



Annual report 2022



Sparebanken
Møre

Editorial team:

Sparebanken Møre

The English language version of this document is a translation made by Semantix and Sparebanken Møre of the original Norwegian text. In case of discrepancies, the Norwegian text shall prevail.

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Words from the CEO



The savings bank model remains strong

Another unusual year is behind us. The year in which we were expecting to be approaching a new normal after the pandemic was marked by the unthinkable – war in Europe. Fundamental values such as close and safe have become more important for most people.

The global virus outbreak in 2020 had many ripple effects for private individuals, businesses, nations and the global community. The last Covid-19 restrictions were lifted at the end of 2022 and society was preparing for a more normal life. Instead, the unthinkable happened. Russia invaded Ukraine and war in Europe was a fact.

The consequences for the Ukrainian people have been indescribable and remind us of the importance of co-operation and unity. Not least internationally, but also in our own local communities into which we have welcomed and included victims of the war. Together we are stronger.

The war has also had ripple effects for large parts of the world. The whole of Europe has been impacted by goods shortages, an energy crisis and inflation. In the last year, Norwegian households have seen a marked downturn in their finances – a larger downturn than the one during the pandemic. Almost all households have felt the increase in living costs in 2022. Despite this, we have seen that both private individuals and businesses have had both the will and the ability to adapt to the new conditions.

Committed, close and capable

The savings bank model is 200 years old and is based on a belief that communities are stronger than individuals. We share a common destiny with everyone who lives and runs a business here, and our long-term goal is to strengthen future value creation in the region.

Our community commitment has probably never been more important than it is right now. A key part of the bank's social mission is to be a source of funding for private individuals and businesses.

Community development completely depends on a well-functioning business sector that is able to innovate and adapt, and that creates jobs in both rural and urban areas.

Næringsteft is one of our contributions to stimulating business development in the region. This is an accelerator programme for entrepreneurs with innovative ideas and is now being arranged for the sixth time. In a series of seminars, the participants go on a unique skills journey learning about everything from understanding customers to sustainable business models, the law, pitching, brands and more. This year's winner of Næringsteft will receive NOK 1 million and be named at our Børs og Bacalao investor seminar in March.

Our corporate social responsibility is actualised through our distribution of dividend funds for good initiatives. Figures from the Norwegian Savings Banks Association show that the country's savings banks and savings bank foundations distributed no less than NOK 2.3 billion to good initiatives in 2020. This makes the savings bank industry one of Norway's largest private contributors to sports, culture and volunteering. In the last 10 years, Sparebanken Møre has contributed well over NOK 1 billion to measures, large and small, that have helped protecting and developing Nordvestlandet.

One important component of our corporate social responsibility is our contribution to activities and initiatives that benefit children and young people. Of all the individual grants in 2022, we were particularly pleased and proud to realise the construction of the Varde Centre at Ålesund Hospital. This centre ensures that our county now has a fully-fledged cancer service.

We do not want a society in which some young people are included, and some are excluded. Therefore it is very nice to be able to contribute to the establishment of the Dale Oen Academy in Ålesund. This offers an alternative school year to young people aged 15-20 who have previously dropped out of school and want a year to get up to speed before starting upper secondary school, or as preparation for joining the labour force. The academy focuses on science research, technology and outdoor activities. Some 80-90 per cent of its pupils complete Dale Oen Academy. 95 per cent of these go on to upper secondary education in school, apprenticeships or into work.

Healthy banking operations, professional employees and, not least, the fact that many have chosen Sparebanken Møre as their bank have made this possible. Without customers we could not create results, and without results we would have no profit to distribute.

A vote of confidence

The bank experienced good growth and positive development throughout 2022. Many new customers have shown that they trust us, and our lending has grown by 8.8 per cent. Growth in the Retail Banking Division was 6.9 per cent and in the Corporate Banking Division, 12.7 per cent. This attests to the good level of activity in the region. At the same time, few bankruptcies and low credit-impaired commitment figures bear witness to an adaptable business sector with strong corporate cultures, adaptable employees and future-oriented business leaders.

I take this as confirmation that we have a robust customer portfolio and a strong drive to create value. Not least, it confirms the strength of the bank's business model, which is based on being close, local knowledge, close follow-up and a high degree of expertise.

For Sparebanken Møre, being good sparring partners for our customers has always been important. This means being able to be a discussion partner for everyone from entrepreneurs to sole proprietorships and cornerstone companies. We communicate with a wide range of businesses every day, which gives us unique industry expertise that in turn benefits the business community.

With the establishment of Næringsbasen in 2021, we brought together a group of capable advisers with a variety of expertise to help small and medium-sized corporate customers with everything from establishment to financing and insurance. Our customers have greatly appreciated this. In 2022, 1,276 new limited companies were established in Møre og Romsdal. No fewer than 26 per cent of these chose Sparebanken Møre as their bank.

Digitalisation and good advice

The competition for bank customers is tougher than ever, but competition is good. We have to deliver the goods and add value in order to be our customers' number one choice. In recent years, we have seen a generational change in the bank. In 2022, we gained 50 new employees, bringing our total to more than 100 new employees in the last 3 years. We can safely say that we have invested in resources, and I am pleased that we continue attracting sharp minds who can contribute to creating good customer experiences.

To be an attractive employer, for both existing and future employees, we try to make sure that each employee is involved, respected and given the opportunity for personal development and to have an influence. We have a strong collegial community that we want to take good care of. This is the core of Team Møre.

Norway has very well developed digital infrastructure and the public have a very high level of digital skills. These digital skills mean that we have been able to introduce solutions that few other countries have been in a position to. The banking and financial services sector is one of the most digitalised sectors and savings banks are right up there when it comes to technological development. Digitalisation continues at a fierce pace.

We launched a number of new self-service solutions in 2022. In particular, a great deal of work was done in the area of financing for the retail customer market. Another exciting project is the family bank. The first delivery is a solution that makes it possible to easily establish savings accounts for your children, on your mobile phone.

At the same time, it will be important to facilitate and highlight the bank's service offerings for non-digital customers. According to a survey by Skills Norway, 120,000 Norwegians over 60 do not use the internet and 600,000 have poor digital skills. A new industry standard will now clarify how banks should treat their non-digital customers.

To listen is to learn

Our close dialogue with our customers provides us with good customer insights. Surveys conducted by external actors are also important sources of insight. In April, Sparebanken Møre's customer centre was named Norway's best in the banking category, for an impressive fourth year in a row. EPSI's survey also showed that Sparebanken Møre ended up in the top tier in its annual ranking of customer satisfaction among Norwegian bank customers and received the highest score of anyone on issues related to sustainability and corporate social responsibility for the second year in a row.

Such results make us both happy and proud and confirm that we are a relevant and attractive bank partner. Similarly, we are grateful for all of the constructive input that may help us improve even further. We never press the pause button on our development work.

Everyone needs to contribute to the green transition

Norway's goal is to reduce greenhouse gas emissions by 50-55 per cent by 2030 compared with the level in 1990, and the financial services industry has a key role to play in this work. There is little doubt that this will require a significant effort by all of us. Ensuring that everyone contributes is important to us when it comes to the bank's efforts to contribute to a more sustainable society.

In 2021, we took several steps that may help to accelerate the pace of transition. In February 2022, we followed this up with the launch of the sustainability portal for companies. The portal contains bespoke information per sector and our hope is that this will help to make working on sustainability easier and more targeted for companies. In December, the Eco-Lighthouse Foundation confirmed that Sparebanken Møre's head office has been Eco-Lighthouse certified.

We have stated our ambition to be a driving force behind sustainable development in our region, and as a bank we can facilitate the coming together of funds and opportunities. This is a responsibility we take very seriously.

We are upgrading for the future

The organisation is the tool, and the people are the key success factor and power of the organisation. In order to equip ourselves for further growth and development, we assessed and evaluated the organisation as part of our strategy work. This resulted in a reorganisation designed to build an even more efficient organisation



that is forward-looking, market-driven and development-oriented. The new organisation will take effect from 1 February 2023.

With good liquidity, financial strength and a new organisation, we are ready to continue our 180-year long story. Our strong regional ties give us advantages that we will cultivate, while the savings bank model creates op-

portunities that we intend to seize. This makes me confident that the next chapters in Sparebanken Møre's story will be filled with good content and that we will continue to be a driving force for creative enthusiasm both in 2023 and the years to come.

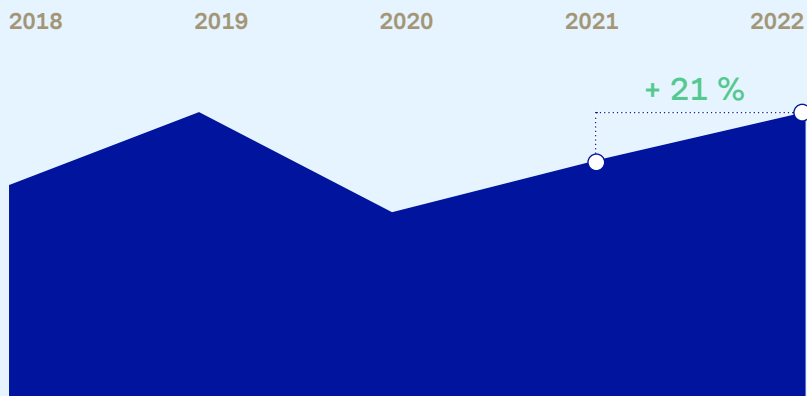
TROND LARS NYDAL
CEO





Operations

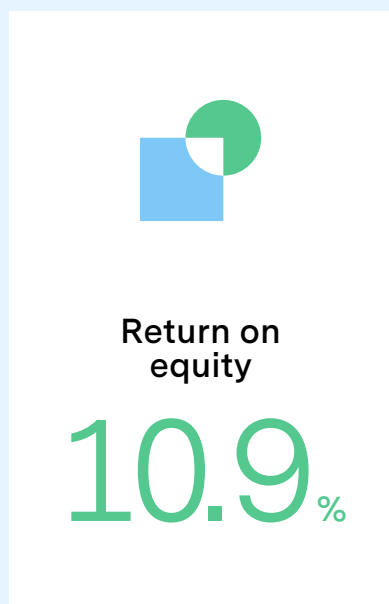
2022 – Highlights



Profit 2022

777

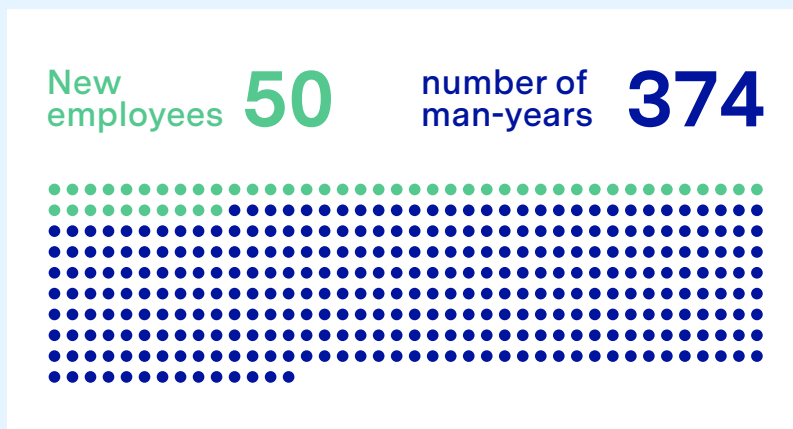
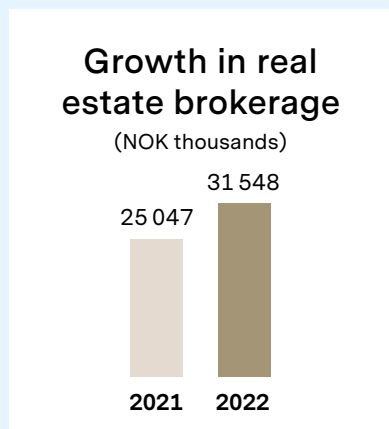
NOK million



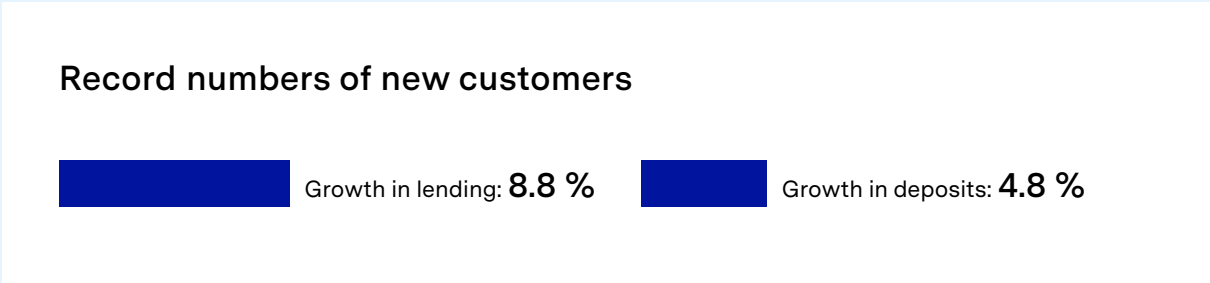
Eco-Lighthouse certified 2022

Miljøfyrtårn®

Eco-Lighthouse Foundation confirmed that Sparebanken Møre's head office has been Eco-Lighthouse certified.



2022 – Highlights



For the fourth year!
Customer services – best in test

Norway’s best customer service in the category banking for the fourth year in a row. Customer service award presented by SeeYou.

ESG risk rating: Low

19.2

Sustainalytics ESG Risk Rating report

Sparebanken Møre delivered strong results, far above the overall average for the sector and in relation to important individual parameters.

