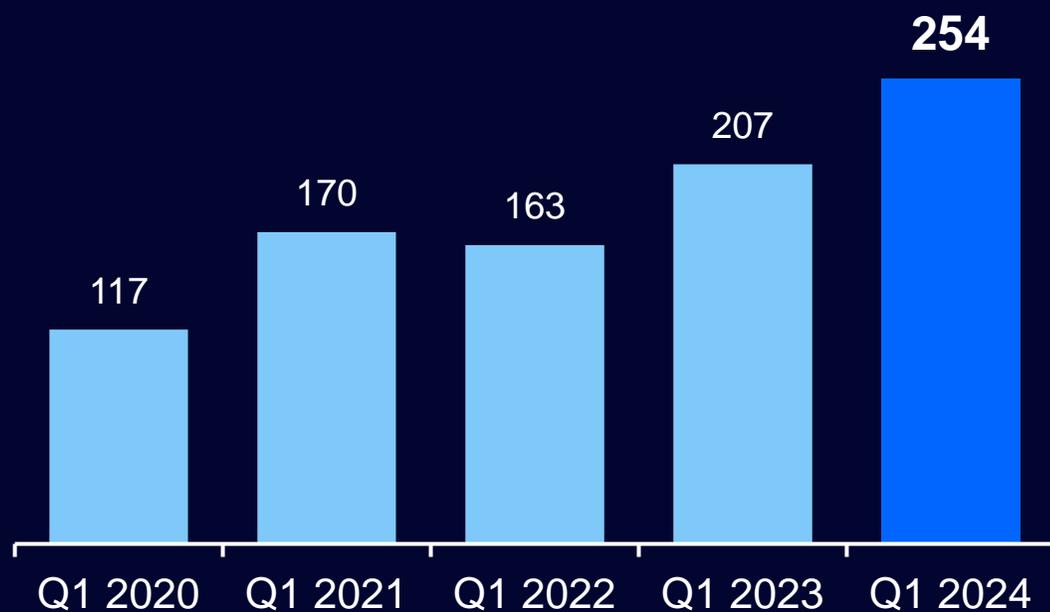
Deposit-to-loan ratio: 57,7%
LCR: 173
NSFR: 124
CET1: 18.5 %
Leverage Ratio: 7.7 %



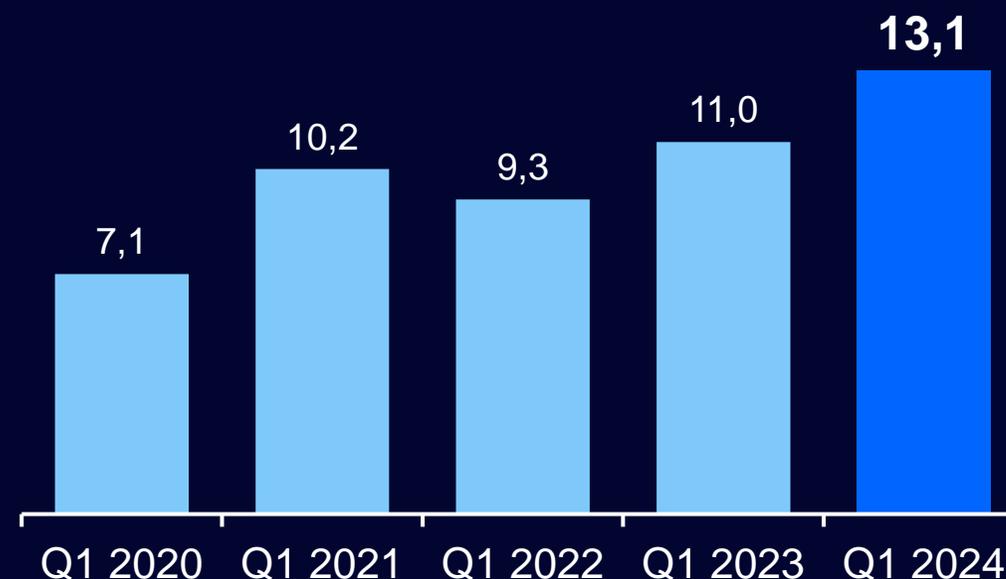
The bank delivers a solid quarterly result

Profit after taxes

- in MNOK



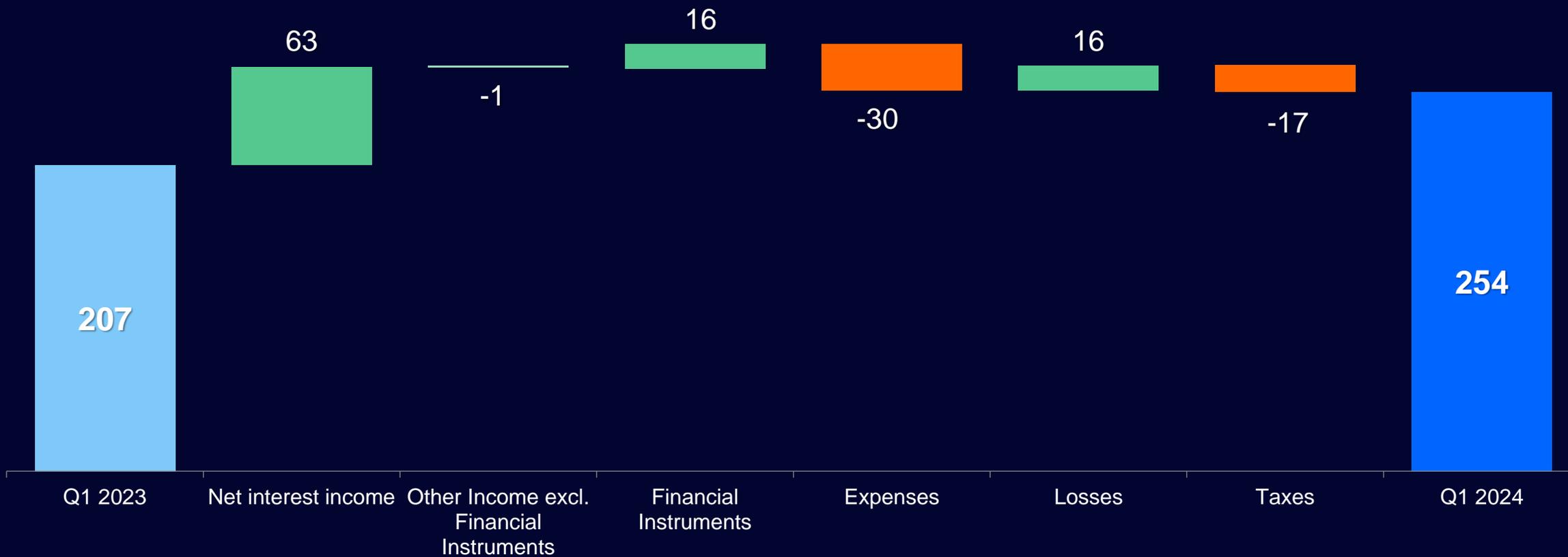
Return On Equity



Result per equity certificate in the 1st quarter of 2024 is NOK 2.41 (Group) against NOK 1.96 (Group) in the 1st quarter of 2023