Income statement

	2022		2021		2020		2019		2018	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	1 517	1.78	1 266	1.57	1 227	1.57	1 314	1.79	1 179	1.70
Net commission and other operating income	246	0.29	218	0.27	206	0.27	219	0.30	207	0.30
Net return from financial investments	-7	-0.01	43	0.05	74	0.09	74	0.10	41	0.06
Total income	1 756	2.06	1 527	1.89	1 507	1.93	1 607	2.19	1 427	2.06
Total operating expenses	747	0.87	645	0.80	624	0.80	646	0.88	607	0.87
Profit before impairment on loans	1 009	1.19	882	1.09	883	1.13	961	1.31	820	1.19
Impairment on loans, guarantees etc.	-4	0.00	49	0.06	149	0.19	50	0.07	16	0.02
Pre-tax profit	1 013	1.19	833	1.03	734	0.94	911	1.24	804	1.17
Taxes	236	0.28	191	0.24	167	0.21	200	0.27	199	0.28
Profit after tax	777	0.91	642	0.79	567	0.73	711	0.97	605	0.89

Balance sheet

(NOK million)	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Total assets	89 501	82 797	79 486	74 875	71 040
Average assets	85 436	80 941	78 450	73 496	69 373
Loans to and receivables from customers	76 078	69 925	66 850	64 029	60 346
Gross loans to retail customers	50 818	47 557	45 592	43 847	41 917
Gross loans to corporate and public entities	25 575	22 697	21 534	20 441	18 616
Deposits from customers	43 881	41 853	39 023	36 803	34 414
Deposits from retail customers	26 344	24 667	23 366	21 685	20 624
Deposits from corporate and public entities	17 537	17 186	15 657	15 118	13 790
Lending growth as a percentage 3)	8.8	4.6	4.4	6.1	6.1
Deposit growth as a percentage 3)	4.8	7.3	6.0	6.9	4.9

Key figures

	2022	2021	2020	2019	2018
Return on equity 1) 3)	10.9	9.5	8.6	11.7	10.6
Cost income ratio 3)	42.5	42.2	41.4	40.2	42.5
Losses as a percentage of loans as of 1.1. 3)	-0.01	0.07	0.23	0.08	0.03
Gross credit-impaired commitments as a percentage of loans/guarantees	1.44	1.52	1.53	1.48	0.62
Net credit-impaired commitments as a percentage of loans/guarantees	1.19	1.16	1.22	1.12	0.42
Deposit-to-loan ratio 3)	57.4	59.6	58.1	57.2	57.0
Liquidity Coverage Ratio (LCR)	185	122	138	165	158
NSFR (Net Stable Funding Ratio)	123				
Capital adequacy ratio	22.1	20.9	20.8	21.7	19.6
Tier 1 capital ratio (T1)	19.7	18.9	18.7	19.5	17.6
Common Equity Tier 1 capital (CET1)	17.9	17.2	17.0	17.7	16.0
Leverage Ratio (LR)	7.6	7.7	7.7	8.1	8.1
Man-years	374	364	346	357	361
Equity Certificates:					
Profit per EC (Group) (NOK) 2)	7.50	31.10	27.10	34.50	29.60
Profit per EC (parent bank) (NOK) 2)	8.48	30.98	26.83	32.00	28.35
Dividend per EC (NOK) 4)	4.00	16.00	13.50	14.00	15.50
EC-fraction 1.1. as a percentage (parent bank)	49.7	49.7	49.6	49.6	49.6
Price at Oslo Stock Exchange (NOK)	84.41	444	296	317	283
Book value per EC, in NOK (Group figure, incl. proposed dividend)	74.8	350	332	320	303
Price/Book value (P/B) (Group) 3)	1.13	1.27	0.89	0.99	0.93

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

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

3) Defined as Alternative Performance Measure (APM), see www.sbm.no/IR

4) Our EC (MORG) was split 1:5 in April 2022. The restated dividend per EC for 2021 is thus NOK 3.20.

Organisation and management

Sparebanken Møre's General Meeting is the bank's supreme body. The General Meeting's main duties involve approving the financial statements, and electing a board of eight members.

The General Meeting has 44 members and 14 deputy members. It is composed of four groups with the following distribution:

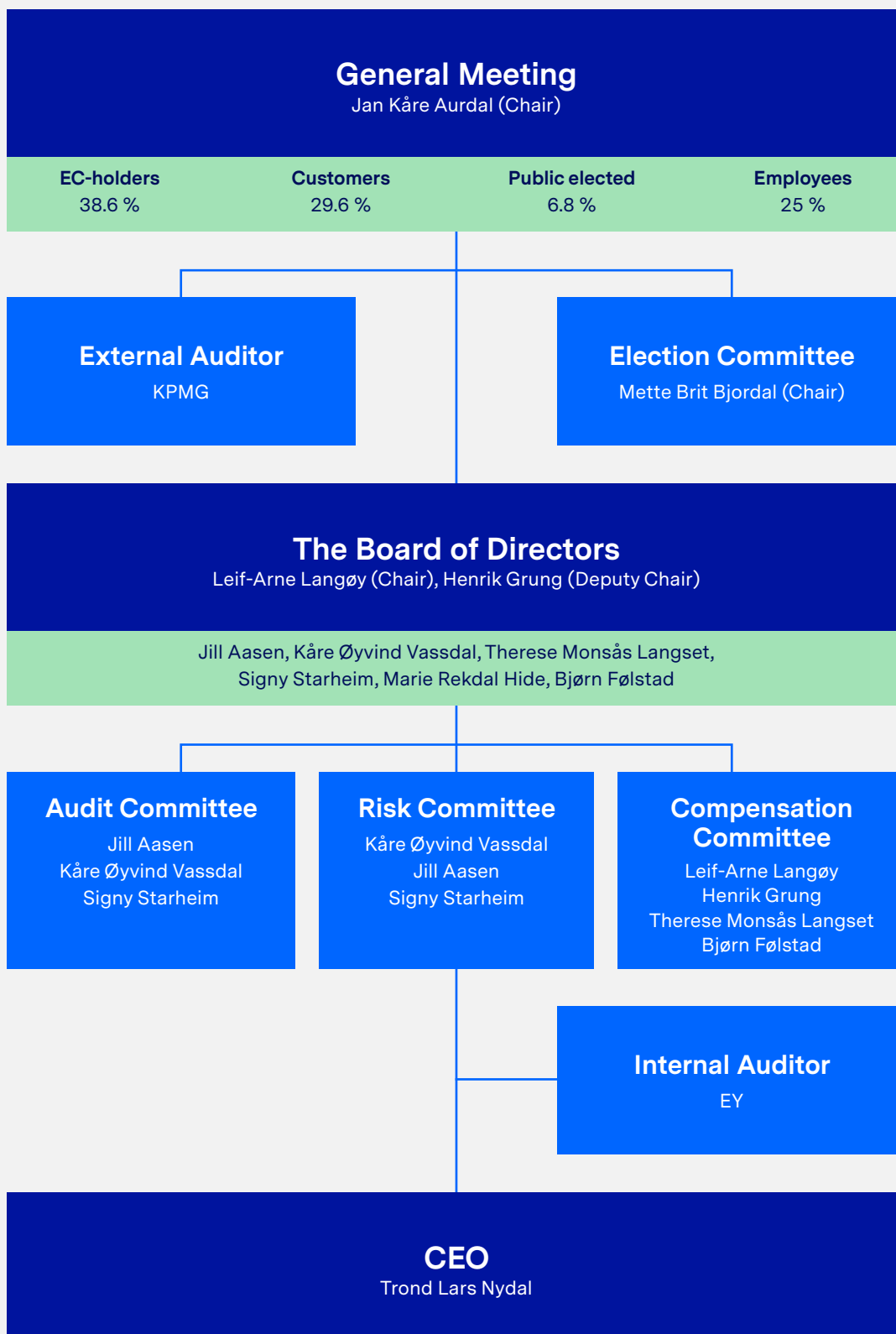
- 13 members and four deputy members are elected by and from among the bank's customers
- 17 members and four deputy members are elected by the employees.
- 11 members and four deputy members are elected by and from among the employees
- three members and two deputy members are elected by the General Meeting to represent the social function

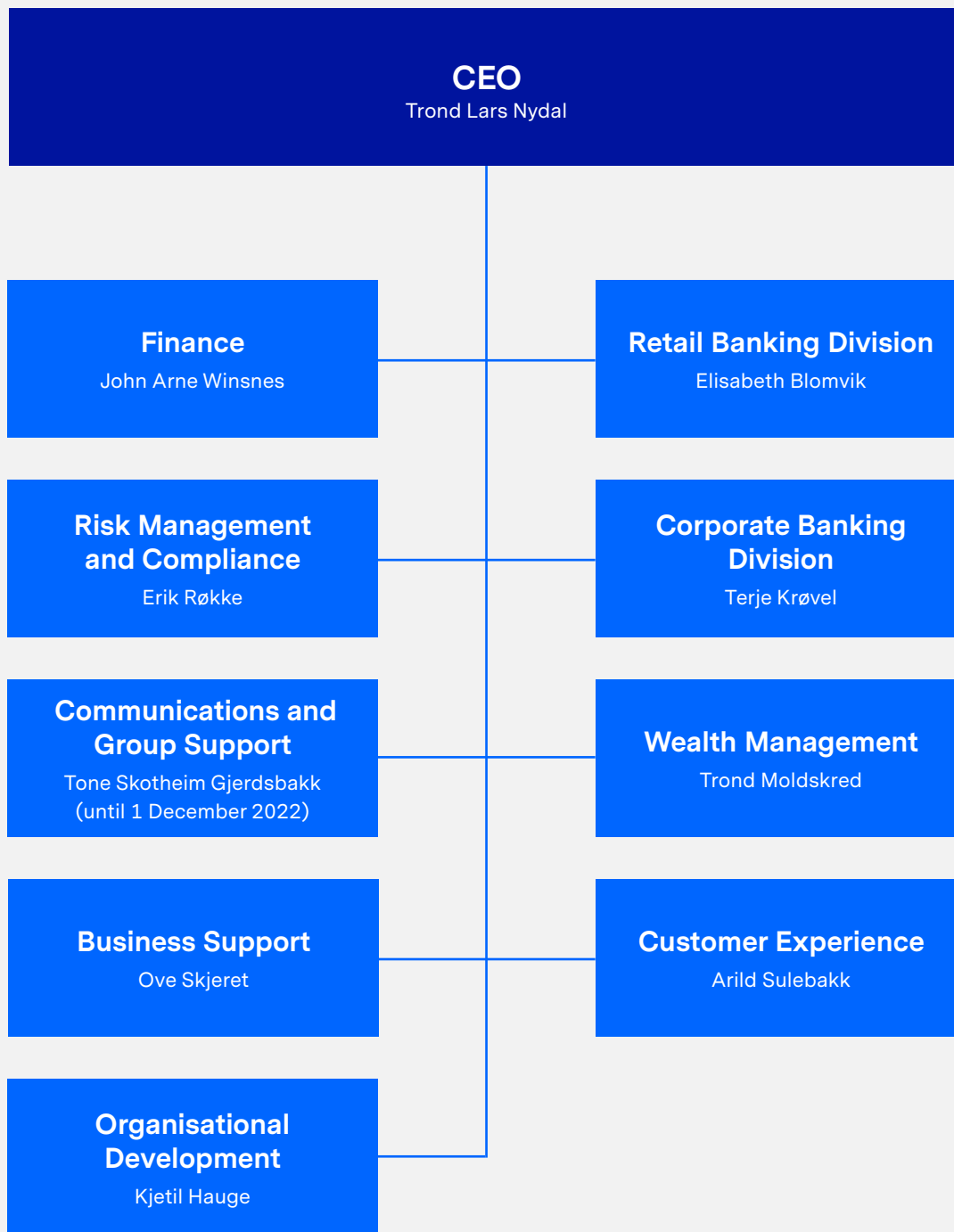
The Board of Directors in Sparebanken Møre consists of 8 members and 4 deputy members. Two of the members are elected from among the employees. See the organisational chart on the next page.

The executive management group by 31 December 2022 has 8 members: the CEO, the EVP Retail Banking Division, the EVP Corporate Banking Division and six heads of units. The EVP of the Wealth Management is not a member of the executive management group but does report directly to the CEO like other heads of divisions and units.

The Retail Banking Division consists of 26 departments in Nordvestlandet. The departments are headed by Senior Vice Presidents (SVPs) who report to the EVP of the division.

The Corporate Banking Division consists of the departments Corporate Banking Sunnmøre, Corporate Banking Romsdal og Nordmøre, and Corporate Banking Søre Sunnmøre. Corporate Banking Sunnmøre is in turn organised into five different industry groups (maritime, offshore and supply, industry, real estate, and trade and services). The heads of these units report to the EVP of the division.







Board of Directors



Bjørn Følstad, Jill Aasen, Henrik Grung, Leif-Arne Langøy, Therese Monsås Langset, Marie Rekdal Hide, Kåre Øyvind Vassdal, Signy Starheim

Leif-Arne Langøy

Chair | ECs: 617 500

Leif-Arne Langøy (1956) is a business graduate from the Norwegian School of Economics (NHH) in Bergen. He lives in Brattvåg in the municipality of Ålesund and is currently the owner and general manager of Lapas AS. In the period 2003-2009 Mr. Langøy was CEO of Aker ASA, and from 2006-2009 he was also the Chairman of the Board of Directors of the company. Mr. Langøy has previously held the position of CEO of Aker Yards ASA and CEO of Aker Brattvaag, among others. Mr. Langøy holds a number of directorships, among others he is Chairman of Aker Solutions ASA and Deputy Chair in TRG AS. He was elected Chairman of the Board of Directors of Sparebanken Møre in 2011. He was also Chairman of the bank from 1998 to 2003. Langøy attended eleven out of eleven board meetings in 2022.

Henrik Grung

Deputy Chair | ECs: 0

Henrik Grung (1970) is a partner and lawyer in the law firm, KVALE. Grung works with corporate governance, corporate strategy and industrial development with an emphasis on businesses that are in various phases of acquisition, merger, demerger and alliance processes. Grung specialises in corporate law, commercial negotiations and contracts, and works within various sectors, including industry, finance, fisheries and real estate. He holds a Cand.Jur. degree from the University of Bergen. Grung has been a board member of Sparebanken Møre since 2015. He led until 2020 The Risk Committee and for a period also the Audit Committee in Sparebanken Møre and is now also on the Compensation Committee for the bank. He attended ten out of eleven board meetings in 2022.

Jill Aasen

Board member | ECs: 0

Jill Aasen (1971) is the Finance Manager in Jets Vacuum AS. She graduated as an auditor from the college in Molde, and has previously worked as the CFO in Havila AS, as an auditor in BDO in Ulsteinvik and as a controller in Tussa Kraft AS. Aasen has board experience from Havila Shipping ASA, is board member in Ervik & Sævik AS, and also works voluntarily within sports and culture. She has been a deputy member of the Board of Sparebanken Møre since 2014, and a board member since 2018. Aasen lives in the municipality of Herøy. She attended eleven out of eleven board meetings in 2022.

Kåre Øyvind Vassdal

Board member | ECs: 0

Kåre Øyvind Vassdal (1981) is the CEO of Brunvoll. He has previous experience as the CFO of the same group and has also held various positions in the Vard Group. Vassdal graduated in business economics from the Norwegian School of Management BI Sandvika and also holds a Master of Technology Management from the Norwegian University of Science and Technology (NTNU)/Cambridge. He has board experience from Vard Promar SA, and sits on the Board of a number of companies in the Brunvoll Group. Vassdal lives in Aukra Municipality. He attended ten out of eleven board meetings in 2022.

Marie Rekdal Hide

Board member | ECs: 3 425

Marie Rekdal Hide (1985) works in Sparebanken Møre as an authorised financial adviser for Corporate Banking Sunnmøre, dept. SME. Representative on the Board since March 2017. She has a Master of Business Administration from Edinburgh Business School. Joined Sparebanken Møre in 2007 and has experience from the retail market and the corporate market. She lives in the municipality of Sula. Hide attended eleven out of eleven board meetings in 2022.

Therese Monsås Langset

Board member | ECs: 0

Therese Monsås Langset (1980) is Chief Our People and Operational Excellence Officer (CPOO) in Axess Group. Langset works on strategy and organisational development in Axess AS, and has board experience from, among others, Axess, Reser AS and iKuben. She holds a Master of Science in product development and production and has further education in maintenance and risk management. Langset lives in Molde Municipality. She has been a board member of Sparebanken Møre since 2021 and attended ten out of eleven board meetings in 2022.

Sigmy Starheim

Board member | ECs: 1 005

Sigmy Starheim (1960) is the HR and Finance Manager at H.I. Giørtz Sønnner AS. She has qualifications within economics and administration from Molde University College, mercantile German and international trade from Østfold District College, and continuing education in economic subjects. She has previously worked for Scanvest Ring Data, Siemens and Tafjord Kraft. Starheim was elected as a second deputy member of the Board of Sparebanken Møre in 2021 and as a board member in 2022. She also holds other board positions within property, an investment firm, a start-up company and the supply industry. Starheim lives in Ålesund Municipality. She attended eight out of eight board meetings in 2022.

Bjørn Følstad

Board member | ECs: 130

Bjørn Følstad (1960) works in Sparebanken Møre as an authorised financial adviser for the Retail Banking Division in Molde. He has qualifications in technical banking subjects and graduated from BI Norwegian Business School, Banking and Finance in 2006. Følstad has worked for Sparebanken Møre since 2005 and has long experience from the retail market. He is an employee representative and a safety representative. Følstad has been a board member of Sparebanken Møre since 2022 and lives in Molde Municipality. He attended eight out of eight board meetings in 2022.

Number of equity certificates (ECs) in Sparebanken Møre per 31.12.22, including ECs owned by immediate family and companies in which the person has decisive influence (cf. section 7-26 of the Norwegian Accounting Act).

Executive Management



Trond Lars Nydal

Born: 1970 | ECs: 39 373

CEO since 2017. Previously, EVP, Retail Banking Division. Joined Sparebanken Møre in 1997. He has also held other senior positions in the bank, including regional bank manager and HR manager. Nydal has been a member of the executive management group since 2003. Business School Graduate from NHH.



Terje Krøvel

Born: 1959 | ECs: 28 145

EVP, Corporate Banking Division, since 2017. Previously, EVP, Sunnmøre Corporate Banking Division. Joined Sparebanken Møre in 1983. He has had senior positions within various industry groups in the bank and has also been the regional bank manager, corporate banking, for the Ålesund and Sula region. Economics and administration from Møre og Romsdal Distrikthøyskole (1983).



Elisabeth Blomvik

Born: 1978 | ECs: 6 190

EVP, Retail Banking Division, since 2017. Previous experience from Nordea (2002-2017) where she worked in a number of senior positions, last as regional manager of Nordea Ålesund. Master in Management from BI Oslo and has both participated and mentored in various management development programmes.



John Arne Winsnes

Born: 1970 | ECs: 0

CFO from November 2021. Previous experience as CFO of Olympic Subsea ASA and CEO of SpareBank 1 Søre Sunnmøre. Prior to this, he has held senior positions in Aker Yards ASA, ABB Financial Services and GE Capital. He graduated in business economics from the University of Mannheim, Germany (1999).



Erik Røkke

Born: 1969 | ECs: 33 525

EVP, Risk Management and Compliance, since 2017. Previously, EVP, Credit and Legal. Joined Sparebanken Møre in 2012. Previously worked as an auditor at PWC (1994-2001) and a bank manager at Ørskog Sparebank (2001-2012). Business School Graduate from NHH (1994) and State Authorised Auditor.



Kjetil Hauge

Born: 1972 | ECs: 12 290

EVP, Organisational Development, since 2017. Joined Sparebanken Møre in 1998. He has had various senior positions in the bank, including regional bank manager, head of Information and Compliance, head of Møreskolen and Managing Director of Møre Boligkreditt AS. Business School Graduate from NHH (1995).



Arild Robert Sulebakk

Born: 1963 | ECs: 4 965

EVP, Customer Experience, since 2018. Joined Sparebanken Møre in 2006. Has previously headed Møre Finans and been a regional bank manager for the inland region and head of NL staff. Previously worked at PAB Consulting and Norsk Hydro. Electrical engineer, Møre og Romsdal Ingeniørhøgskole (1985), and Business School Graduate from BI (1991).



Ove Skjeret

Born: 1971 | ECs: 2 140

Head of the Business Support Unit since October 2022. Former head of marketing and head of strategic marketing, and since 2017 he has been the head of the Digital Customer Channels Department. Employed by Sparebanken Møre in 2002-2008 and from 2012 onwards. Education: Business School Graduate from NHH (1999). He also holds an Executive Master of Technology Management from NTNU, NHH and the University of Cambridge (2022).

Number of equity certificates (ECs) in Sparebanken Møre per 31.12.22, including ECs owned by immediate family and companies in which the person has decisive influence (cf. section 7-26 of the Norwegian Accounting Act).

Subsidiaries

Sparebanken Møre Group consists of the parent bank and four wholly owned subsidiaries: Møre Boligkreditt AS, Møre Eiendomsmegling AS, Sparebankeiendom AS and Storgata 41-45 Molde AS. The latter two are real estate companies that owns and manages the bank's own commercial properties.



Møre Boligkreditt AS,

is a wholly owned subsidiary of Sparebanken Møre.

The company's purpose is to acquire mortgages from Sparebanken Møre and finance these through issuing covered bonds. Covered bonds are among the most actively traded private bonds on the Oslo Stock Exchange, and is, next to government bonds, considered to be one of the safest securities in the Norwegian market. Møre Boligkreditt AS is Sparebanken Møre's primary source of long-term funding, and the company has issued covered bonds in both NOK, as well as EUR. Covered bonds issued by Møre Boligkreditt AS are listed on Oslo Stock Exchange as well as London Stock Exchange. Managing Director of Møre Boligkreditt AS is Ole Andre Kjerstad.

Key Figures 2022 – numbers in NOK million

30 464

Net loans to customers

138

Profit after tax

263

Net interest income

26 807

Debt Securities issued (covered bonds)

Møre Eiendomsmegling AS

The company was established in 1992 and acquired by Sparebanken Møre in 2005.

Møre Eiendomsmegling's market name is Møremegling, and they provide real estate brokerage services in the purchase and sale of homes, leisure homes, project brokering and business brokering. They are among the largest and most experienced broker communities in Møre og Romsdal and have 20 employees and offices in Ålesund, Ulsteinvik and Molde. The company traded 575 properties in 2022. Managing Director in Møre Eiendomsmegling AS is Bendik Tangen.

Key Figures 2022 – numbers in NOK million

33.4

Turnover

1.2

Profit after tax

11.2

Equity

Implementation and reporting on corporate governance

In the following, Sparebanken Møre provides an account of the institution's corporate governance principles and practices in relation to section 3-3b of the Norwegian Accounting Act and section 4.4 of Oslo Børs's Rule Book II.

1. Corporate governance report

Sparebanken Møre complies with the Norwegian Code of Practice for Corporate Governance of 14 October 2021 ("Code of Practice") where this is applicable to savings banks that have issued equity certificates. The Code of Practice is available on www.nues.no.

The Code of Practice is primarily designed for companies with shares listed on a regulated market in Norway. It also applies, wherever appropriate, to savings banks with listed equity certificates. The Financial Institutions Act contains regulations for savings banks that have issued equity certificates. In some cases these deviate from the provisions of the Public Limited Liability Companies Act. This means that some sections of the Code of Practice are not completely appropriate.

An account is provided below of how Sparebanken Møre has aligned itself in relation to each point in the Code of Practice. Where the Code of Practice has not been followed, the reason why is explained. Nevertheless, no material deviations between the Code of Practice and Sparebanken Møre's compliance with it exist.

In 2022, the bank also complied with the European Banking Authority's "Guidelines on Internal Governance GL 05/2021" where these are appropriate for Norwegian savings banks. The guidelines are available on www.eba.europa.eu. No further description is provided of the compliance with the guidelines of GL 05/21.

Deviations from the Code of Practice: None

2. Operations

Sparebanken Møre was formed on 1 April 1985 by the merger of a number of banks in Møre og Romsdal. In subsequent years more banks in Møre og Romsdal have

joined Sparebanken Møre. The banking history of the merged savings banks can be traced back to 1843.

Sparebanken Møre's articles of association specify the types of business that may be conducted. The objective of Sparebanken Møre is to perform transactions and services that are normal or natural for a savings bank to perform, and that comply with the applicable legislative framework and licences that have been granted. This includes Sparebanken Møre performing investment services and associated services in accordance with the provisions of the Norwegian Securities Trading Act. The complete text of its articles of association can be found on Sparebanken Møre's website.

The Group is a full-service provider of financial products and services within the areas of financing, deposits and other forms of investments, payment transfers, financial advisory services, asset management, insurance, and real estate brokerage.

The Board of Sparebanken Møre ensures that the Group carries out a comprehensive strategy process every year that defines its objectives, strategies and risk profile. The current strategic plan, "Møre 2026", was approved by the Board in December 2022. This defines five strategic focus areas, of which one is that Sparebanken Møre shall be a driving force for sustainable development.

The Board has also adopted a series of different strategies and governing documents that are designed to provide a basis for good and effective internal risk management. The documents are based on risk exposure. They also provide guidelines for the general management and control of the risk areas to which Sparebanken Møre is exposed. ESG factors have been incorporated into the documents to ensure that sustainability considerations are closely integrated into the bank's operations and value creation.

The Board has adopted an overarching sustainability strategy for Sparebanken Møre that is intended to provide a basis for both strategic decisions and ongoing operational work. The Group also supports initiatives and principles that entail commitments to adapt the business strategy to the UN Sustainable Development Goals and Paris Agreement. Please refer to the dedicated chapter in the annual report for a further description of Sparebanken Møre's fulfilment of its corporate social responsibility.

The goals and strategies comply with the framework established by the business provision of Sparebanken Møre's articles of association.

The Board of Sparebanken Møre has adopted Guidelines for equality, diversity and anti-discrimination. These guidelines apply to all employees and are designed to help the bank be proactive with respect to equality, diversity and anti-discrimination within its own operations, as well as in respect of customers, suppliers and partners. Sparebanken Møre has, for example, an ambition of having at least 40 per cent of each gender at all levels of the bank. The annual report includes a specific section containing information on the guidelines for equality, diversity and non-discrimination, the status of gender equality and the work for equality and against discrimination.

The composition of the Board satisfies the requirements of the Public Limited Liability Companies Act concerning the representation of both genders on the Board. Each gender is represented by 50 per cent on the Board of Sparebanken Møre. The articles of association stipulate that the Board shall be composed of a diverse group of people. Further information about the composition of the Board is provided in section 8 below.

Sparebanken Møre shall maintain its position as the number one choice for retail customers in Nordvestlandet, as well as for small and medium-sized businesses. Sparebanken Møre also wants to be an attractive partner for larger companies and the public sector.

It focuses on maintaining a healthy financial structure and financial strength and achieving good profitability.

Its financial performance targets are presented in Sparebanken Møre's annual report and Sparebanken Møre's Pillar 3 document, which are available from the bank's website. During the year, the market and other stakeholders receive information concerning the bank's strategic objectives and performance in relation to these objectives in stock exchange notices and accounts presentations.

Deviations from the Code of Practice: None

3. Equity and dividends

The composition of Sparebanken Møre's capital is determined on the basis of a number of considerations. The most important of these considerations are the Group's size, operations and risk, Møre og Romsdal's internationally-oriented industry and commerce, a stable market for long-term funding when required, and the goals of the strategy document.

In its annual evaluation of its management and control systems, which includes capital adequacy assessments (known as ICAAP), the Board focuses heavily on ensuring that its primary capital is suited to the Group's goals, strategies, risk profiles and regulatory requirements. The bank's capital situation is continuously monitored throughout the year via internal calculations and reporting.

Sparebanken Møre has a long-term target for Common Equity Tier 1 capital (CET)1, which must amount to the sum of the Pillar 1 and Pillar 2 requirements plus the capital requirement margin.

Its capital adequacy at the end of 2022 exceeded the regulatory and internal minimum requirements for capital. Primary capital was 22.1 per cent, Tier 1 capital 19.7 per cent and Common Equity Tier 1 capital 17.9 per cent.

Sparebanken Møre's dividend policy has been published and made available on Sparebanken Møre's website. The dividend policy is as follows:

"Sparebanken Møre's aim is to achieve financial results which provide a good and stable return on the bank's equity. 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% of this year's surplus can be distributed as dividends.

Sparebanken Møre's allocation of earnings shall ensure that all equity certificate holders are guaranteed equal treatment."

At its meeting on 30 March 2022, Sparebanken Møre's Annual General Meeting voted to split the institution's equity certificates, where one old equity certificate provided five new equity certificates. The ex-date was set to 1 April 2022. A decision was made to amend section

2-2, paragraph two of Sparebanken Møre's articles of association in line with the above. The General Meeting can authorise the Board to increase capital for specific purposes. On 30 March 2022, the General Meeting authorised the Board to increase equity certificate capital by up to NOK 98,869,500 if the situation warrants it. The authorisation is valid until the Annual General Meeting in 2023, although for no longer than 31 March 2023. The authorisation had not been exercised at the end of the year since there had been no need to do so.

The General Meeting can also authorise the Board to buy back its own equity certificates. On 30 March 2022, the General Meeting authorised the Board to acquire/establish collateral in its own equity certificates up to an amount of NOK 98.8 million. The special authorisation is valid until the Annual General Meeting in 2023 and has been approved by the Financial Supervisory Authority of Norway.

Deviations from the Code of Practice: None

4. Equal treatment of equity certificate holders

All equity certificate holders shall be treated equally and have the same opportunity to influence the bank.

All equity certificates have the same voting rights.

Equity certificate holders shall have preferential rights when the equity share capital is increased, unless special circumstances indicate that these should be waived. Such waivers must be justified, and the justification published as a stock exchange notice in connection with the capital increase.

On 30 March 2022, the General Meeting authorised the Board to increase equity certificate capital by up to NOK 98,869,500 if the situation warrants it. The authorisation is valid until the Annual General Meeting in 2023, although for no longer than 31 March 2023. The authorisation had not been exercised at the end of the year since there had been no need to do so. The authorisation contains a provision stating that the equity certificate holders' pre-emptive rights can be waived. Nevertheless, should it become relevant to exercise the authorisation, special grounds for waiving the pre-emptive rights must exist at the relevant time. The justification must be published as a stock exchange notice in connection with the capital increase.

Sparebanken Møre's transactions involving its own equity certificates take place via the stock exchange. Equity certificates are bought back at the current market price.

To ensure equity certificate holders greater influence in decisions concerning the equity certificate capital, the articles of association were amended to state that specified matters of significance for the equity certificate capital cannot be approved by the General Meeting without the agreement of a two-thirds majority of the votes of the general meeting members elected by equity certificate holders. An indication of which matters this concerns is provided in the articles of association, which are available on Sparebanken Møre's website.

Deviations from the Code of Practice: None

5. Equity certificates and negotiability

Sparebanken Møre's equity certificates are listed on the Oslo Stock Exchange and are freely negotiable.

The articles of association contain no restrictions concerning negotiability.

Upon acquisition of a qualifying holding in a financial institution (10% or more of the capital), the special rules regarding permission from the Financial Supervisory Authority of Norway apply, cf. chapter 6 of the Norwegian Financial Institutions Act.

Deviations from the Code of Practice: None, with the exception of the special rules that follow from the Norwegian Financial Institutions Act regarding the acquisition of qualifying holdings.

6. General Meeting

The equity in savings banks that have issued equity certificates consists of equity certificate capital, primary capital and retained earnings. The primary capital is own funds. Therefore, other requirements apply with regard to the composition of the General Meeting than those that apply with regard to public limited companies. The requirements are set out in the Norwegian Financial Institutions Act, chapter 8. Sparebanken Møre complies with the statutory requirements. Therefore, point 6 of the Code of Practice does not fully apply to savings banks.

Sparebanken Møre's supreme body is the General Meeting. When composing the General Meeting, emphasis must be given to ensuring that the elected members in aggregate reflect the financial institution's customer structure and other stakeholder groups, as well as its societal role, ref. section 8-2(1) of the Financial Institutions Act. The equity certificate holders' right

to representation is regulated by section 10-11 of the Financial Institutions Act.