Results

Profit after tax in Q1 2024 compared with Q1 2023

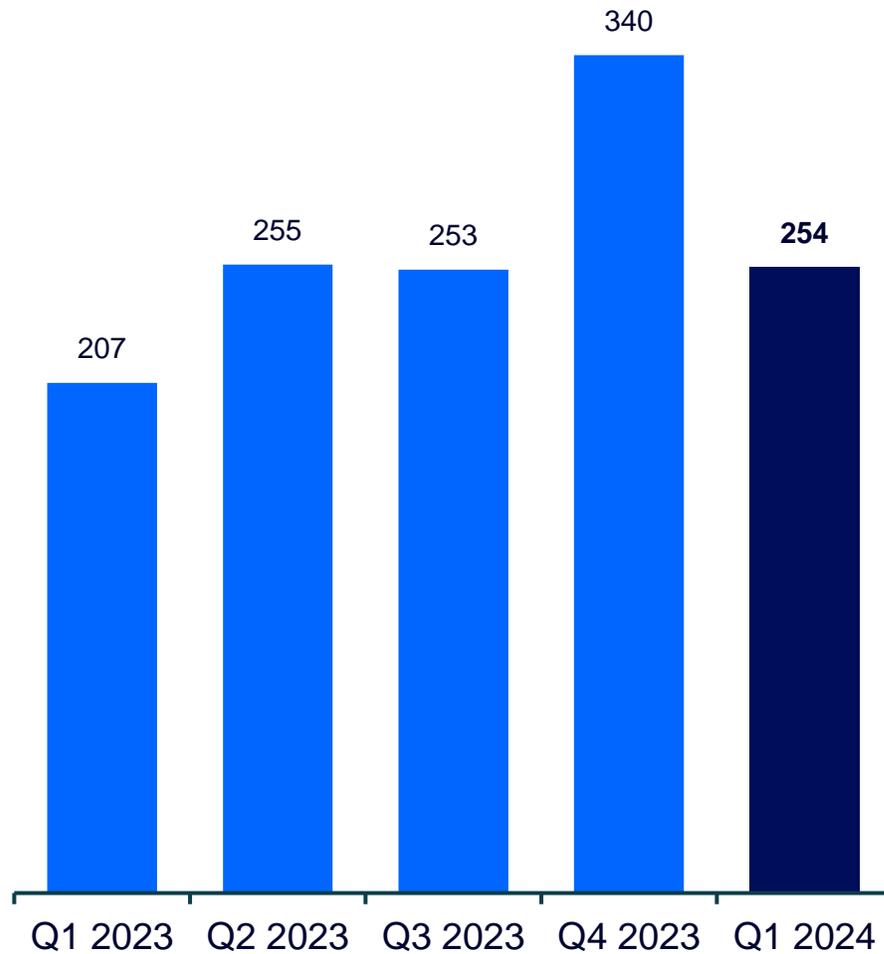


1st quarter 2024



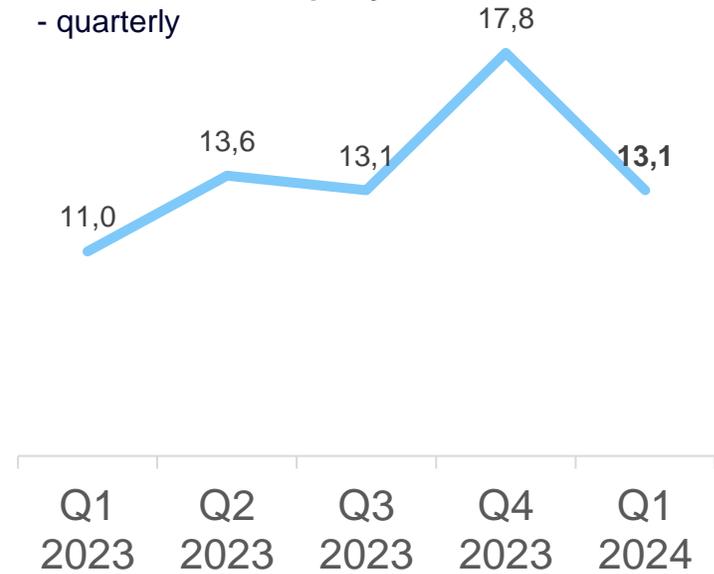
A solid quarterly result

Profit after tax
- in MNOK



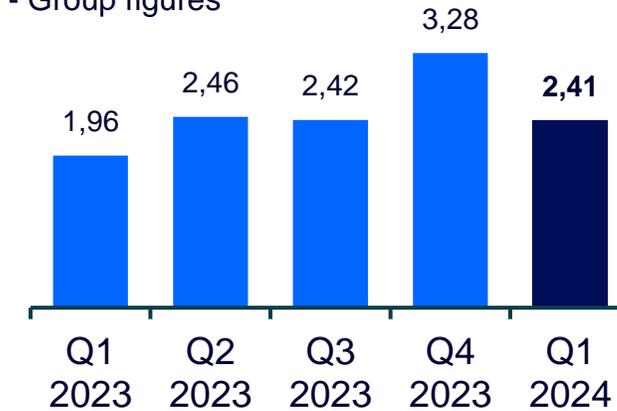
Return on Equity

- quarterly



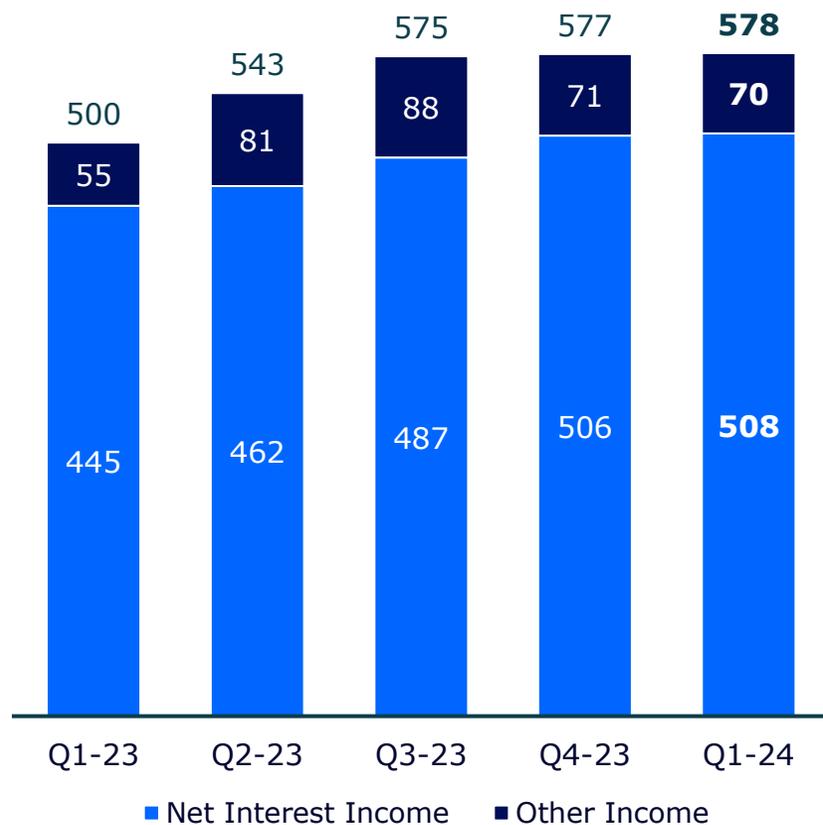
Profit per EC

- Group figures

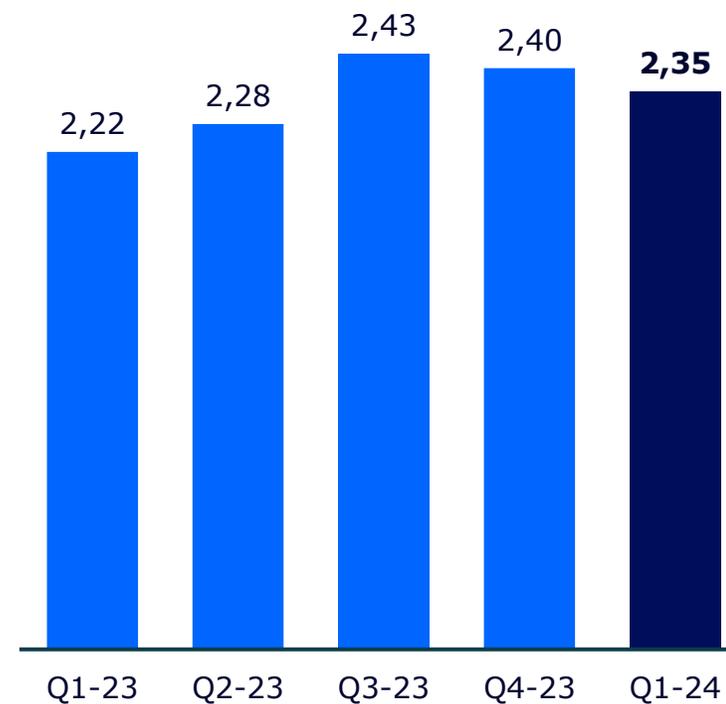


Total income

Total Income in the quarter
- NOK million



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



Lending growth

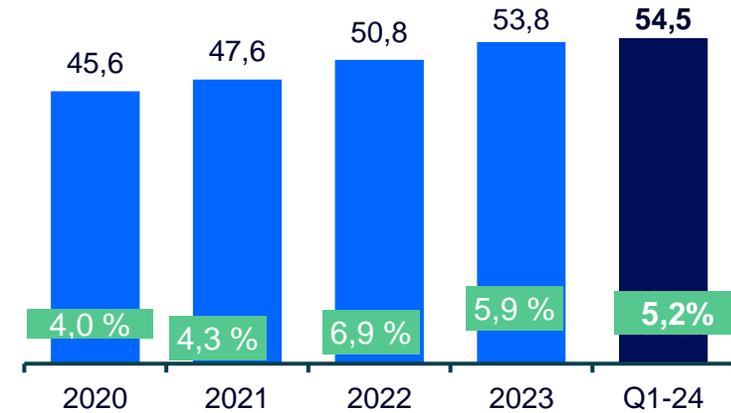
Loans

- MNOK 5,393 in lending growth last 12 months (net lending)