Sparebanken Møre's General Meeting has 44 members and 14 deputy members, of which: 17 members and four deputy members are elected by equity certificate holders; 13 members and four deputy members are elected by and from amongst the bank's customers; 11 members and four deputy members are elected by and from amongst the employees; and three members and two deputy members are elected by the General Meeting to represent local communities.

Sparebanken Møre's articles of association set out the composition requirements. An overview of the elected members is available on Sparebanken Møre's website.

The members of the General Meeting are personally elected and cannot be represented by proxy. Elected deputy members attend in the event of absences.

Notices convening meetings and supporting documents for the General Meeting are made available on Sparebanken Møre's website at least 21 days before the meeting is scheduled to be held. Notices convening meetings and supporting documents are also published on the Oslo Børs and notice is also sent by email. Members of the General Meeting, or anyone else who, by law, must receive such documents, may nevertheless have the documents sent to them.

The supporting documents should be sufficiently accurate and comprehensive to enable members of the General Meeting to determine which matters should be considered.

The Chairman of the Board, CEO and auditor have a duty to attend the General Meeting. Provisions have been included in the Instructions for the Board specifying that board members ought to attend the General Meeting. The members of the Nomination Committee are members of the general Meeting and attend meetings of the General Meeting.

The General Meeting shall elect a chair and deputy chair from among the members of the General Meeting not employed by the savings bank. General Meetings shall be chaired by the Chair, or the Deputy Chair in the event of the chair's absence.

Deviations from the Code of Practice: Point 6 of the Code of Practice does not fully apply to savings banks that have issued equity certificates.

7. Nomination committee

Sparebanken Møre's articles of association include provisions concerning nomination committees. The General Meeting has established instructions for the General Meeting's Nomination Committee.

The General Meeting's Nomination Committee is elected by the General Meeting. The Chairman of the General Meeting's Nomination Committee is elected by the General Meeting in a specific election. The General Meeting determines the Nomination Committee's remuneration.

The General Meeting's Nomination Committee is in contact with the Chairman of the Board, the board members and the CEO in its work on proposing candidates for the Board. The Nomination Committee receives the Board's evaluation of its own work.

The General Meeting's Nomination Committee consists of six members elected from among the members of the General Meeting. The Nomination Committee has representatives from all the interest groups represented at the General Meeting, and its composition reflects the composition of the General Meeting, see section 6 above. There is an extra emphasis on ensuring reasonable representation with respect to gender, background, geography and age.

The Nomination Committee is independent of the Board and other executive persons. Neither board members nor executive persons are members of the committee. Members of nomination committees are elected for 2 years at a time, and no one may serve for more than 6 consecutive years.

The General Meeting's Nomination Committee shall make recommendations to the General Meeting concerning the election of the General Meeting's members and deputy members who will represent its societal role, the Chairman and Deputy Chairman of the General Meeting, the Chairman, Deputy Chairman and other members of the Board of Directors and the Chairman and members of the General Meeting's Nomination Committee. The Nomination Committee also proposes remuneration rates for the aforementioned employee representatives, and for the chairmen and other members of other nomination committees.

The reasons for the Nomination Committee's recommendations must be stated.

Equity certificate holders elect their own nomination committee, which is responsible for preparing the equity certificate holders' election of members of the General Meeting. This committee has three members. Cus-

together-elected members of the General Meeting elect their own nomination committee, which is responsible for preparing the customers' elections of members of the General Meeting. This committee has four members.

An overview of the members of the various nomination committees can be found on Sparebanken Møre's website.

Deviations from the Code of Practice: None

8. Board of Directors: composition and independence

The Board of Directors has eight members. Six of its members shall be elected by the General Meeting. Two members and two deputy members shall be elected from among the employees.

The Board of Directors shall be composed of a diverse group of people. When electing board members, an assessment must be made of the member's suitability for the position. Factors assessed in suitability assessments include qualifications, capacity, independence, suitability/reputation, diversity and the Board's ability to function as a collegial body. The legislation sets requirements for suitability assessments of board members of financial institutions. The suitability assessment of each board member is reported to the Financial Supervisory Authority of Norway. The composition of the Board satisfies the requirements of the Public Limited Liability Companies Act concerning the representation of both genders on the Board. Each gender is represented on the Board with 50 per cent.

The majority of board members must be independent of executive persons, important business associates and the largest owners of equity certificates. No executive persons are members of the Board.

The Chairman and Deputy Chairman of the Board are elected by the General Meeting through specific elections.

The articles of association stipulate that board members are elected for 2 years. Of the elected members, four come up for re-election in one year, and four members come up for re-election during the following year. Members who are up for election can be re-elected. The articles of association stipulate that an elected member of the Board cannot hold their position for a continuous period of more than 12 years, or for more than 20 years in total.

The annual report contains information about who the board members are, the competence of the board members, how many equity certificates each member owns, their participation in board meetings and other matters.

Deviations from the Code of Practice: None

9. The work of the Board of Directors

The Board bears overall responsibility for management of the institution and for supervising the day-to-day management team and the institution's activities. The Board must, via the CEO, ensure the business is properly organised.

The Board has established instructions for the Board and day-to-day management that clearly set out the internal division of responsibilities and duties.

The instructions for the Board contain rules concerning the Board's work and procedures, including which matters the Board should deal with, the CEO's duties and obligations with respect to the Board and rules for convening meetings and meeting procedures.

The Board prepares an annual plan for its work that covers duties stipulated in Acts, Regulations, government decisions, the articles of association and resolutions of the General Meeting.

The Board sets out Sparebanken Møre's overall longterm financial targets. These are set forth in the Group's strategy document. The document is revised annually in a joint process involving the Board and the bank's executive management group. In this way, the Board ensures Sparebanken Møre is managed in such a way that the overall agreed targets are met.

The Board stays informed of Sparebanken Møre's financial position and performance through its approval of quarterly and annual reports and monthly reviews of financial position and performance.

Furthermore, the Board shall ensure that the activities are subject to satisfactory control and that the Group's capital situation is prudent given the scope of the activities and their associated risk.

The Board's responsibilities related to the reviewing and reporting of risk management and internal control are described in section 10 below.

The Norwegian Financial Institutions Acts established stricter rules regarding conflicts of interest than those that follow from the Public Limited Companies Act. The Board has in the instructions for the Board set guidelines concerning impartiality that are stricter in relation to some points than the statutory requirements.

The instructions for the Board state how the Board and the day-to-day management team shall treat agreements with close associates.

The Board ensures that board members and executive persons disclose to the bank of any material interests they may have in matters that will be considered by the Board.

The annual financial statements contain further information about transactions between close associates.

Should material transactions take place between Sparebanken Møre and equity certificates holders, board members, executive persons or close associates of these, the Board shall ensure that a valuation is obtained from an independent third party, except for matters that have been discussed and voted on by the General Meeting.

An independent valuation must also be obtained in the event of transactions between companies in the same group where there are minority shareholders. Sparebanken Møre's subsidiaries were, as at 31 December 2022, all wholly owned by the bank.

When considering important matters in which the Chairman of the Board is, or has been, actively engaged, the Board's consideration shall be chaired by the Board's Deputy Chairman or another board member.

An Audit Committee, Risk Committee and Compensation Committee have been established. The committees' members are elected by and from among the members of the Board. The Audit Committee and the Risk Committee have three members, all of which are independent of the institution. The Compensation Committee has four members, one of which is an employee-elected member.

All committee members are independent of executive persons.

The Board has adopted instructions for board committees describing the committees' duties and procedures.

The Compensation Committee is discussed in more detail in point 12 below.

Each year, the Board evaluates its own work and professional competence to see if improvements can be made.

Deviations from the Code of Practice: None

10. Risk management and internal control

Sparebanken Møre uses a comprehensive risk management process as the basis for its internal control. In order to carry out comprehensive risk management within Sparebanken Møre, the global internal control standard COSO model is used.

The "Overall guidelines for management and control within Sparebanken Møre" states that, as a general rule, each manager in the Group must ensure that they possess adequate knowledge of all material risks within their area of responsibility, such that the risk can be managed in a financially and administratively prudent manner.

The "Instructions for the Board of Directors of Sparebank Møre" defines the Board's role and the importance, form, content and implementation of the Board's work. This also includes risk management via both its management function and its supervisory function. Separate instructions have also been prepared for the Group's Audit Committee and Risk Committee, along with separate instructions for the Remuneration Committee.

The Board shall ensure that risk management and internal control processes within Sparebanken Møre are adequate and systematic, and that these processes have been established in compliance with laws and regulations, articles of association, instructions and external and internal guidelines. The Board establishes principles and guidelines for risk management and internal control for the various levels of activity pursuant to the risk bearing capacity of the bank and the Group, and make sure that the strategies and guidelines are being communicated to the employees. The Board shall systematically and regularly assess strategies and guidelines for risk management. Furthermore, the Board shall monitor and periodically assess the effectiveness of the Group's overall management and control, including taking into account internal and external influencing factors. The latter point especially applies in the case of changes in economic cycles and macroeconomic general conditions.

To ensure that Sparebanken Møre's risk management and internal control processes are carried out satisfactorily, the Board continually receives various types of reports throughout the year from Sparebanken Møre's control bodies, including the Risk Management Department and Compliance Department, Operational Risk Department and internal and external auditors. The Board actively participates in the annual ICAAP and the Recovery Plan via its implementation in the

strategy document. The Board revises and approves all the bank's general risk management documents at least once a year. Every year during the fourth quarter, the CEO reports on the structure and efficiency of the Group's internal control.

The Bank is organised into three lines of defence that contribute to the management and control of the Group's activities and a satisfactory division of responsibilities between the institution's business areas. This is intended to prevent conflicts of interest and ensure compliance with the applicable recommendations for the organisation of financial institutions.

The lines of defence report directly to the executive management group and/or the Board. Appropriate internal control procedures, mechanisms and processes must be designed, developed, maintained and evaluated within all three lines of defence.

Both the Board's annual report and the annual financial statements otherwise contain further information about Sparebanken Møre's risk management and internal control.

Deviations from the Code of Practice: None

11. Remuneration of the Board of Directors

The remuneration of board members and members of the Board's committees shall be determined by the General Meeting based on the recommendations of the Nomination Committee. In determining the remuneration, there must be an emphasis on ensuring that the remuneration reflects the Board's responsibilities, expertise, time spent and the complexity of the business.

The board members' remuneration is not performance-related. Options are not issued to board members.

Provisions have been included in the instructions for the Board that state that board members, or companies to which they are connected, should not undertake any tasks for Sparebanken Møre beyond their position on the Board. However, if they do, the entire Board must be informed. Fees for such services must be approved by the Board.

If remuneration has been paid in addition to the ordinary board fee, such remuneration will be specified in notes in the annual report.

Deviations from the Code of Practice: None

12. Salary and other remuneration of senior executives

The Board revises the guidelines for the salaries and remuneration of senior executives every year. The guidelines are presented to General Meeting for approval in line with the provisions of the Norwegian Public Limited Companies Act.

The Board's report on executive pay is presented to the General Meeting each year for an advisory vote.

Special rules apply to remuneration schemes in financial institutions. These are set out in the Norwegian Financial Institutions Act's chapter 15.

The Board has elected a Remuneration Committee from amongst the board members.

Salaries and other remuneration in Sparebanken Møre should contribute to the Group achieving its targets and should encourage appropriate conduct. Furthermore, salaries and other remuneration should act as a means of good management and control in relation to the Group's risk, should discourage unwanted risk-taking and should contribute to the avoidance of conflicts of interest.

The implementation of the remuneration scheme must be reviewed at least once a year by the internal auditor, who will submit a report on the review to the Board.

Sparebanken Møre has no established annual bonus scheme, although in years with good results and good target achievement the bank's Board will consider giving a bonus to all of the bank's employees, including executive persons, with the exception of the CEO. In 2022, the bank's employees (with the exception of the CEO) were paid a bonus for the financial year 2021. This amounted to a fixed sum of NOK 15,000 plus 1 per cent of the individual's gross salary.

In addition, each employee can receive a lump-sum supplement as recognition of an extraordinary contribution. As a general requirement, lump-sum remuneration of executive persons, employees with duties of material importance to the bank's risk exposure, and employees who perform control duties must be based on a combination of an assessment of the person concerned, the person's business unit and the bank as a whole. The starting point for determining variable lump-sum remuneration shall be the risk-based result.

For those senior executives and others mentioned above who are not in positions that are directly linked to result-generating units, greater emphasis is placed

on achievement of the goals of the individual's department/unit in established managerial agreements, as regards results in relation to changes in working methods and the achievement of personal and case results. In the assessments, emphasis is also placed on Sparebanken Møre's total return on equity capital over the previous two years, insofar as is possible.

In the case of senior executives and others who work in result-generated units, the financial key figures defined in Sparebanken Møre's balance scorecard and the fulfilment thereof over the previous two years is given greater emphasis than in the case of persons who do not work in directly result-generating units. Attainment of the goals laid down for the individual and the department/unit in established management agreements over and above the financial figures in the balance scorecard shall also be used for assessing these persons. The balance scorecard contains various indicators which are directly related to risk-related results.

Ceilings have been set for both types of variable remuneration.

At least half of the general bonus paid to all employees is given in the form of Sparebanken Møre's equity certificates. The allocation is given from Sparebanken Møre's holdings of its own equity certificates corresponding to the market value at the time of settlement. The employee may not sell the equity certificates any earlier than 1 year after allocation (see below concerning specific rules for executive persons, etc.).

Senior executives, etc. shall receive at least half of their general bonus in the form of equity certificates. These equity certificates cannot be sold by the individual any earlier than evenly distributed over a period of at least four years.

In the event of a negative trend in Sparebanken Møre's results, or in the specific results of the business unit of the employee, all or parts of the approved variable remuneration may be reclaimed over the following four years after receipt of the variable remuneration. Conduct that provides reasonable grounds for dismissal may also result in all or parts of approved variable remuneration being reclaimed.

Variable remuneration shall only be paid out if it is prudent in relation to the institution's overall financial position.

Senior executives, etc. shall not have agreements or insurance policies that provide security against the loss of performance-based remuneration.

Deviations from the Code of Practice: None

13. Information and communications

Sparebanken Møre complies with the IR recommendations issued by Oslo Børs Exchange on 1 March 2021.

The Board has established guidelines for reporting of financial and other investor information. The guidelines emphasise that correct, clear, relevant and real-time information about the Group's performance and results should engender confidence and fulfil the requirement for equal treatment of stakeholders in the securities market. The guidelines also cover the Group's contact with equity certificate holders outside the General Meeting.

An annual plan regarding which stakeholders to contact, and when and how, is drawn up each year.

Through its annual and interim reports, the bank seeks to achieve the required transparency regarding the most important factors relating to its development. This is done in order that all market participants may be able to form as correct a picture as possible of the bank's situation. The executive management group gives special presentations in connection with the publication of Sparebanken Møre's annual and interim results. The reports and presentations are made available to the market via Sparebanken Møre's website, including webcast presentations, and by publication on Oslo Børs.

English language versions of annual and quarterly reports, as well as quarterly presentations of the accounts, are produced. The bank's banking connections and investors abroad are kept informed on a regular basis, partly through outreach in which Sparebanken Møre's financial statements and development are among the topics discussed.