Lending growth retail market

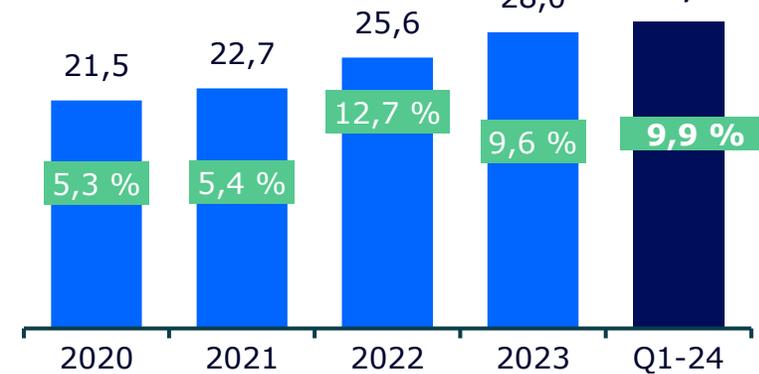
- NOK billion and annual growth



Lending growth in the last 12 months: MNOK 2,708

Lending growth corporate market

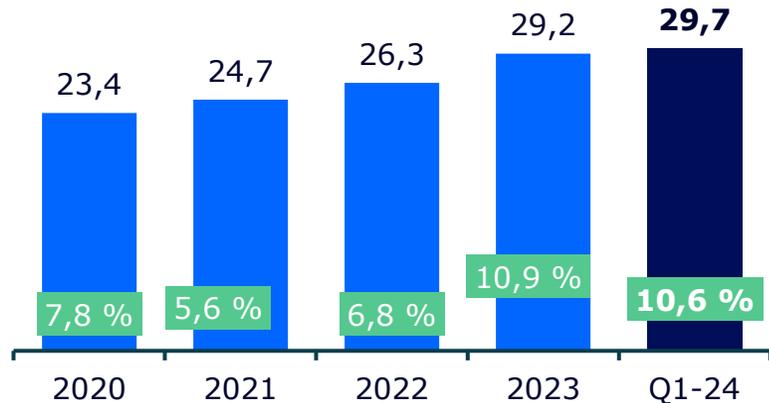
- NOK billion and annual growth



Lending growth in the last 12 months: MNOK 2,615

Deposits – retail market

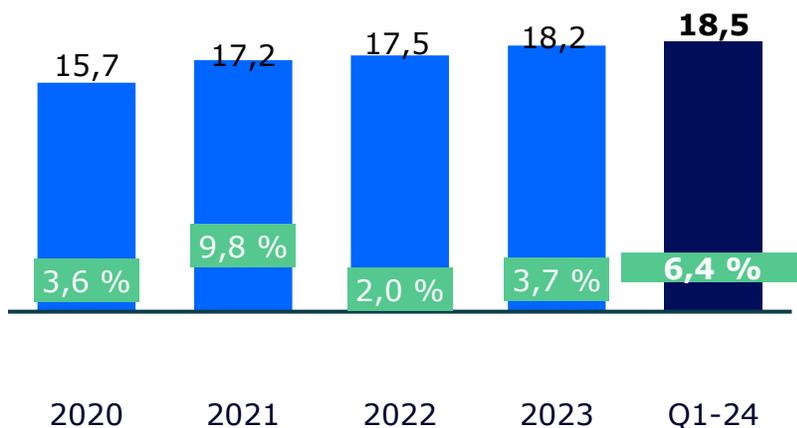
- NOK billion and annual growth



Deposit growth in the last 12 months: MNOK 2,849

Deposits – corporate market

- NOK billion and annual growth



Increase in deposits in the last 12 months: MNOK 1,117

Deposits

Deposits

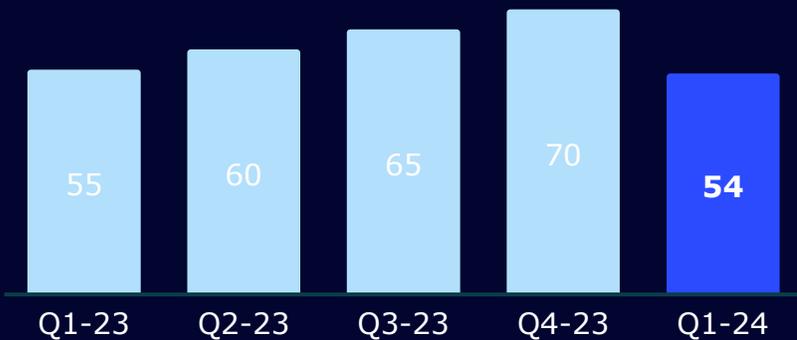
- Deposit growth in the last 12 months: MNOK 3,966



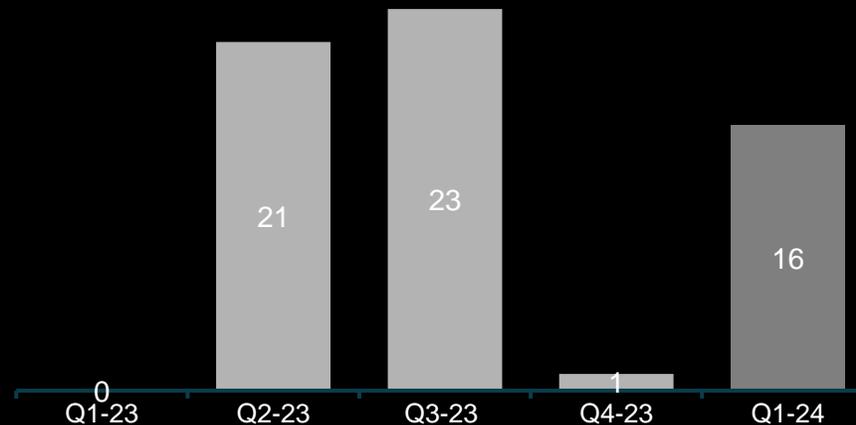
High deposit-to-loan ratio of 57.7 per cent

Other Income

Customer related other income
- MNOK



Financial Instruments
- MNOK



Expenses

Operating expenses in the quarter

- NOK million



Cost/Income ratio

- Annually

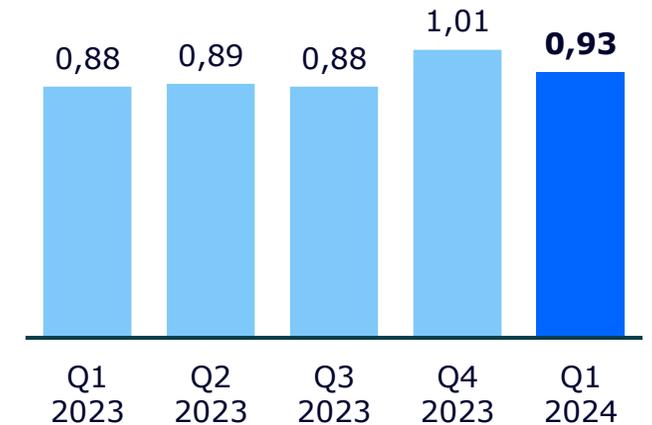


- Quarterly



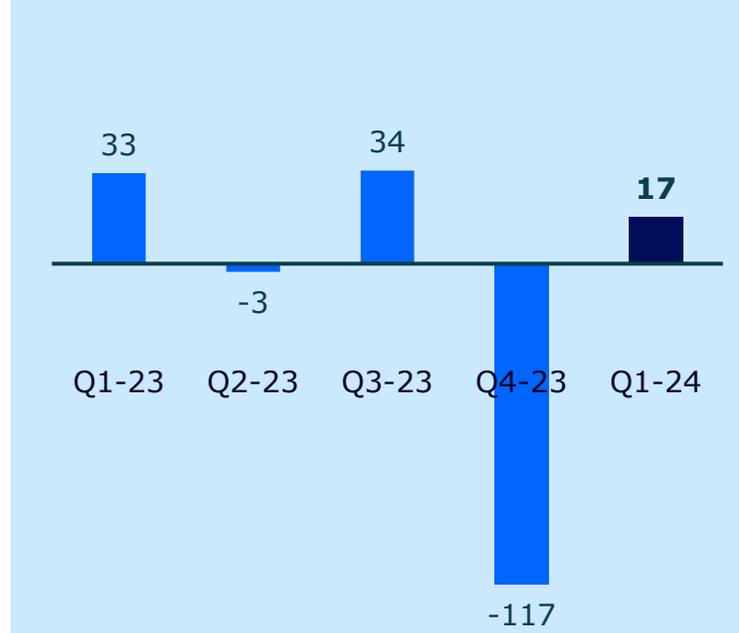
Operating expenses in the quarter

- in per cent of Average Assets

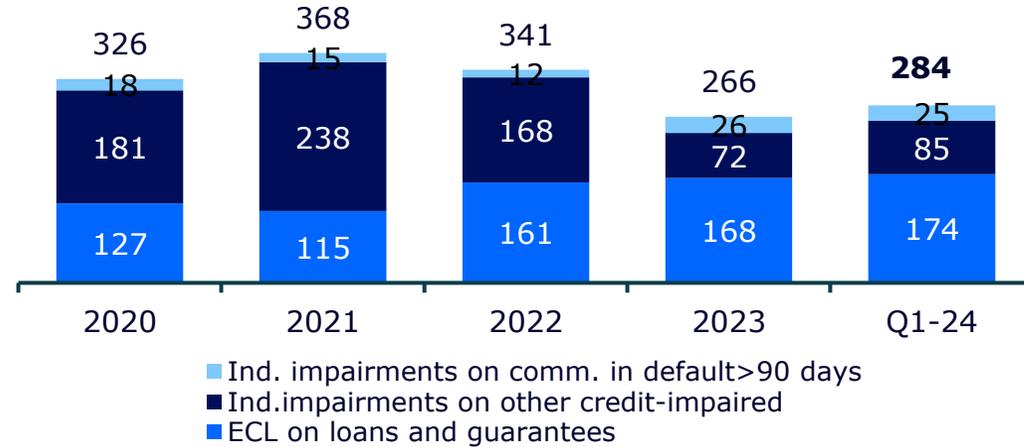


Losses and portfolio quality

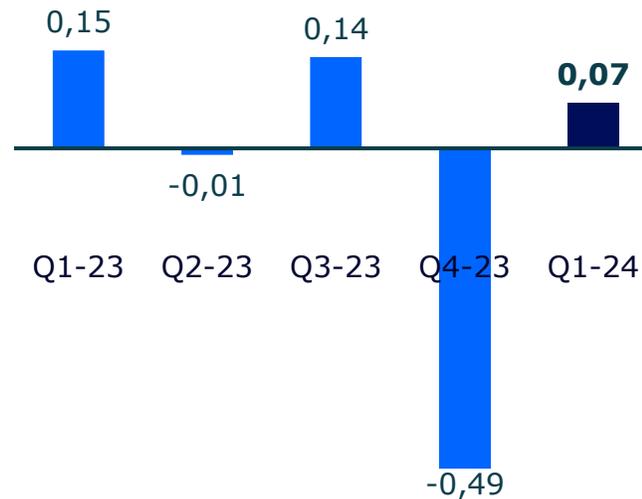
Losses on loans and guarantees
- NOK million