Information about the bank's equity certificates, dividend policy and financial calendar can be found on the bank's website.

Deviations from the Code of Practice: None

14. Corporate takeovers

The equity in savings banks that have issued equity certificates consists of equity certificate capital, primary capital and retained earnings.

Primary capital is own funds that cannot be taken over by others in the event of acquisition.

The Norwegian Financial Institutions Act requires permission from the Financial Supervisory Authority of

Norway for acquisitions of stakes that represent 10 per cent of more of a financial institution's capital. The Act also requires permission from the Ministry of Finance for the merger of financial institutions, splitting up of financial institutions and disposal of all or material parts of a financial institution's business.

Deviations from the Code of Practice: Point 14 of the Code of Practice does not apply to savings banks that have issued equity certificates.

15. Auditor

The Audit Committee ensures that the auditor draws up a plan for the execution of the auditing work each year and that the auditor presents this plan to the Audit Committee.

The Board and the Audit Committee summon the auditor to attend meetings at which the financial statements are considered.

At such meetings, the auditor reviews key aspects of the audit, including material situations about which the auditor and the management have disagreed. The auditor's views on the bank's risk areas, internal control routines and accounting policies are also discussed. Besides this, the auditor will make the board members aware of any areas which would benefit from an improvement in overall quality levels, and present proposed improvements where they are required.

The Board's annual plan includes an annual meeting with the auditor which the bank's executive management group does not attend.

The Board has adopted guidelines for the general management's access to use the auditor for non-audit services.

Deviations from the Code of Practice: None









Statement and results

Statement and results

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Board of Directors' Report

The financial statements have been prepared in accordance with IFRS. All figures relate to the Group. Figures in brackets refer to the corresponding period in 2021.

Area of operation and markets

Sparebanken Møre is an independent, listed financial services group, which consists of the parent bank, the mortgage company Møre Boligkreditt AS, the estate agency Møre Eiendomsmegling AS, and the property companies Sparebankeiendom AS and Storgata 41-45 Molde AS.

Sparebanken Møre was established in 1985 by the merger of a number of local savings banks. The oldest bank that was part of this merger was Herrøe og Røvde Sparebank, which was founded in 1843.

In the years since then, a strong local presence has been the very foundation of the bank's business, and today Sparebanken Møre is the leading financial services group in our market area, Nordvestlandet. At the end of 2022, the bank employed 374 full-time equivalents (FTEs) spread across 26 branches in Møre og Romsdal. The head office is in Ålesund.

Over many years, the bank has built up a large expert environment in relation to the retail and corporate markets, as well as the equity, interest rate and currency markets. Together with its subsidiary Møre Eiendomsmegling AS, Sparebanken Møre is a full-service bank for people, businesses and the public sector in Nordvestlandet.

Sparebanken Møre offers a full range of financial services within the following areas:

- Loans and credits
- Deposits and investments
- Asset management
- Financial advisory services
- Money-transfer services
- Currency and interest rate business for customers
- Insurance
- Real estate brokerage

Key figures 2022

Group's key figures

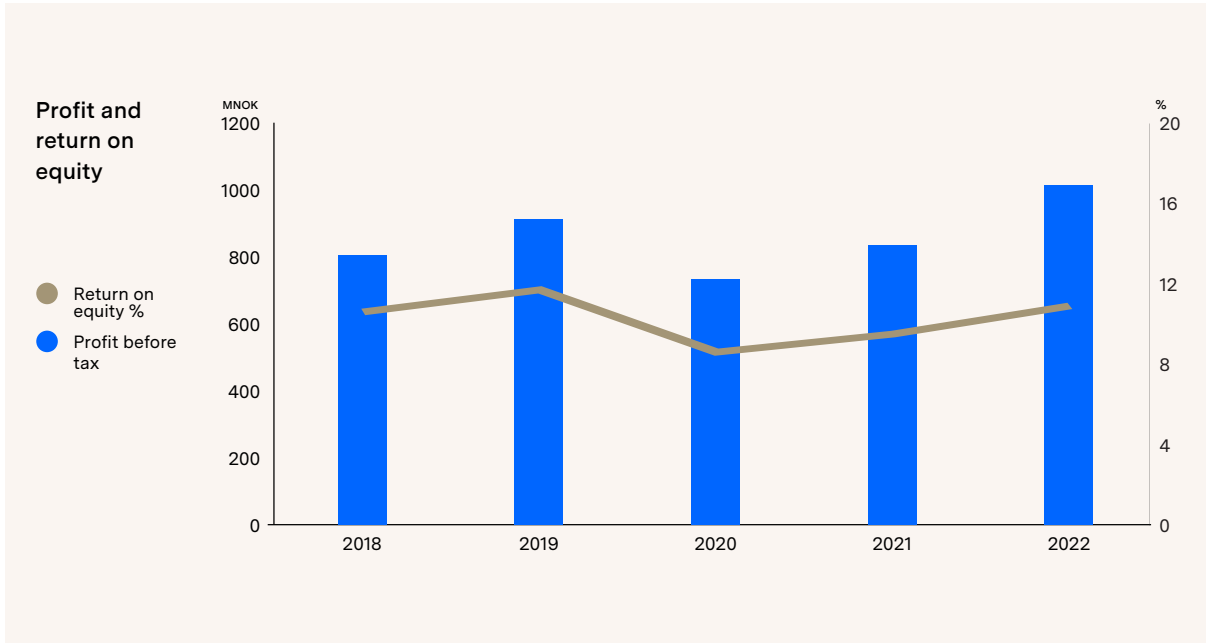
(Comparable figures for 2021 in brackets)

- Profit after tax: NOK 777 million (NOK 642 million)
- Return on equity after tax: 10.9 per cent (9.5 per cent)
- Lending growth in the past 12 months: 8.8 per cent (4.6 per cent)
- Deposit growth in the past 12 months: 4.8 per cent (7.3 per cent)
- Primary capital amounted to 22.1 per cent (20.9 per cent) and Tier 1 capital 19.7 per cent (18.9 per cent), of which Common Equity Tier 1 capital amounted to 17.9 (17.2 per cent).
- Earnings per equity certificate: NOK 7.50 (NOK 6.22)
- The Board of Directors recommends that the Annual General Meeting pays a cash dividend of NOK 4.00 per equity certificate and sets aside NOK 200 million for dividend funds for local communities.

Parent bank's key figures

(Comparable figures for 2021 in brackets)

- Profit after tax: NOK 875 million (NOK 639 million)
- Primary capital amounted to 24.4 per cent (22.7 per cent) and Tier 1 capital 21.7 per cent (20.5 per cent), of which Common Equity Tier 1 capital amounted to 19.7 (18.6 per cent).
- Earnings per equity certificate: NOK 8.48 (NOK 6.20)



Strategy and targets

Vision and values

Sparebanken Møre’s vision is to be the leading contributor to creative enthusiasm in Nordvestlandet. Every day.

As a regional savings bank, Sparebanken Møre has strong ties to its local communities. The development of the bank depends on the sustainable development of the region, and the region depends on a financially strong, forward-looking bank. The bank’s vision reflects this interplay and means that we want to contribute to creating:

- results and profit
- good customer experiences
- sustainable development
- new and better products
- new partnerships
- new teams on their way to the top
- commitment to- and pride in Nordvestlandet

The bank’s core values are close, committed and capable.

Business model

Sparebanken Møre shall be an independent bank and the preferred choice of retail customers and small and medium-sized enterprises in Nordvestlandet. The

bank shall also be an attractive partner for larger companies and the public sector.

The Group’s products and services shall, in total, be competitive, sustainable and profitable, and they shall contribute to value creation in the region.

Sparebanken Møre bases its business on a contract banking model, which means that the Group can choose to operate and develop alone or together with partners/suppliers where appropriate. The Group shall collaborate with the best partners.

Sparebanken Møre shall also attract the best employees, and its corporate culture shall be characterised by cooperation, learning, job satisfaction and motivation. The attitudes and methods shall create economic, social and environmental value for both the bank and its stakeholders.

Through good interaction between the bank’s branches, digital channels, specialist functions and customer service, the bank shall ensure that it provides a high-quality customer experience.

Financial objectives

The financial targets for the strategy period 2023-2026 are a return on equity of more than 11 per cent and a cost income ratio of less than 40 per cent. The bank also aims to achieve a lower level of losses than the average for Norwegian banks.

Driving force behind sustainable development

As a regional savings bank, Sparebanken Møre has a unique opportunity to ensure that those with sustainable targets find funding, and one of the bank's clear ambitions is to be a driving force behind sustainable development. A number of measures were implemented in 2022 within the areas of the environment, social conditions and governance (ESG). These are described in more detail in a chapter dedicated to sustainability and corporate social responsibility in the annual report.

Key framework conditions

Weaker growth and uncertain outlook

High inflation, interest rate hikes and geopolitical uncertainty are still impacting the economic outlook, both abroad and domestically. The prospects for growth in 2023 are therefore uncertain and weak. A number of regions and countries, including the eurozone, could see a mild recession during the year. In China, the increasing spread of Covid-19 infections is causing further uncertainty. In Norway, house prices and bankruptcies are the main risk factors. A more detailed review of the real economic framework conditions is provided in the chapter 'Future prospects'.

Key policy rate

Inflation in Norway is clearly above target. In order to help stabilise inflation around the target of 2 per cent, Norges Bank raised its policy rate in several rounds in the past year. The last interest rate change in 2022 was made on 14 December when the central bank decided to put the policy rate up from 2.50 per cent to 2.75 per cent.

In early March, the market shows significant changes in interest rate expectations compared to the beginning of the year. If these expectations are reflected in Norges Bank's interest rate setting, the policy rate will peak at 3.75 per cent at the end of the year.

Developments in the financial markets

Deposits are the Group's most important source of funding. The deposit-to-loan ratio of 57.4 per cent as

at 31 December 2022 is high and helps both reduce Sparebanken Møre's dependence on the financial markets and protect net interest income during a period of interest rate rises.

Norwegian banks have good access to market funding. 2022 started with the margins for all debt instruments contracting. In February, the margins widened, albeit with a slight pause in April before a new and marked widening. With the exception of a few weeks around the time the pandemic broke out in 2020, one must go back to 2016 to find similarly high borrowing margins. Towards the end of the year, margins contracted a bit, although they are still markedly above the level at the beginning of 2022.

Sparebanken Møre has focused on diversifying its sources of funding in the past years. One important means of this has been Møre Boligkreditt AS's issuing of semi-benchmark covered bonds in the European market. At the end of 2022, Møre Boligkreditt AS had outstanding bonds of NOK 26.8 billion in the market, of which almost 40 per cent were denominated in a currency other than NOK. Two of the company's euro issues were issued under the green framework established for issuances by the bank and covered bond company. Early in 2022, Sparebanken Møre issued its first green senior non-preferred (SNP) bond (with a first tranche of NOK 1.0 billion).

Sparebanken Møre's high credit rating was confirmed in July 2022 when Moody's Investor Service continued the bank's long-term rating of A1 with a stable outlook. All issuances from Møre Boligkreditt AS are rated Aaa by Moody's.

MREL

The Financial Supervisory Authority has set Sparebanken Møre's effective MREL requirement as at 1 January 2023 to 32.4 per cent and the minimum requirement for subordination at 23.5 per cent. Based on the set capital requirements and announced changes that will come into force by 1 January 2024, Sparebanken Møre will operate on the basis of an effective MREL requirement of 35.9 per cent and a subordination requirement of 28.9 per cent at the end of 2023.

Sparebanken Møre has issued NOK 2,000 million in subordinated bond debt (SNP) at the end of 2022.

Sustainable finance

The EU's Sustainable Finance Action Plan consists of a number of regulations designed to divert the flow of capital to sustainable investments. The plan is an important step for the EU in achieving its goal of net zero greenhouse gas emissions by 2050.

The introduction of a classification system that defines what types of activity can be called sustainable (the EU taxonomy) forms a key part of the action plan. A regulation has also been approved that sets requirements for sustainability-related disclosures in the financial services sector (EU regulation on sustainability-related disclosures in the financial services sector).

In Norway, the two regulations will be enacted via the 'Act on the disclosure of sustainability information in the financial services sector and a framework for sustainable investments' approved by the Norwegian Parliament in December 2021. The Act has been incorporated into the EEA Agreement and entered into force on 1 January 2023.

Sparebanken Møre has implemented measures to adapt to these changes.

The 'Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)' entered into force on 1 July 2022. In addition to a status update in the annual report's chapter on sustainability and corporate social responsibility, a report will be made available on the bank's website, sbm.no/berekraft, by the deadline 30 June 2023.

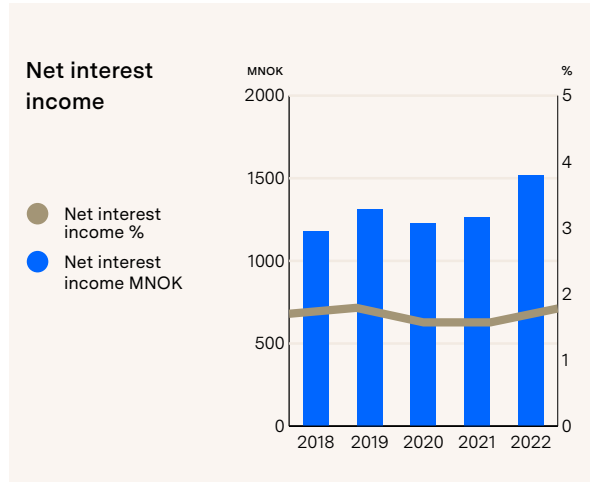
More information about the work on sustainable finance can be found in the chapter on sustainability and corporate social responsibility.

Results

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as established by the International Accounting Standards Board and approved by the EU as at 31 December 2022.

Net interest income

Net interest income totalled NOK 1,517 million (NOK 1,266 million) or 1.78 per cent (1.57 per cent) of average assets.



In the retail market, the lending margin decreased while the deposit margin increased compared with 2021. In the corporate market, the interest margin for lending was on a par with 2021, while the interest margin for deposits increased slightly.

Higher and rising interest rates during 2022 resulted in increased funding costs, as well as markedly higher net interest contribution from the bank's equity. The bank's high deposit-to-loan ratio has, together with the growth in lending towards the end of the year in particular, also contributed to higher net interest income both in terms of percentage points and in actual nominal terms.

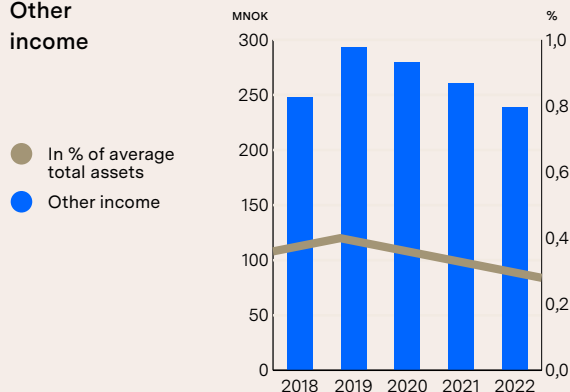
Other operating income

Other operating income was NOK 239 million in 2022 (0.28 per cent of average assets). This is a decrease of NOK 22 million compared with 2021.