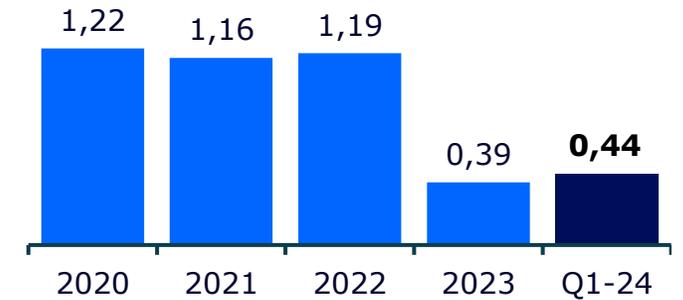
Impairments
- NOK million



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



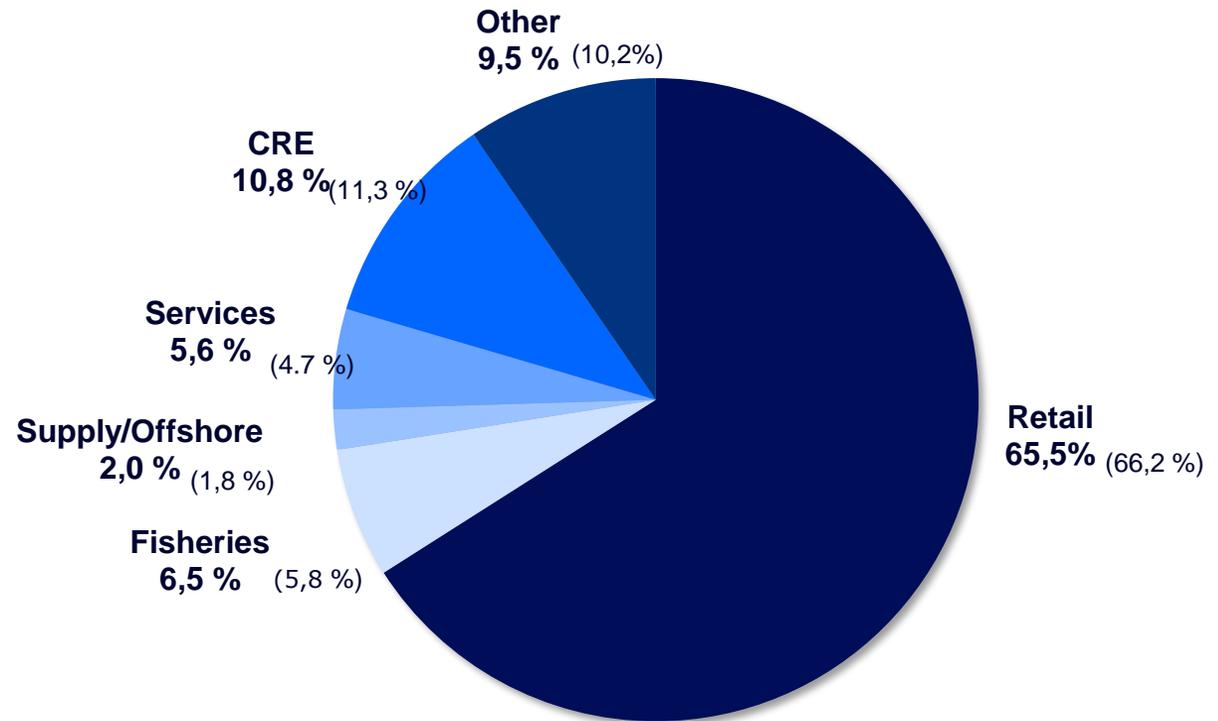
Credit-impaired commitments (net)
- in per cent of loans and guarantees



Corporate lending

- The bank has a stable share of exposure to the corporate sector
- There is good industry risk diversification
- Low level of risk in the portfolio
- Increased lending by NOK 1.0 billion in the first quarter within the maritime and the seafood sectors

Loans by sector



(comparable figures for Q1 2023 in brackets)

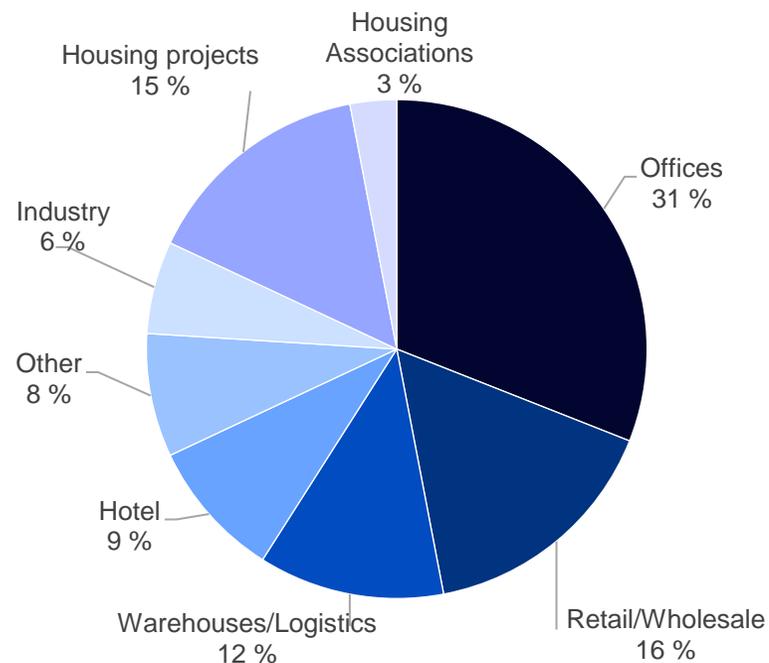
Other – 9,5% (10,2 %):

Financial services	1.1 % (1.4 %)	Retail/ wholesale trade	1.5 % (1.7 %)
Other Industry	2.9 % (2.6 %)	Agriculture	0.9 % (0.9 %)
Fishing Industry	1.2 % (0.7 %)	Other	0.4 % (1.0 %)
Ship Yards	0.2 % (0.5 %)		
Building and Construction	1.4 % (1.4 %)		

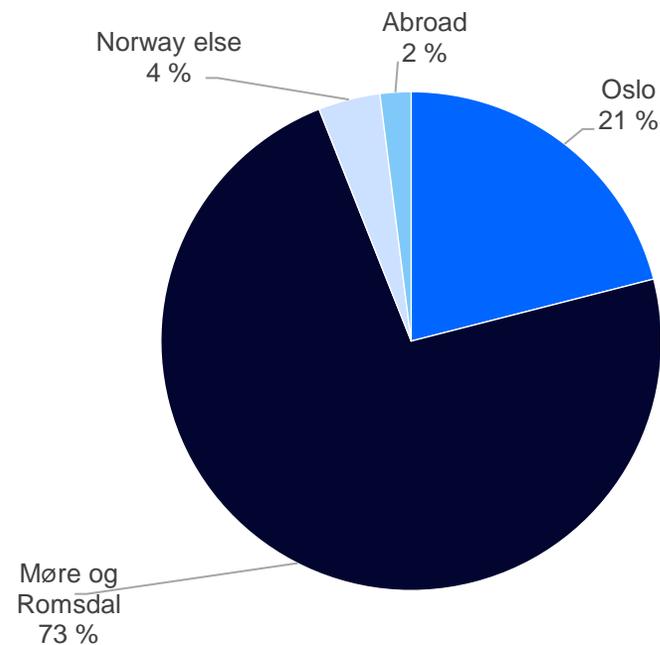
Exposure to Commercial Real Estate (CRE)

- Stable and well-diversified property portfolio
- 73 per cent of the portfolio within our county Møre and Romsdal, offices and hotel properties in Oslo make up 21 per cent
- 95 per cent of the portfolio is in the low and medium risk category

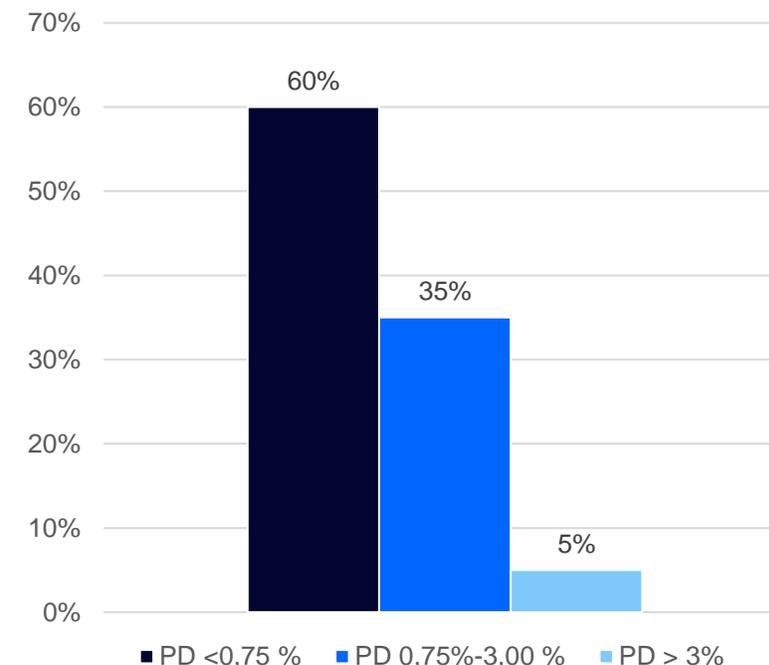
Sub-segments



Geographical distribution



Risk classification

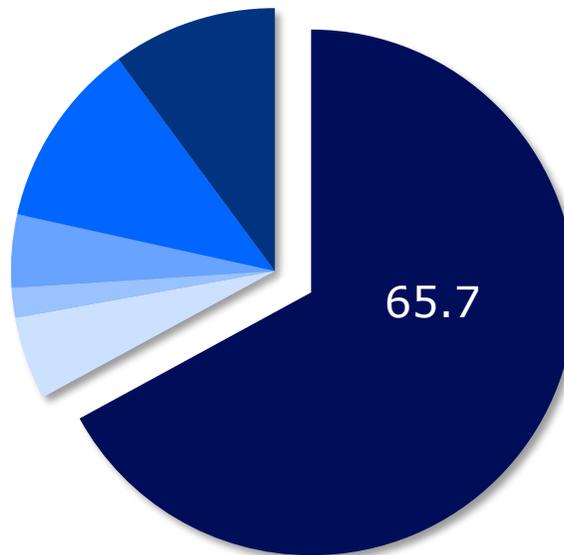


Good quality in our retail portfolio

- Risk in the portfolio is low with 96 per cent of the loans within 85 per cent LTV
- The level of default is lower than in the industry in general
- Reduction in the number of payment holidays and changes in term payments
- Deviation from The Lending Regulation is reduced