Dividends amounted to NOK 11 million, compared with NOK 3 million in 2021. Capital losses from bond holdings were NOK 75 million, compared with losses of NOK 23 million in 2021. Capital gains from equities amounted to NOK 24 million, compared with capital gains of NOK 18 million in 2021. Income from other financial instruments increased by NOK 16 million compared with 2021.

Other operating income, excluding financial instruments, increased by NOK 28 million compared with 2021. See Note 16 for a specification of other operating income.

Other income



Costs

Total costs were NOK 747 million, which is NOK 102 million higher than in 2021. Personnel costs increased by NOK 70 million compared with 2021 and were NOK 430 million. Staffing has increased by 10 FTEs in the past 12 months to 374 FTEs. Other operating costs were NOK 32 million higher than in 2021. See Note 18 and Note 19 for a specification of costs.

The cost income ratio for 2022 was 42.5 per cent, which represents an increase of 0.3 percentage points compared with 2021.

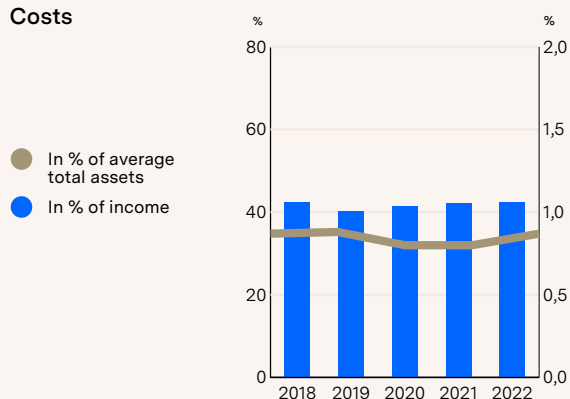
Provisions for expected credit losses and credit-impaired commitments

In 2022, the accounts were credited with recovery on losses on loans and guarantees of NOK 4 million, while the accounts for 2021 were charged NOK 49 million, corresponding to 0.00 per cent of average assets and 0.06 per cent, respectively.

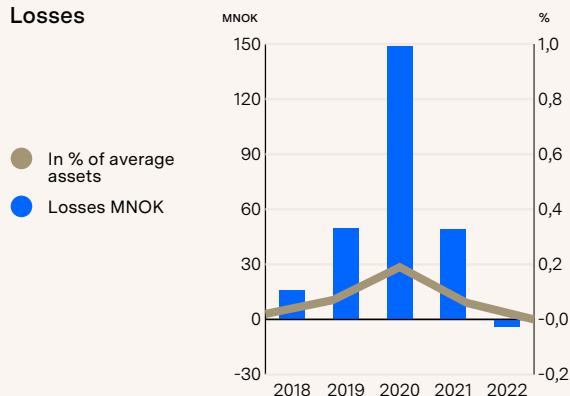
At the end of 2022, provisions for expected credit losses totalled NOK 341 million, equivalent to 0.44 per cent of gross loans and guarantee commitments (NOK 368 million and 0.51 per cent). Of the total provisions for expected credit losses, NOK 12 million concern credit-impaired commitments more than 90 days past due (NOK 15 million), which amounts to 0.02 per cent of gross loans and guarantee commitments (0.02 per cent). NOK 186 million concerns other credit-impaired commitments (NOK 248 million), which is equivalent to 0.24 per cent of gross loans and guarantee commitments (0.34 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other commitments in Stage 3) have increased by NOK 92 million in the past 12 months. At year end 2022, the corporate market accounted for NOK 770 million of net credit-impaired commitments and the retail market NOK 155 million. In total, this represents 1.19 per cent of gross loans and guarantee commitments (1.16 per cent).

Costs

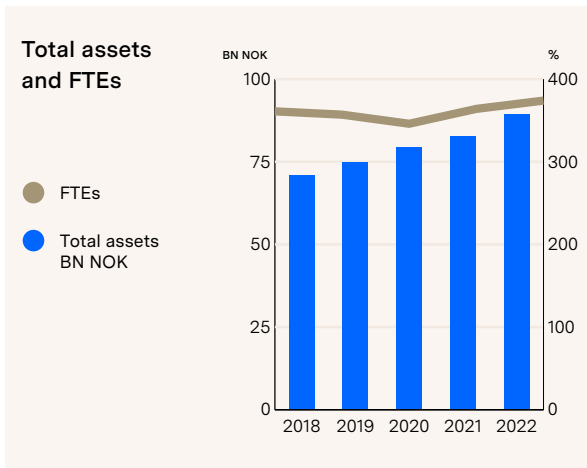
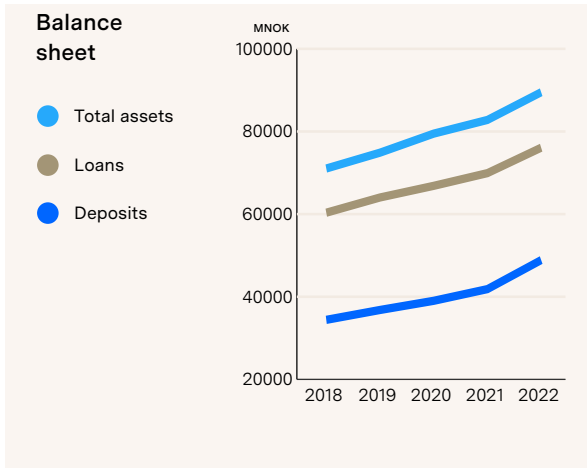


Losses



Total assets

At the end of 2022, total assets amounted to NOK 89,501 million. This represented a NOK 6,704 million or 8.1 per cent increase compared with last year. The change in total assets is primarily attributable to an increase in lending.



Lending to customers

At year end 2022, lending to customers amounted to NOK 76,078 million (NOK 69,925 million). In the past 12 months, customer lending has increased by a total of NOK 6,153 million, or 8.8 per cent. Retail lending has increased by 6.9 per cent and corporate lending has increased by 12.7 per cent in the past 12 months. Retail lending accounted for 66.5 per cent of lending at year end 2022 (67.7 per cent).

The changes in the risk classified portfolio (measured in terms of PD) were moderate in 2022. In the corporate market portfolio, the total share of the volume in the three best risk classes (A, B and C) decreased from 50.2 per cent at the end of the year before to 49.7 per

cent at the end of 2022. In the same period, the proportion in the high-risk classes (H, I and J) decreased from 10.6 per cent to 6.5 per cent. For the retail customer portfolio, the proportion in the three best risk classes decreased from 92.9 per cent to 91.4 per cent. In the same period, the proportion in the high-risk classes (H, I and J) increased from 1.0 per cent to 1.5 per cent.

The proportion of credit-impaired commitments (risk classes K, M and N) increased in 2022. Risk class K contains commitments declared healthy but with probation periods of up to 12 months. During the probation period, the commitments are defined as credit-impaired.

In the corporate market portfolio, net credit-impaired commitments as a percentage of loans/guarantee commitments decreased from 3.12 per cent at the end of 2021 to 2.86 per cent at the end of 2022. For the retail customer portfolio, net credit-impaired commitments as a percentage of loans/guarantee commitments increased from 0.15 per cent at the end of 2021 to 0.30 per cent at the end of 2022.

At the end of 2022, gross commitments in risk class K (probation period) accounted for 48 per cent of the gross credit-impaired commitments in the corporate market portfolio and 33 per cent in the retail market portfolio.

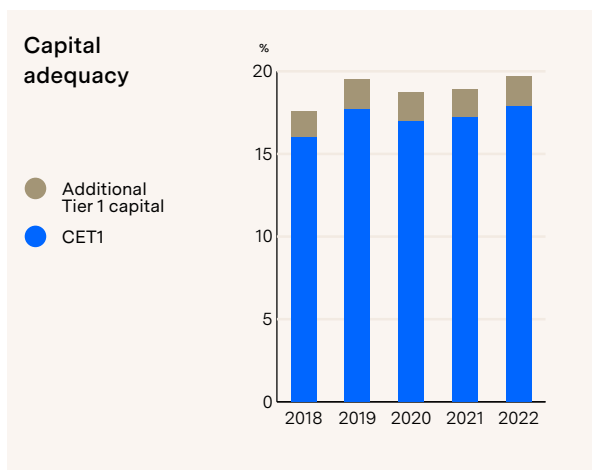
Deposits from customers

Customer deposits have increased by NOK 2,028 million, or 4.8 per cent, in the past 12 months. At year end 2022, deposits amounted to NOK 43,881 million (NOK 41,853 million). Retail deposits have increased by 6.8 per cent in the last 12 months, while corporate deposits have increased by 3.9 per cent and public sector deposits have decreased by 29.3 per cent. The retail market's relative share of deposits amounted to 60.0 per cent (58.9 per cent), while deposits from the corporate market accounted for 38.5 per cent (38.8 per cent) and from the public sector market 1.5 per cent (2.3 per cent).

The deposit-to-loan ratio was 57.4 per cent at the end of 2022 (59.6 per cent).

Capital adequacy

Sparebanken Møre is well capitalised. At the end of 2022, the Common Equity Tier 1 capital ratio was 17.9 per cent (17.2 per cent). This is 2.95 percentage points



higher than the total minimum requirement and the Financial Supervisory Authority of Norway's expected margin totalling 14.95 per cent. Primary capital was 22.1 per cent (20.9 per cent) and Tier 1 capital 19.7 per cent (18.9 per cent).

The 'banking package' was enacted in Norway on 1 June 2022 and resulted in several changes such as the expansion of the SME discount and the introduction of a minimum NSFR requirement. On 21 December 2021, Sparebanken Møre applied to the Financial Supervisory Authority to make changes to the bank's IRB models and calibration framework. The bank received a preliminary response to the application on 13 July 2022 and responded to this on 14 December 2022. The Board is awaiting a final response from the Financial Supervisory Authority to the application that has been submitted.

Sparebanken Møre's total Common Equity Tier 1 capital ratio requirement is 13.7 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 buffer of 2.0 per cent. In addition, the Financial Supervisory Authority of Norway has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, as well as an expected capital adequacy margin of 1.25 per cent. The Financial Supervisory Authority has informed the bank that it plans to implement SREP in 2023. At least 56.25 per cent of the new Pillar 2 requirement that results from the aforementioned SREP must be met with Common Equity Tier 1 capital, while 75 per cent must be met with Tier 1 capital.

The leverage ratio (LR) at year end 2022 was 7.6 per cent (7.7 per cent). The regulatory minimum requirement (3 per cent) was met by a good margin.

Securities

Holdings of investments in interest-bearing securities (the LCR portfolio plus the surplus liquidity portfolio) at year end 2022 amounted to NOK 11,013 million compared with NOK 10,185 million at year end 2021. The volume of the portfolio is generally tailored to the LCR requirement, but also the bank's overall liquidity situation.

The bank had no trading portfolio at year end 2022.

The bank's Additional Tier 1 capital consists of two loans totalling NOK 600 million. Both loans are subject to floating interest rates.

Proposed allocation of the 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 proposes to the Annual General Meeting that 53.4 per cent of the Group's profit (47.2 per cent in the parent bank) allocated to equity certificate holders be set aside for cash dividends and dividend funds for local communities.

Based on the accounting breakdown of equity in the parent bank between equity certificate capital and the primary capital fund, 49.65 per cent of the profit will be allocated to equity certificate holders and 50.35 per cent to the primary capital fund.

The Group posted earnings per equity certificate of NOK 7.50 in 2022 (NOK 8.48 in the parent bank). The Board of Directors proposes to the Annual General Meeting that the cash dividend per equity certificate for the 2022 financial year be set at NOK 4.00, which will come to NOK 198 million in total. The corresponding provision for dividend funds for local communities will amount to NOK 200 million.

Proposed allocation of profit (figures in NOK millions):

Profit for the year	875
Share allocated to AT 1 instrument holders	31
Dividend funds (53.4%)	
To cash dividends	198
To dividend funds for local communities	200
	398
Strengthening equity (46.6%)	
To the dividend equalisation fund	221
To the primary capital fund	225
Total allocated	875

Equity certificates and dividends

At year end 2022, there were 6,145 holders of Sparebanken Møre's equity certificates. The proportion of equity certificates owned by foreign nationals amounted to 2.6 per cent at the end of the year. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.65 per cent of the bank's total equity.

The 20 largest equity certificate holders represented 54.1 per cent of the bank's equity certificate capital at year end. Of these equity certificate holders, nine were residents of Møre og Romsdal, with a relative ownership interest among the 20 largest of 53.1 per cent (57.3 per cent). Note 34 includes a list of the 20 largest holders of the bank's equity certificates.

Sparebanken Møre encourages all employees to own equity certificates in Sparebanken Møre and contributes to this via reward schemes. At the end of the year, employees held 1,097,497 equity certificates, which makes employees the tenth largest MORG owner overall.

As at 31 December 2022, the bank owned 150,927 of its own equity certificates. These were purchased on the Oslo Børs at market prices. The equity certificates are freely negotiable in the market.

Sparebanken Møre's dividend policy states that the bank's aim is to achieve financial results which provide a good and stable return on the bank's equity. 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 % of the annual surplus can be distributed as dividends.

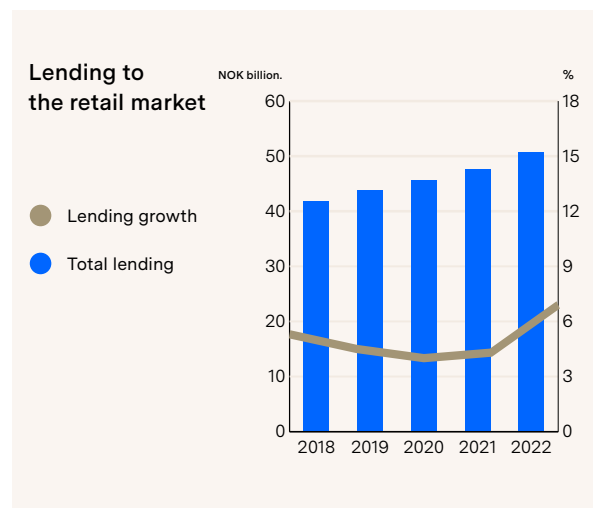
Sparebanken Møre's allocation of earnings should ensure that all equity holders are guaranteed equal treatment.

Business areas

Retail Banking Division

Sparebanken Møre is a market leader in Nordvestlandet and has a strong presence with 150 authorised financial advisers in the branch network and 20 authorised advisers in the customer service centre. Availability and a strong expert environment were important for customers in a year of high inflation and rising interest rates. The bank saw record growth in new retail customers in 2022, which is good confirmation of the bank's business model. The growth was particularly strong in the priority market areas. Growth in lending to the retail market accelerated throughout the year, with lending increasing by no less than NOK 3.3 billion for the full year. This is the strongest growth in nominal terms in the bank's history, and the growth was especially strong in the last three quarters of the year. Total lending amounted to NOK 50.8 billion at the end of the year, which represents growth of 6.9 per cent. Deposits have seen strong growth in recent years, and this continued in 2022, with a total increase of NOK 1.7 billion (6.8 per cent). The deposit balance showed NOK 26.3 billion for the retail market at the end of the year. The growth in other business areas such as insurance, discretionary portfolio management, real estate brokerage and credit cards was also strong in 2022.

Sparebanken Møre places great importance on availability, good customer service and skills. For the fourth year in a row, the bank was named as having Norway's best customer service in the banking category. Our fast response times and good expertise were noticed by those around us and are appreciated by customers.