Loans to retail customers

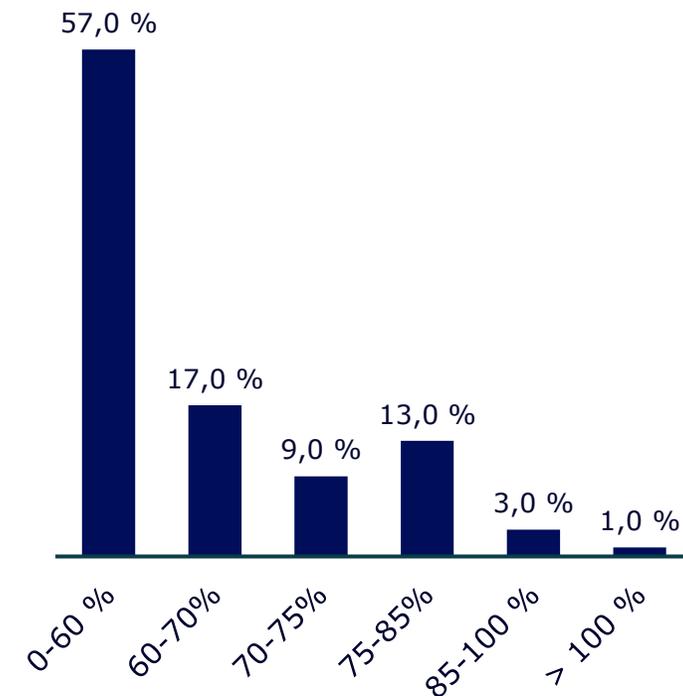
- In per cent of total loans



- Deviation from The Lending Regulation reported in Q1-2024:
 - 5.3 % outside Oslo (flexibility quota 10 %)
 - 0.9 % in Oslo (flexibility quota 8 %)

Loan-to-Value – retail loans (LTV)

(LTV)

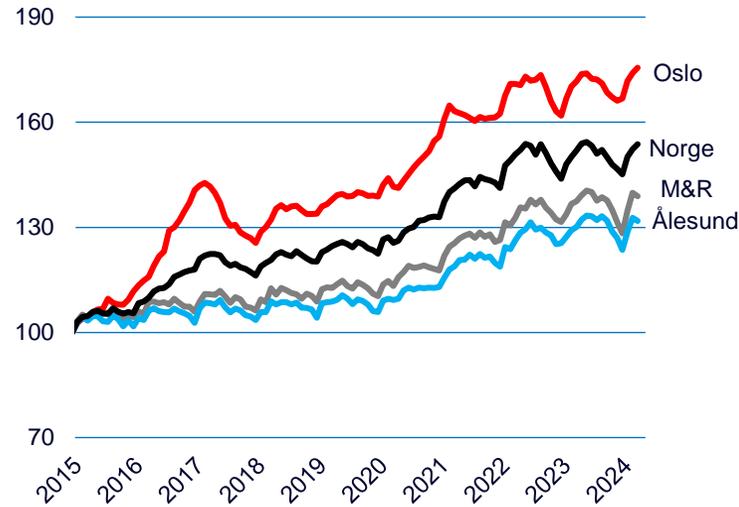


- 96 % of mortgages are within 85 % of LTV

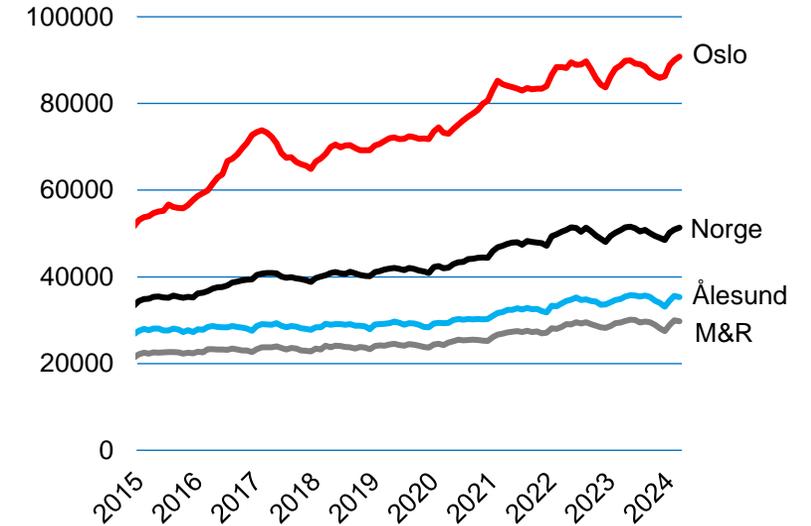
House price development

- Norwegian housing prices increased by 1.2 per cent over the last 12 months
- Housing prices in the county of Møre og Romsdal (M&R) increased with 1.3 percent
- The housing market is well functioning and seems resilient to increasing interest rates

Indexed development
- January 2015 = 100



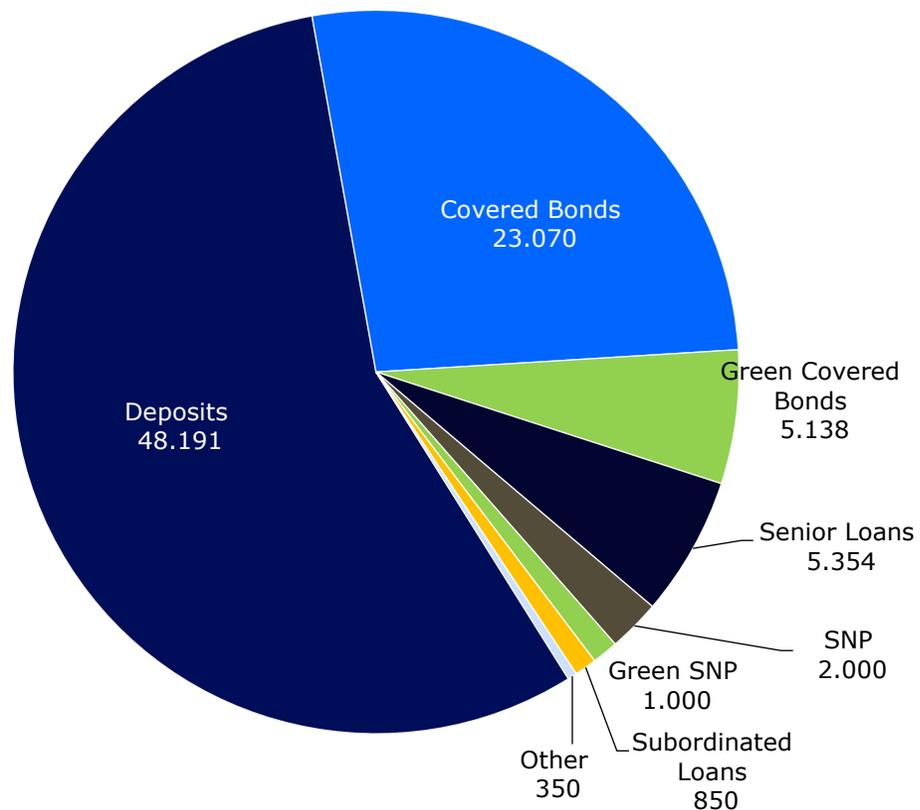
Price per square meter
- January 2015 – March 2024



Key information on pre-owned dwellings sold in March 2024

	Norway	M & R	Ålesund	City of Oslo
Seasonal adj. development last month	+0.6 %	-1.1 %	-1.0 %	+0.6 %
Development last 12 months	+1.2 %	+1.3 %	+1.0 %	+2.3 %
Development last 10 years	+58.5 %	+35.1 %	+42.4 %	+89.7 %
Per square meter (NOK)	51,381	29,778	35,344	90,831
Average number of days on market	56 days	72 days	68 days	30 days
Price median dwelling (NOK)	3,774,145	2,850,000	3,100,000	5,141,853

Good market access and diversification



Strong rating and long-term financing

57.7 %

- Deposit to loan ratio

A1

- Moody's rating
- Stable outlook

38.7 bln.

- Net market financing

Aaa

- Covered Bonds

6 bln

- Green financing

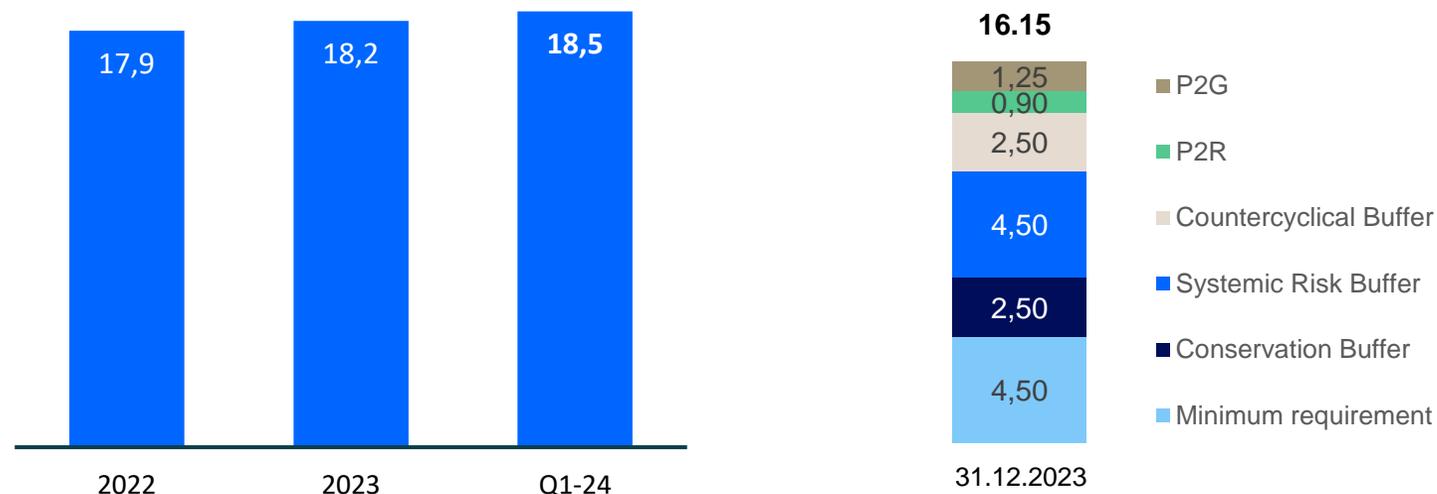
3.05 year

- Remaining duration Covered Bonds

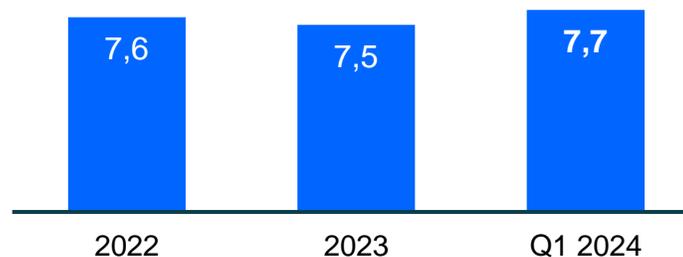
Strong capital

- Higher predictability with regard to regulatory capital requirements
- The bank has a long-term target for CET1 which must at least be the sum of Pillar 1, Pillar 2 (P2R) and P2G and is thus well capitalized with solid buffers against capital requirements and capital targets
- 2.35 p.p. CET1-buffer relative to the regulatory requirement
- Increased Leverage ratio