We launched a fully digital mortgage application process on our website in 2022. This enables customers to apply for and be granted new mortgages or loan preapproval letters digitally. This is an important addition to our adviser channel and gives customers who want to use digital solutions the option to do so. They can also now make changes to their loans themselves. This allows the bank to spend more time and resources on providing good advice, for which it is seeing great demand. Many customers experienced tighter liquidity towards the end of the year due to strong inflation and higher interest rates. Most customers are coping well with the interest rate rises, although a few more customers have needed to adjust their repayment period or needed interest-only periods for their loans. Availability and strong expert environments have therefore been even more important competitive advantages in the year just ended.

Sparebanken Møre wants to be a driving force behind sustainable development. In the role of adviser for multiple retail customers, it is important to actively encourage customers to make sustainable choices. Higher energy costs and generally higher price levels mean that many customers need to reduce their consumption. Good advice that ensures that customers have healthy and sustainable finances is more important than ever. Having an adviser who knows you, and who is readily available to you, has been important for many customers.

Expert advisers combined with products that are well-suited to meeting customers' needs made important contributions to creating good customer experiences. All employees who advise customers must complete their FinAut authorisation programmes. They must also undergo continuous refreshers in market developments, systems training and training in providing good customer advice.

The bank wants to have good, long-term relationships with its customers. Availability and expertise have been important focus areas for the bank for many years, and in 2022 this work produced results in the form of good feedback from existing customers, strong growth in new customers and good results in external surveys.

Corporate Banking Division

The Corporate Banking Division is Nordvestlandet's largest financial services environment for business and achieved very good growth in 2022 as well.

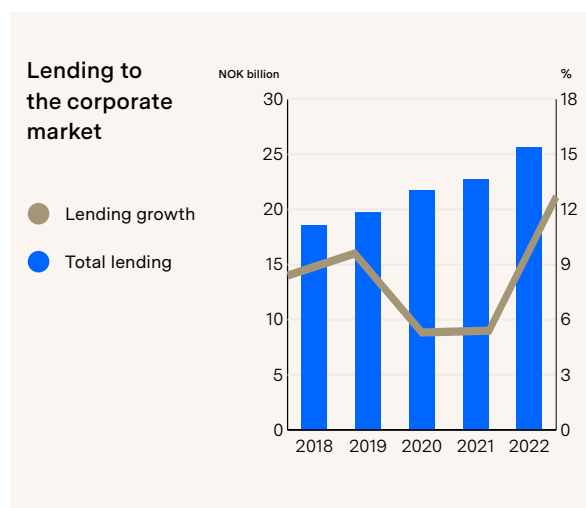
Lending to the corporate market increased by around NOK 2.9 billion to a total of NOK 25.6 billion, which represents growth of 12.7 per cent. The growth was higher than in the two preceding years when the increase in volume amounted to more than 5 per cent. The growth in deposits was more moderate, with total growth of around NOK 350 million. This is equivalent to 2.0 per cent, and deposits from corporate customers and the public sector totalled NOK 17.5 billion.

The largest individual industries measured in terms of lending were commercial real estate and fisheries, and both of these sectors also saw good growth in 2022. The quality of the lending portfolio is good, and both the level of credit-impaired commitments and losses remain low in most industries. Very few new losses, as well as improvements within the oil-service industry, resulted in net reversals of impairments amounting to NOK 26 million in 2022.

The growth in new customers remains good and the influx in 2022 was almost on a par with the level in 2021. In 2022, a total of 541 new corporate customers chose to establish an active customer relationship with Sparebanken Møre. The pace of growth in the past 3 years has been significantly higher than it was in the years before that. The majority of new customers are companies in the SME segment.

The establishment of Næringsbasen as part of customer service in 2021 ensured a complete service with cutting edge expertise for all of our corporate customers. This service is particularly aimed at smaller companies in all sectors and is intended to make it easier to both start and run a business.

Sparebanken Møre achieved a winner's podium position again in EPSI's nationwide customer satisfaction sur-



vey in autumn 2022 with a score of 72.4 (71.4 in 2021) compared with an industry average of 67.0. The bank receives very good feedback in the areas of industry knowledge, proactive advice, personal follow-up and corporate social responsibility. Sparebanken Møre has the highest score of all banks within sustainability, with a score of 76.9 compared with an industry average of 62.9. Sustainability is a key topic in customer contact and in connection with financing new investments in companies, and the new sustainability portal, which provides customers with industry-specific advice for their sustainability work, also contributed to the good score.

The survey reconfirms that competent advisers are crucial with respect to customer satisfaction, and further enhancing employee expertise is an important focus area. All account managers in the Corporate Banking Division are authorised financial advisers and must pass annual tests to renew their authorisation. In order to create added value for customers based on sound expert advice, the bank is also systematically further developing cutting edge, up-to-date and relevant industry expertise and knowledge of local market conditions.

At the same time as we further improve and strengthen our advisers' expertise, we are focusing on digitalising and streamlining both internal processes and better self-service solutions. This applies to both customer and product establishment, as well as efficient, digitalised, self-service credit solutions. This will help ensure that the bank's account managers can give even greater priority to direct customer contact with advice that provides added value to customers.

After 2 years of pandemic challenges which resulted in severe restrictions on meeting in-person, 2022 became in this respect a long-awaited year of normality. Other important elements, in addition to solid expertise, are the proximity to customers and close dialogue through in-person customer meetings and participation in various industry arenas. These activities have been given a high priority over the past year in order to strengthen our good customer relations.

The pandemic resulted in significant negative impacts on the framework conditions for some industries. Even though most sectors in our market area are coping fine, we can see that geopolitical turmoil, interest rate rises, the energy crisis, other cost increases and proposed new taxes are again creating a more unpredictable future. As far as the bank is concerned, there will be a major emphasis on helping customers find good financial solutions that can alleviate the difficult financial situations many companies are experiencing.

Capital Market

Sparebanken Møre's licence to operate as an investment firm is managed by the Finance and the Wealth Management units. In the Finance unit, the Treasury department follows up funding and securities management related services for the Group, while the Markets department manages customer-oriented services such as customer business in currencies, fixed income and equities. The Wealth Management unit follows up services related to discretionary portfolio management.

Sparebanken Møre must aim for low to moderate overall risk in the activities of the bank and the Group. Earnings should be a result of customer-related activities, and not financial risk taking, and the bank's market risk must be low.

The two units' customer-oriented services generated income of NOK 102 million in 2022, which represents more than 42 per cent of the bank's other operating income in 2022, somewhat higher than in 2021. Currency and fixed income business, as well as discretionary portfolio management, are the most important income areas. After deducting costs, the income from the capital market business is allocated to the Corporate Banking Division and the Retail Banking Division.

Subsidiaries

The aggregate profit of the bank's three subsidiaries was NOK 143 million after tax in 2022 (NOK 240 million).

Møre Boligkreditt AS

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 2022, the company had outstanding bonds of NOK 26.8 billion in the market, of which almost 40 per cent were denominated in a currency other than NOK. At the end of the year, the parent bank held no bonds issued by the company. Møre Boligkreditt AS contributed NOK 138 million to the Group's result in 2022 (NOK 239 million).

Møre Eiendomsmegling AS

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 1 million to the

result in 2022 (NOK 0 million). At year end, the company employed 18 full-time equivalents.

Real estate companies

The purpose of Sparebankeiendom AS and Storgata 41-45 Molde AS is to own and manage the bank's own commercial properties. The company contributed NOK 4 million to the result in 2022 (NOK 1 million). The companies have no staff.

Research and development

The bank takes a systematic approach to various development projects where the purpose is to provide improved products and services for customers, or to help streamline and enhance the quality of internal work processes.

Some of the projects are carried out in collaboration with partners, including through TEFT lab, which is a research partnership with the Norwegian University of Science and Technology (NTNU) in Ålesund. The bank plays an active role in education, research, innovation and dissemination, at the intersection between economics and technology.

The Group does not carry out its own research activities beyond this but is a strong contributor to R&D activities in Nordvestlandet via science parks and industry clusters.

Corporate governance

Corporate governance in Sparebanken Møre includes the targets and overall principles in accordance with which the Group is managed and controlled for the purpose of safeguarding the interests of the equity certificate holders, customers and other stakeholders in the Group. Good corporate governance is a prerequisite for long-term, sustainable value creation.

The Group's corporate governance is based on the Norwegian Code of Practice for Corporate Governance, most recently updated on 14 October 2021. Sparebanken Møre reviews the Code of Practice every year and submits a report in accordance the Code of Practice and section 3-3b of the Accounting Act.

Sparebanken Møre's corporate governance report is included in the annual report as a separate section.

Risk and capital management

Risk-taking is a fundamental element of banking operations. Risk management and risk control are two of the Board's focus areas. The overall purpose of risk management and risk control is to ensure that set targets are attained, ensure effective operations, manage risks which may prevent the attainment of commercial targets, ensure high quality internal and external reporting, and ensure that the Group's operations comply with all relevant laws, regulations and internal guidelines.

The stated goal of the Board of Sparebanken Møre is to ensure that the operations of the Group maintain a low to moderate risk profile. Earnings should be a product of customer-related activities, and not financial risk taking. Sparebanken Møre constantly strives to maintain control of the risks that exist. In those cases where the risk is deemed to exceed an acceptable level, immediate steps will be taken to reduce this risk.

The overall framework and limits for Sparebanken Møre's risk management are assessed annually by the Board as part of the preparation of the bank's strategic plan. In December 2022, the Board adopted a new strategic plan, 'Møre 2026'. The Board approves overall guidelines for management and control in the Group each year, and subsidiaries adopt individual risk strategies tailored to their activities. Separate guidelines have been approved for each significant risk area, including credit risk, counterparty risk, market risk, concentration risk, operational risk and liquidity risk.

The various guidelines form the framework for the Group's ICAAP. The Board actively participates in the annual process and establishes ownership of the assessments and calculations made, including through the ICAAP's key role in long-term strategic planning. The ILAAP process, which is the bank's assessment of liquidity and funding risk, is included as part of the ICAAP. Calculations performed in ICAAP indicate that the Group's capital adequacy is sufficiently robust to tolerate an economic development that is significantly more negative than the development on which the basic scenario in the long-term strategic plan is based. This is supported by both economic calculations and simulations based on various stress tests.

Sparebanken Møre has established a monitoring and control structure that is intended to ensure compliance with the overall framework of the bank's strategic plan. The Group's risk exposure and risk development are followed up on an overall basis through

periodic reports submitted to the executive management team, Risk Committee and the Board of Directors. One of the Risk Committee's primary purposes is to ensure that Sparebanken Møre's risk management is addressed satisfactorily.

The Board is of the opinion that Sparebanken Møre's aggregate risk exposure conform to the Group's targeted risk profile. The Board considers the Group's and bank's risk management to be satisfactory.

The EU capital requirements regulations have been enacted in Norway, and Sparebanken Møre reports, among other things, its capital adequacy requirements and liquidity requirements in accordance with these regulations. The 'banking package' was enacted in Norway on 1 June 2022 and resulted in several changes such as the expansion of the SME discount and the introduction of a minimum NSFR requirement. On 21 December 2021, Sparebanken Møre applied to the Financial Supervisory Authority to make changes to the bank's IRB models and calibration framework. The bank received a preliminary response to the application on 13 July 2022 and responded to this on 14 December 2022. The Board is awaiting a final response from the Financial Supervisory Authority to the application that has been submitted.

Based on the capital adequacy regulations, the minimum requirement for capital adequacy consists of a Pillar 1 requirement and a Pillar 2 requirement. The Pillar 2 supplement applies to risks that are not covered or are only partly covered by Pillar 1. The Financial Supervisory Authority of Norway has set the bank's Pillar 2 requirement at 1.7 per cent, applicable from 30 April 2022. In the assessment of the Financial Supervisory Authority of Norway, Sparebanken Møre should have a total margin of 1.25 percentage points above the overall requirement for Common Equity Tier 1 capital. The Financial Supervisory Authority has informed the bank that it plans to implement SREP in 2023. At least 56.25 per cent of the new Pillar 2 requirement that results from the aforementioned SREP must be met with Common Equity Tier 1 capital, while 75 per cent must be met with Tier 1 capital.

Sparebanken Møre's total minimum requirement for Common Equity Tier 1 capital amounted to 13.7 per cent as at 31 December 2022. Norges Bank has decided to increase the countercyclical buffer to 2.5 per cent from 31 March 2023. The Ministry of Finance has stated that the system risk buffer requirement must be kept unchanged at 3.0 per cent until 31 December 2023 for banks that use the standard method and IRB basic.

Sparebanken Møre has authorisation from the Financial Supervisory Authority of Norway to use the Foundation IRB method for calculating capital requirements for credit commitments. Operational risk calculations are performed using the basic method.

Sparebanken Møre's capital adequacy at year end 2022 was well above the regulatory capital requirements and the internally set minimum target for Common Equity Tier 1 capital of 16.95 per cent. Primary capital amounted to 22.1 per cent (20.9 per cent) and Tier 1 capital 19.7 per cent (18.9 per cent), of which Common Equity Tier 1 capital amounted to 17.9 (17.2 per cent).

The minimum requirement for the Tier 1 leverage ratio has been set at 3 per cent. At year end 2022, Sparebanken Møre's Tier 1 leverage ratio was 7.6 per cent (7.7 per cent), which represents a good margin with respect to the total requirement.

The Board continuously monitors capital adequacy, and the Group must have a level of capitalisation that corresponds with its accepted risk tolerance. The bank's recovery plan clarifies options that the bank can implement if the capital adequacy comes under stress. The options are listed in order of priority, with the measures described and their implementation specified should they become necessary.

Credit risk

Credit risk (or counterparty risk) is the risk of losses associated with customers or other counterparties being unable to fulfil their obligations at the agreed time pursuant to written agreements, and of received collateral not covering outstanding claims.

Credit risk also encompasses concentration risk, including risk linked to major commitments with the same customer, concentration within geographic areas or industries or with similar groups of customers.

Credit risk represents Sparebanken Møre's biggest risk area. The Group has a moderate risk profile for credit risk, as this risk is defined through the Group's credit risk strategy. The strategy provides, for example, limits for concentration in industrial sectors and the size of commitments, geographic exposure, growth targets and risk levels.

Compliance with the Board's resolutions within the area of credit is monitored by the bank's Risk Management and Compliance unit, which is independent of the customer divisions. The Board receives reports on cred-

it risk trends throughout the year in a monthly risk report. In addition, periodic reviews of the credit area are carried out by the Audit Committee and the Risk Committee. The Board receives quarterly reports in line with the regulations for residential mortgages and the regulations for lending. Sparebanken Møre's internal guidelines conform to the Financial Supervisory Authority of Norway's guidelines for mortgage lending.

Sparebanken Møre has, as part of the IRB system, developed its own risk classification models for classifying customers:

- Probability of Default (PD) is used as an indicator of quality. Customers are classified in a risk class according to the probability of default.
- Exposure At Default (EAD) is a calculated amount which includes drawn commitments or lending, loan commitments, and a proportion of approved, undrawn facilities.
- Loss Given Default (LGD) indicates how much the Group would expect to lose if the customer defaulted on his obligations. The models take account of the collateral that the customer has pledged, future cash flows and other relevant factors.

These models make an important contribution to the in-house management of credit risk. The customers are scored on a monthly basis, and this provides the basis for ongoing monitoring of the development of Sparebanken Møre's credit risk. Specific application scoring models are used in the credit approval process.