CET1- status and requirements (per cent)



Leverage Ratio



MORG pricing

Total Return stronger than the index in Q1 2024

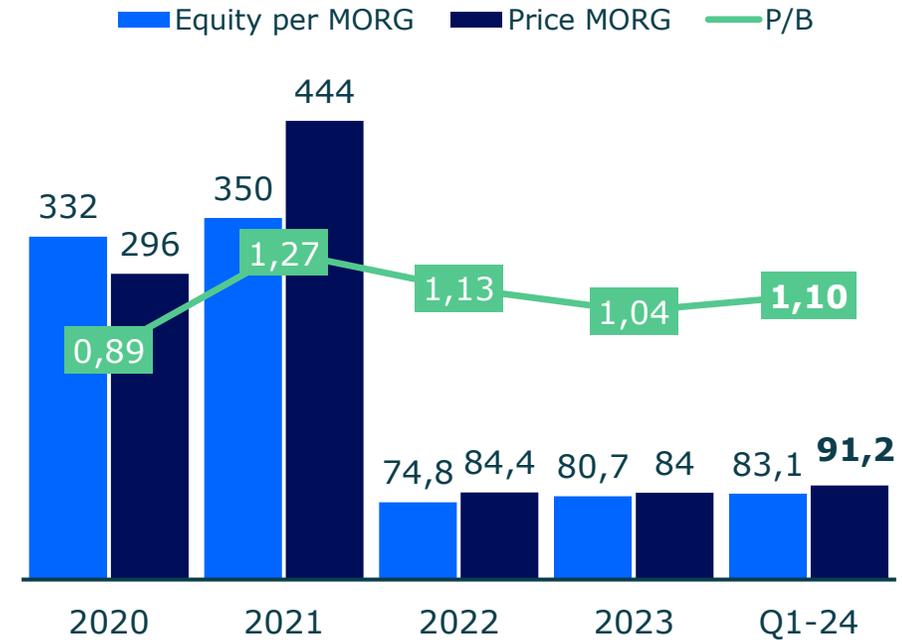
SBM vs. index YTD. Total return. Percent.



Source: Macrobond

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

- Equity, price and P/B



*Equity per MORG is calculated on Group figures.

Figures for 2020-2021 stated before the split in 2022.

A woman with blonde hair, wearing a light-colored blazer, is smiling and looking towards the camera. Behind her, a man in a light blue shirt is also smiling and looking slightly to the side. They are in an office with a large window that offers a view of a harbor with boats and mountains in the background. The window has a dark frame with a large 'X' shape.

We are driven by improvements

We are continuing to develop the bank

Topical issues in Q1



Rehabilitation
Considering total renovation of head office

28

Eco-Lighthouse
All offices are certified



«Børs og Bacalao»
Norway's largest investor conference and finals in our startup competition «Næringsteft»



New Chief Economist
Kristian Tafjord

Promoter of sustainable development

From words to action

Climate

Environment

Social aspects

Strong governance

*"Sparebanken Møre excels once again and receives the best feedback among the banks measured in relation to sustainability. **Over a long time, they have had a clear strategy, good communication and, not least, advised customers how to work actively with sustainability.**"*

Fredrik Høst, EPSI Norge



Competence and adaptability



- «GrønnArena Møre» - Energy-efficiency in commercial buildings
 - 3-year programme in cooperation with Energiråd
- Competence Ladder
 - 4 different themes - 4 locations in the county
 - In cooperation with the UN Global Compact
- Competence programme for employees



International development and growth prospects



Inflationary pressures continue to decline

Global inflationary pressures continue to decline, albeit at a slightly slower pace than before. At the same time, the real economies of a number of western countries appear able to withstand current interest rates better than expected, especially true in the US.



Interest rate cuts will come somewhat later

The fear of reducing interest rates prematurely, and thus helping inflation speed up again, is clear. There is a prospect that the first interest rate cuts will come somewhat later than previously envisaged, and that the interest rate decline will also be more gradual.



The geopolitical uncertainty persists

Growth prospects in the world economy are relatively subdued. At the same time, the geopolitical situation in Ukraine and the Middle East continues to represent a significant risk. The further development can i.a. have an impact on risk appetite in the financial markets and commodity prices.



High level of activity in Norway and Møre og Romsdal

The level of activity in the Norwegian economy is still high, and unemployment is low. However, the interest rate hikes behind us contribute to the economy continuing to cool down. At the same time, there is a large gap between developments in the various industries.

In Møre and Romsdal, unemployment remains at lower levels than the national average, with 1.8 per cent registered unemployment as of March. This is linked to a relatively high proportion of industry and export-oriented industries.

There are prospects for high wage growth and an increase in household purchasing power this year. This will help to keep the level of activity in the Norwegian economy up. At the same time, we see that housing price developments are stronger than expected, and the NOK exchange rate has weakened so far this year.

All these factors point in the direction of the first interest rate cut being pushed further out in time. Market interest rates indicate expectations that the first rate cut will come in December, somewhat later than indicated by Norges Bank's interest rate path.

Well equipped for further growth



Solid economic foundations



Good activity results in good lending and deposit growth



We are close to the customers



Insight into business and society (industry and local knowledge)



Low risk in the portfolio

Long term financial targets



ROE
> 12.0%



C/I < 40 %



Low losses



Healthy financial
structure



Long-term target for
Common Equity Tier 1
capital (CET1) which
minimum must be the sum
of pillar 1, pillar 2 (P2R)
and P2G

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





Contact

sbm.no
facebook.com/sbm.no
@sbmno
engasjert.sbm.no



Trond Lars Nydal CEO

+47 95 17 99 77
trond.nydal@sbm.no

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John Arne Winsnes CFO

+47 46 28 09 99
jaw@sbm.no

Runar Sandanger Senior Economist SVP

+47 95 04 36 60
runar.sandanger@sbm.no

Attachments

Results Q1

Key figures Q1 24 and Q1 23

Results (NOK million and %)	In Q1 2024		In Q1 2023		Changes		
	MNOK	%	MNOK	%	MNOK	p.p.	%
Net Interest Income	508	2,07	445	1,98	63	0,09	14,2
Gains/losses liquidity portfolio	5	0,02	-12	-0,05	17	0,07	-141,7
Gains/losses on shares	0	0,00	5	0,02	-5	-0,02	-100,0
Net income Financial Instruments	11	0,05	7	0,03	4	0,02	57,1
Other Income	54	0,22	55	0,24	-1	-0,02	-1,8
Total Other Income	70	0,29	55	0,24	15	0,05	27,3
Total Income	578	2,35	500	2,22	78	0,13	15,6
Salaries and wages	124	0,51	111	0,49	13	0,02	11,7
Other expenses	104	0,42	87	0,39	17	0,03	19,5
Total operating expenses	228	0,93	198	0,88	30	0,05	15,2
Profit before losses	350	1,42	302	1,34	48	0,08	15,9
Losses on loans and guarantees	17	0,07	33	0,15	-16	0,08	-48,5
Pre-tax profit	333	1,35	269	1,19	64	0,16	23,8
Taxes	79	0,32	62	0,27	17	0,05	27,4
Profit after tax	254	1,03	207	0,92	47	0,11	22,7
Return on equity (ROE) %	13,1		11,0		2,1		
Cost/Income ratio	39,5		39,7		-0,2		
Profit per EC (NOK)	2,41		1,96		0,45		

Balance sheet and key figures

Key figures per Q1 2024 and Q1 2023

	31.03.24	31.03.23	Changes	
Balance in NOK million			MNOK	%
Total Assets	99 372	93 159	6 213	6,7
Loans to customers	83 260	77 867	5 393	6,9
Deposits from customers	48 191	44 225	3 966	9,0
Net Equity and Subordinated Loans	8 676	8 020	656	8,2

Key Figures	31.03.24	31.03.23	Changes p.p.	
Return on Equity	13,1	11,0	2,1	
Cost/Income Ratio	39,5	39,7	-0,2	
Capital Adequacy Ratio	23,1	22,2	0,9	
Tier 1 Capital	20,8	19,5	1,3	
CET1	18,5	17,7	0,8	
Leverage Ratio	7,7	7,4	0,3	
Profit per EC (NOK, the Group)	2,41	1,96	0,44	
Profit per EC (NOK, the bank)	3,32	3,10	0,22	

Specification of other income

Q1 2024 and Q1 2023

(NOK million)	Q1 2024	Q1 2023	Changes y/y
Guarantee commission	7	7	0
Income from the sale of insurance services (non-life/personal)	7	7	0
Income from the sale of shares in unit trusts/securities	2	3	-1
Income from Discretionary Portfolio Management	13	11	2
Income from payment transfers	21	21	0
Other fees and commission income	6	8	-2
Commission income and income from banking services	56	57	-1
Commission expenses and expenses from banking services	-10	-10	0
Income from real estate brokerage	8	8	0
Other operating income	0	0	0
Total other operating income	8	8	0
Net commission and other operating income	54	55	-1
Interest rate hedging (for customers)	2	2	0
Currency hedging (for customers)	10	10	0
Dividend received	4	0	4
Net gains/losses on shares	-4	5	-9
Net gains/losses on bonds	5	-12	17
Change in value of fixed-rate loans	0	-7	7
Change in value of issued bonds	0	4	-4
Net gains/losses related to buy back of outstanding bonds	-1	-2	1
Net result from financial instruments	16	0	16
Total other income	70	55	15

Specification of expenses

Q1 2024 and Q1 2023

(NOK million)	Q1 2024	Q1 2023	Changes y/y
Wages	91	81	10
Pension expenses	8	6	2
Employers' social security contribution and Financial activity tax	19	18	1
Other personnel expenses	6	6	0
Wages. salaries. etc.	124	111	13
Depreciations	13	12	1
Operating expenses own and rented premises	5	5	0
Maintenance of fixed assets	2	2	0
IT-expenses	54	38	16
Marketing expenses	10	9	1
Purchase of external services	8	7	1
Expenses related to postage. telephone. newspapers etc.	2	3	-1
Travel expenses	1	1	0
Capital tax	3	2	1
Other operating expenses	6	8	-2
Total other operating expenses	91	75	16
Total operating expenses	228	198	30

Low level of credit-impaired commitments

Group figures

- in % of total commitments



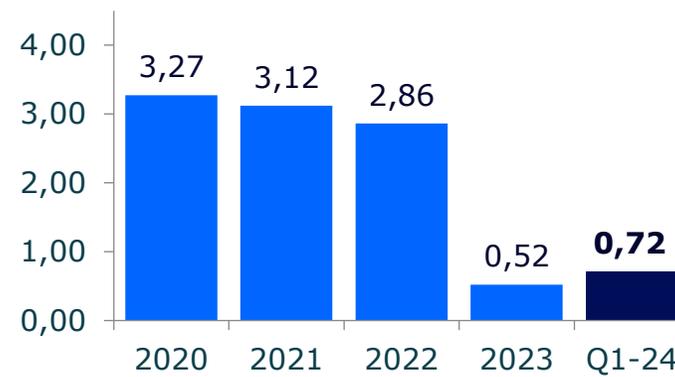
Retail market

- in % of retail commitments



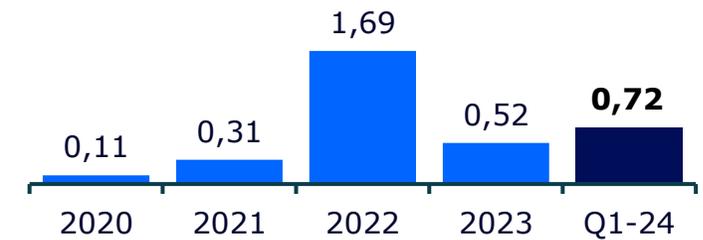
Corporate market

- in % of corporate commitments



Corporate market (excl. Oil services/supply)

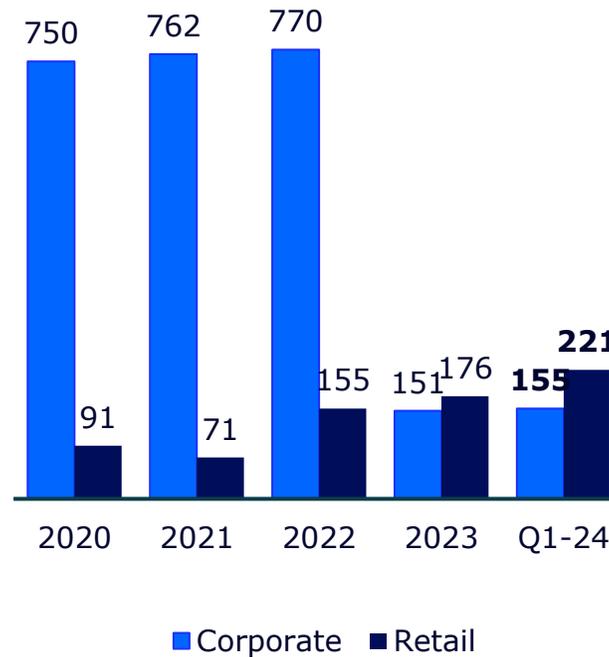
- in % of corporate commitments



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



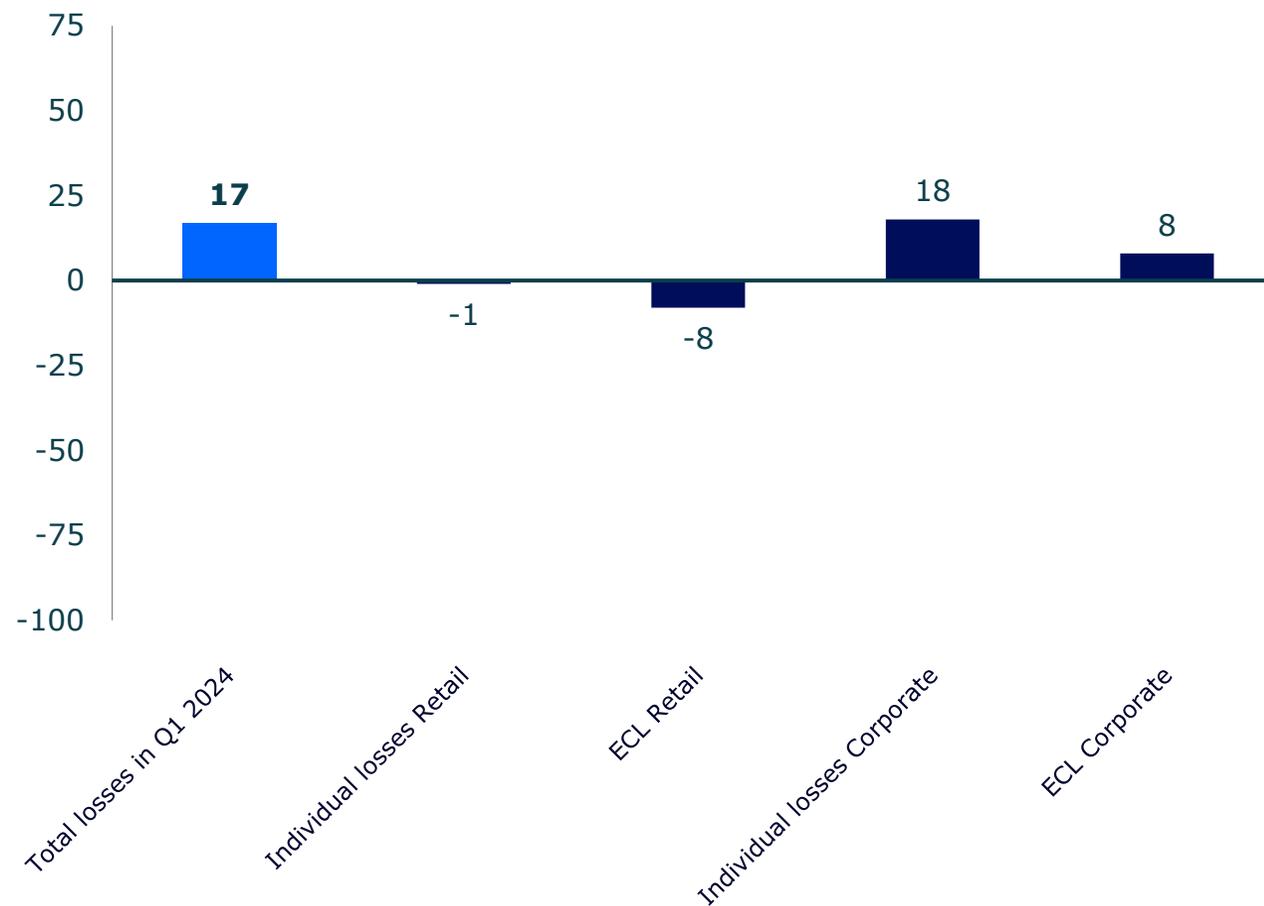
Total credit-impaired commitments
- in % of commitments



Losses by sector

Losses on loans and guarantees

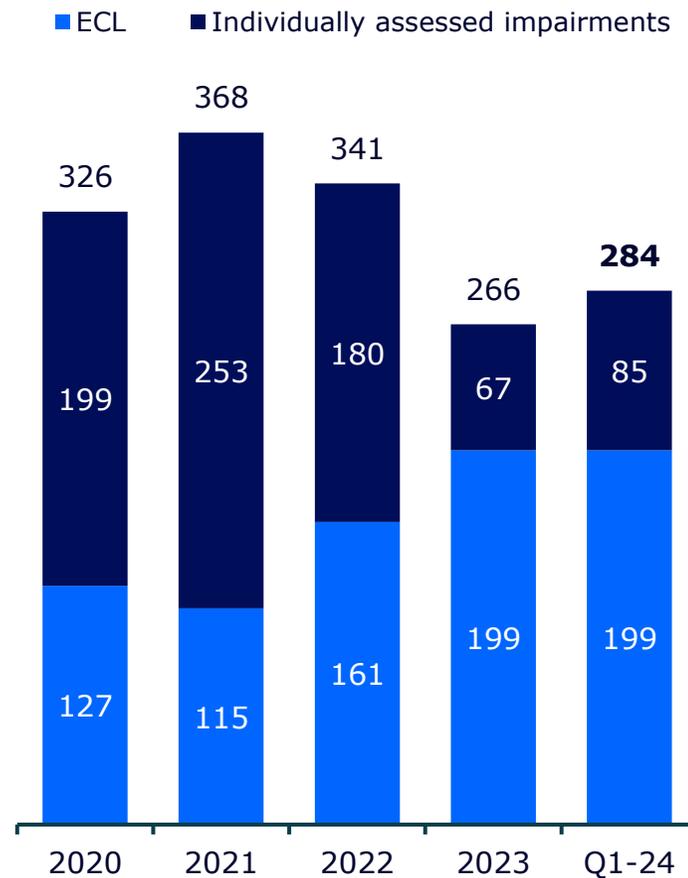
- NOK million



Expected credit losses

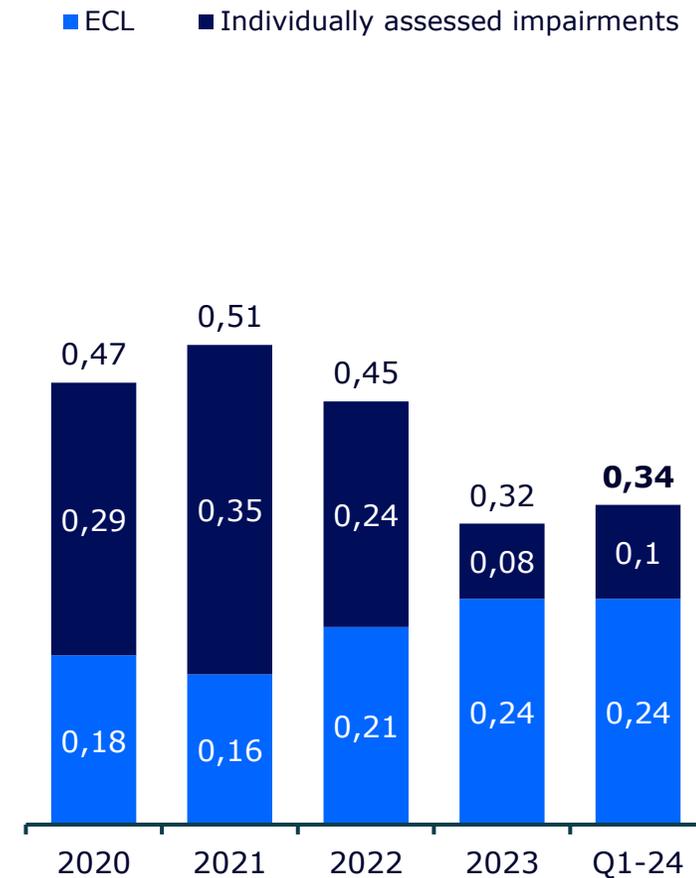
Expected credit losses

- in NOK million



Expected credit losses

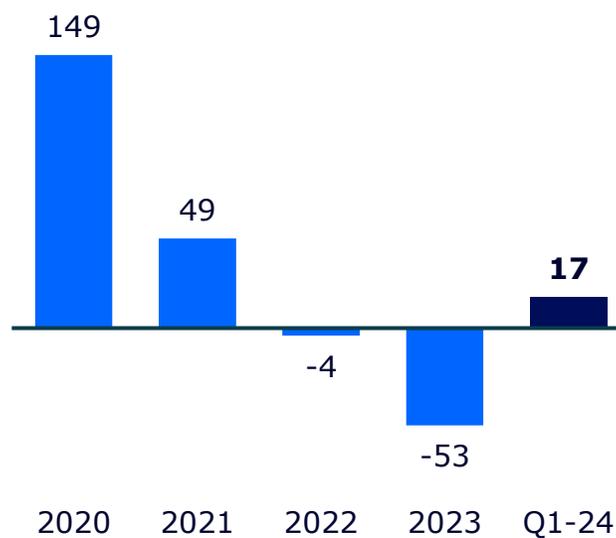
- in % of commitments



Recognized losses

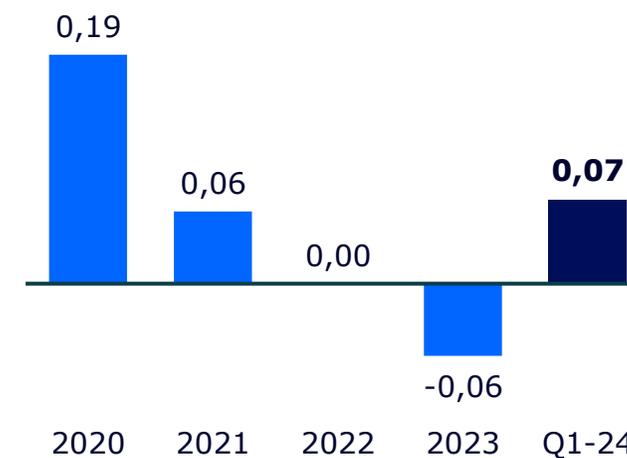
Losses on loans and guarantees

- NOK million



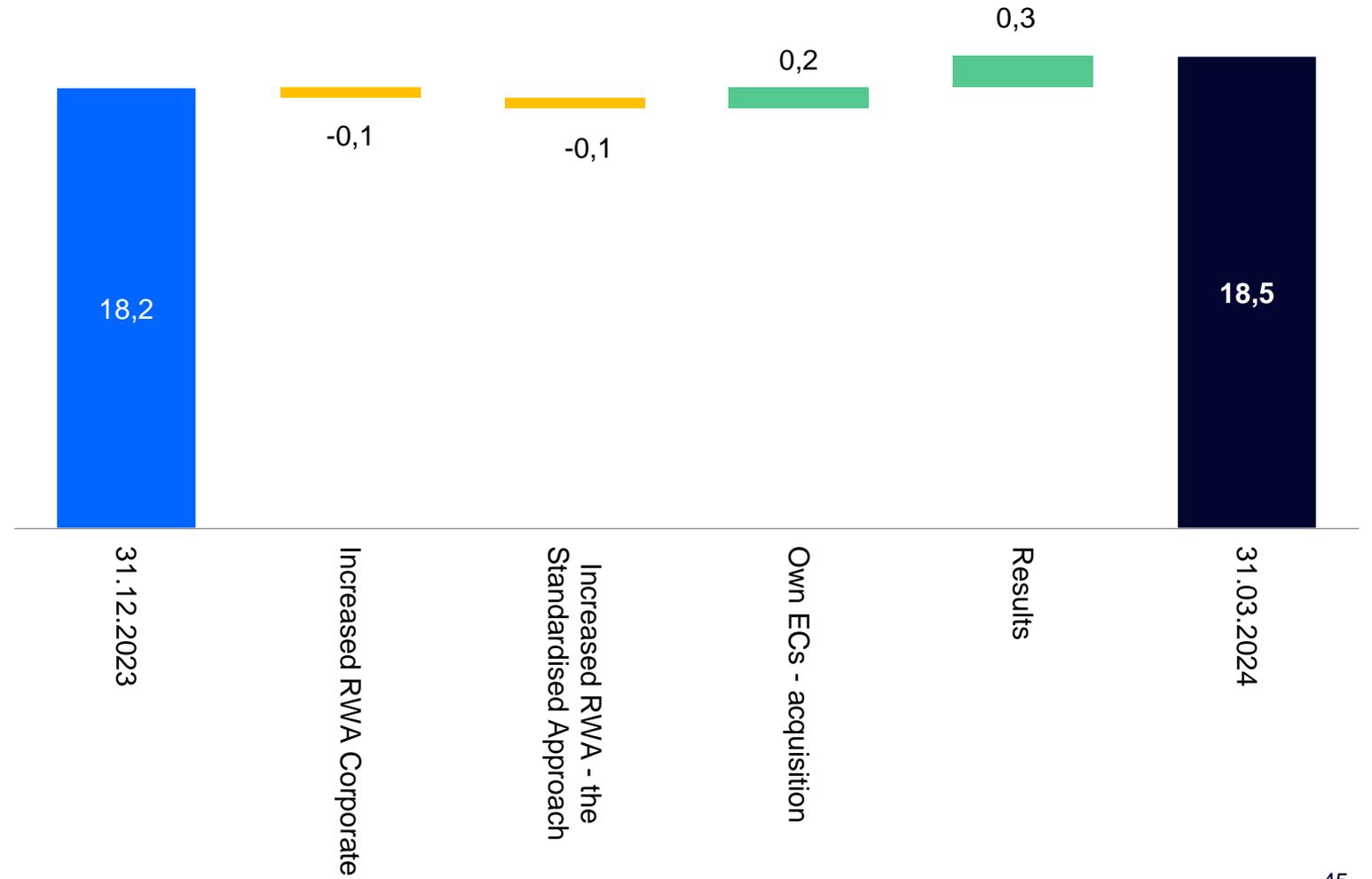
Losses on loans and guarantees

- In % of Average Assets



Development in CET1

Changes in CET1 from 31.12.2023



EC capital in Sparebanken Møre

The largest owners (1-10) of EC capital

EC holder	Number of ECs	
	31.03.24	31.12.23
Sparebankstiftelsen Tingvoll	4.883.133	4.904.584
Spesialfondet Borea Utbytte	2.659.226	2.866.229
Verdipapirfondet Eika egenkapital	2.312.962	2.334.387
Wenaasgruppen	2.100.000	2.100.000
Pareto Aksje Norge	1.957.822	1.896.676
MP Pensjon	1.798.905	1.798.905
Kommunal Landspensjonskasse	1.548.104	1.548.104
Verdipapirfond Nordea Norge Verdi	1.505.120	1.505.120
Wenaas EFTF AS	1.100.000	1.100.000
Beka Holding AS	750.500	750.500
Total 10 largest	20.615.772	20.804.505
Of witch Møre og Romsdal	8.083.133	8.104.584
Of witch Møre og Romsdal in per cent	39,2	40,0

EC capital in Sparebanken Møre

The largest owners (11-20) of
EC capital

EC holder	Number of ECs	
	31.03.24	31.12.23
Lapas AS	635.000	627.500
Forsvarets personellservice	459.000	459.000
BKK Pensjonskasse	422.600	422.600
Stiftelsen Kjell Holm	419.750	419.750
Fondsfinans utbytte	400.000	0
Kveval AS	343.995	0
Hjellegjerde Invest AS	300.000	300.000
U Aandahls EFT AS	250.000	250.000
PIBCO AS	229.500	229.500
Borghild Hanna Møller	201.967	201.967
Total 20 largest	24.277.584	23.724.822
Of witch Møre og Romsdal	10.119.350	10.133.301
Of witch Møre og Romsdal in per cent	41,8	42,7