Through the Group's reporting portal, each member of staff with customer responsibilities has access to reports which show the development of the credit risk in his or her portfolio. The portal has a hierarchical structure allowing managers in Sparebanken Møre to monitor performance within their respective area of responsibility. The reporting is used to analyse customers, portfolios and segments, among other things. The portal also provides customer account managers with an overview of the customers' positions and limits in relation to exposure in financial instruments.

The Special Commitments department is part of the Risk Management and Compliance unit. The purpose of this department is to improve the efficiency of the processes associated with losses and commitments in default. This will improve the quality and professionalism in handling impaired commitments and ensures that case processing will be objective and independent. The department reports upwards in the management hierarchy independent of the line.

The Board finds that Sparebanken Møre's overall credit risk is within the Group's adopted risk tolerance. Exposure to large commitments is well within the adopted limits and the follow-up and control of this area is good. The Board finds that Sparebanken Møre is well prepared to handle any increased credit risk in the loan portfolio, and that the Group has a good foundation for increasing its focus on solid lending projects in Sparebanken Møre's area of operation in the future.

Climate risk

Climate risk is the impact resulting from climate change. Climate risk will also impact the bank's credit risk. Therefore, it is vital that the bank understands how climate risk will impact business customers' business models and profitability. At the same time, the bank wants to be a driving force behind ensuring that customers do not have a negative impact on the climate, but rather choose a greener direction (low emission).

When assessing climate risk, two types of risk in particular must be assessed: physical risk and transitional risk.

- Physical climate risk arises as a result of more frequent and severe episodes of drought, flooding, precipitation, storms, landslides and avalanches, as well as rising sea levels.
- Transitional risk is the risk associated with changes to, and the escalation of, climate policies/regulations, the development of new technologies and changed customer preferences (consumers) and investor requirements that may result in sudden changes in the market value of financial assets and especially assets associated with carbon-intensive activities (high consumption of energy from fossil fuel: coal, oil, natural gas, oil shale and tar sands).

The bank reports climate risk in line with the Task Force on Climate-related Financial Disclosures (TCFD). The report maps and assesses the bank's climate-related threats and opportunities. In order to identify climate-related risks and opportunities, the bank has assessed how physical risk and transitional risk will affect the bank's work in the retail and corporate markets, with a particular focus on credit risk, as well as the bank's management of market, liquidity and operational risk/reputational risk. The TCFD report is integrated into the bank's annual report.

An ESG risk analysis is also conducted for all corporate customers with exposure above a specified threshold value. The analysis assesses companies based on the three ESG dimensions, the environment, social conditions and governance, with an emphasis

on the environment and climate risk. The analysis is conducted using a special ESG risk module, which returns a customer score of low, moderate or high ESG risk. The overall results of the analyses are reported to the Board of Directors via quarterly risk reporting.

In the opinion of the Board, the bank's operations are organised such that the climate risk is within the bank's risk tolerances.

Market risk

Sparebanken Møre's market risk is primarily a reflection of activities which are conducted in order to support the Group's daily operations. This relates to the Group's funding, the bond portfolio which is maintained in order to meet funding needs and safeguard access to loans from Norges Bank, as well as customer-generated interest rate and currency trading.

The Board stipulates limits for Group market risk in the market risk strategy. The limits are monitored by the Risk Management and Compliance unit. The limits are established based on analyses of negative market movements. Based on an evaluation of risk profile, management and control, it is assumed that the bank accepts low risk within the market risk area. The reporting on monthly activity is included in Sparebanken Møre's periodic risk report for Group Management, the Risk Committee and the Board. Monthly performance is reported in addition to the actual risk exposure within each portfolio, individually and aggregated. The limits for market risk are conservative, and on an overall basis, market risk represents a small part of the Group's aggregate risk.

The bank is working to ensure it complies with the EBA's new guidelines on interest rate risks for banking book (IRRBB) and credit spread risk arising from non-trading book activities (CSRBB), which will come into force on 30 June and 31 December 2023, respectively.

The Board finds that the Group's risk exposure in the area of market risk is within the adopted risk tolerance limits.

Funding risk

The management of Sparebanken Møre's funding structure is incorporated into an overall funding strategy. The strategy reflects the moderate risk level that is accepted for this area of risk. It describes Sparebanken Møre's targets for maintaining its financial strength. Specific limits have been defined for differ-

ent areas of the Group's liquidity management. Sparebanken Møre's recovery plan includes a description of how the funding situation should be handled in turbulent financial markets.

Two key quantitative requirements have been established for liquidity:

- Requirement for liquidity coverage under stress: Liquidity Coverage Ratio (LCR)
- Requirement for long-term stable funding: net stable funding ratio (NSFR)

LCR measures an institution's ability to survive a 30-day stress period. LCR increases the importance of high-quality liquid assets. NSFR measures the longevity of an institution's funding. NSFR means that institutions have to fund liquid assets with the aid of a greater proportion of stable and long-term funding.

The regulatory minimum LCR and NSFR requirements are both 100 per cent. The Group has set internal minimum targets of 110 for LCR and 105 for NSFR: reporting shows that Sparebanken Møre has good margins in relation to both of these requirements.

A stricter liquidity requirement generally entails a significant interest cost for the bank. It also makes the bank more vulnerable to changes in credit spreads.

To ensure that the Group's funding risk is kept at a low level, lending to customers must primarily be financed by customer deposits and issuing long-term debt securities. The bank's deposit-to-loan ratio at the end of 2022 was 57.4 per cent.

Møre Boligkreditt AS's purpose is to acquire mortgages from Sparebanken Møre and finance these through the issue of covered bonds and ensure the Group greater diversification with respect to financing sources. At year end 2022, around 40 per cent of the Group's total lending (59 per cent of lending to the retail market) had been transferred to the mortgage company. Sparebanken Møre will continue to transfer loans to Møre Boligkreditt AS in accordance with the plans set out in the funding strategy.

In order to gain access to new sources of funding and seek stable access to funding from external sources, securities issued by both Sparebanken Møre and Møre Boligkreditt AS are rated by the rating agency Moody's.

In July 2022, the ratings agency Moody's confirmed Sparebanken Møre's long-term rating of A1 with a sta-

ble outlook. Bonds issued by Møre Boligkreditt AS are rated Aaa by Moody's.

As far as the composition of the external funding is concerned, priority is given to ensuring that a relatively high proportion of funding has a term in excess of one year. Total market funding ended at net NOK 35.2 billion at year end; almost 86 per cent of this funding has a remaining term of more than 1 year. The parent bank's outstanding senior bonds, with a term of more than 1 year, had a weighted remaining term of 2.17 years at year end 2022, while covered bond funding correspondingly had a remaining term of 3.13 years.

Sparebanken Møre has started reporting on liquidity to the Board in line with the reporting structure in the Financial Supervisory Authority of Norway's module for liquidity risk.

The Board receives a monthly review of the bank's liquidity status and the actual costs of market loans, development of marginal costs and average borrowing costs, as well as prognoses regarding liquidity requirements and comments on refinancing in the coming period.

The Board also receives a monthly status update on the liquidity situation via the risk report, and immediately if any important events occur that could impact the bank's current or future liquidity situation. The reporting includes several different key figures related to the development of financial strength, balance sheet performance, earnings performance, credit-impaired commitments and the development of cost of funds. The reporting tries to identify the funding situation during normal operations, identify any early 'warning signs' and assess the bank's stress capacity.

The Board considers the bank's liquidity situation at year end to be good. The Board also considers the ongoing liquidity management of the Group to be good.

Operational risk

Management of Sparebanken Møre's operational risk is set out in a strategy that is evaluated and approved by the Board every year. The strategy clarifies the risk tolerance accepted for this area of risk.

Operational risk is defined as the risk of losses due to inadequate or failing internal processes or systems, human error or external events. Operational risk is a broad area of risk and includes legal risk and reputa-

tional risk in the processes, cyber/IT risk, third party risk, conduct risk, anti-money laundering, privacy and more.

The process for managing operational risk must ensure that no single incident can seriously harm Sparebanken Møre's financial position. The Board has adopted internal guidelines for the area and risk assessments are carried out based on external and internal incidents to which the bank is exposed. There were no incidents with serious consequences in 2022.

Major changes are taking place in relation to operational risk. Greater digitalisation has increased the dependence on technology and expertise, both among customers and the bank's employees. There is a greater need for vigilance with respect to information security, including against the threat of ransomware and hacking, in both private and work contexts.

The quality and stability of our digital banking services and other IT services were generally good in 2022. Good cooperation between the actors in the industry makes an important contribution to the work on reducing the consequences of targeted attacks aimed at banks and other financial institutions. Sparebanken Møre has a strong focus on information security, including amongst the bank's employees and at the bank's service providers. All employees of the bank must take regular compulsory e-learning courses in information security.

The bank's business model with subsidiaries, associated companies due to the outsourcing of several critical processes and increasing requirements for regulatory regulations will have consequences for operational risk. Covid-19 and the war in Ukraine have also contributed to a change in the risk picture and together this underscores the importance of managing operational risk and keeping it under control.

The bank believes the work on combating money laundering and terrorist financing is very important. The anti-money laundering officer reports to the Board regularly and during the year more resources were added to this work in the bank.

The bank constantly works to ensure compliance with the privacy regulations in the organisation through ongoing assessments in individual cases and involvement in projects. Privacy is monitored closely, and deviations are reported to the Norwegian Data Protection Authority during the year.

The regulatory requirements and guidelines for the management and control of operational risk are increasing and the bank is in the process of professionalising this area. Although such management and control has been carried out for many years, the bank sees a need for broad input to the improvement work. The bank has started an extensive project to design and implement a management and control framework for operational risk in a structured manner in order to ensure that the risk exposure is within the risk tolerance, satisfies the regulatory requirements and expectations, and contributes to continuous improvement. Operational risks to which the bank is exposed were identified and quantified through this work in 2022.

Sparebanken Møre attaches great importance to external activities that focus on customers. The employees' high level of expertise and products designed to meet the needs of customers are important contributions to reducing operational risk while ensuring good customer experiences. All employees who advise customers are authorised via FinAut's authorisation programmes. They also undergo continuous refreshers on legislation, market trends, systems training and training in providing good customer advice.

Sparebanken Møre's established, operational internal control represents an important tool for reducing operational risk, through both identification and follow-up. The Board receives a quarterly risk report that includes the risk associated with any significant deviations and incidents that might occur.

The Board believes that the bank's overall risk exposure related to operational risk is prudent.

Compliance risk

Compliance risk is the ongoing and future risk with respect to earnings and capital related to any breach of, or failure to comply with, statutory or regulatory requirements, or requirements stipulated pursuant to acts and regulations, by the Group.

Compliance risk may result in public sanctions (loss of licence or fines), civil law compensation, and/or damages for losses in the event of breaches of contract. Compliance risk can also result in loss of reputation, limit business opportunities and reduce the potential for expansion.

Sparebanken Møre's overall goal for compliance is to ensure that the Group operates in accordance with

acts and regulations, and the tolerance for deviations must be low.

The main principle for compliance with the regulatory requirements to which Sparebanken Møre is exposed is the sharing of work and liability. This means that the various divisions, units, departments and business units have an independent responsibility to ensure compliance with acts and regulations in their day-to-day work.

All employees have an independent responsibility to comply with routines and guidelines established in accordance with acts and regulations, including providing feedback in the event of any discrepancies.

The Group's compliance function must ensure compliance with statutory or regulatory requirements and reports directly to the CEO and Board. The function is responsible for identifying, assessing, monitoring, reporting and advising on compliance risk.

The Board adopts annual compliance instructions and receives quarterly compliance reports. In the opinion of the Board, the bank's operations are organised such that the compliance risk is within the adopted risk tolerance.

Internal control in connection with the financial reporting process

The purpose of internal control in connection with the financial reporting process is to ensure that the financial statements are prepared and presented free from material error. Moreover, internal control shall ensure that external accounting requirements are met, as well as safeguard that information disseminated to analysts, supervisory authorities, investors, customers and other stakeholders is complete and provides a true and fair view of the Group's financial situation.

Responsibility for the financial reporting process is assigned to the Finance unit.

Transactions are registered in the bank's core systems, and a reconciliation is performed between these systems and the accounting system (BGL) on a daily basis. Periodic management reports are produced for the accounting system and quality checked. Any deviations that are recorded are rectified on an ongoing basis. Various management reports are prepared every month, Balanced Scorecard, analyses, risk reports, etc., and accounting consolidation and the associat-

ed internal accounting takes place on both a monthly and a quarterly basis. Items in the income statement, statement of financial position and note disclosures are reconciled against the accounting system and previous reports.

Part of the internal control in connection with reporting the annual financial statements is the cooperation with the external auditor and their audit of the Group accounts.

The interim and annual financial statements are reviewed by the bank's management group and the Audit Committee prior to final consideration by the Board and General Meeting. The annual financial statements are also considered by the Annual General Meeting.

Internal control reporting

Internal control reporting in Sparebanken Møre is decentralised, with Compliance as the coordinating unit. The internal control system is reviewed and verified every year in a process that involves all managers at levels 1, 2 and 3.

The CEO has also submitted an annual report to the Board containing an overall assessment of the risk situation and an assessment of whether the established internal controls function satisfactorily.

The Board has received regular reports on the operations and risk situation throughout the year. Based on the reports received, the Board believes that internal control is being properly addressed at Sparebanken Møre.

Sustainability and corporate social responsibility

One of Sparebanken Møre's clear ambitions is to be a driving force behind sustainable development. The Board has approved the Group's sustainability strategy and specific action plans and measures have been established in the bank's units/divisions in order to integrate sustainability and corporate social responsibility into the Group's operations. Sustainability has also been elevated to one of the five main areas in the corporate strategy for the period 2023-2026.

Through its endorsement of the UNEP FI Principles for Responsible Banking, Sparebanken Møre has committed itself to adapting its business strategy to the UN Sustainable Development Goals, Paris Agreement and relevant national framework.

The Group issues an annual report on corporate social responsibility in line with section 3-3c of the Accounting Act. A report is also produced in line with the reporting standard the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD).

This reporting contains descriptions of the goals, status and plans for what have been defined as the main sustainability topics for Sparebanken Møre. The reporting includes information on how Sparebanken Møre addresses and fulfils its responsibilities with respect to human rights, labour rights and social conditions, the external environment and combating corruption in business strategies, day-to-day operations and in relation to stakeholders.

The bank's report on sustainability and corporate social responsibility can be found in a dedicated chapter in the annual report.

Employees and working environment

Sparebanken Møre wants to be a highly attractive employer where employees thrive, develop and contribute to a good working environment for everyone. A good working environment must be achieved through, among other things, personnel policy measures, employee involvement and development and reflective feedback.

Employee satisfaction is measured every year and the working environment, commitment, management and communication, as well as the risk culture in Sparebanken Møre, are analysed. For 2022, the working environment committee score was 8.2 on a scale from 1-10, which reflects a very good working environment. This is an increase of 0,3% since 2021. The survey, including all of the employees' comments, has been carefully analysed and systemised, and has resulted in a concrete action plan.

Sparebanken Møre wants to contribute to low work-related sick leave through systematic HSE work, good management and a good working environment. Sick leave has been low over time and in 2022 it was 2.59 per cent.

Read more about the bank's work on training, as well as working conditions, equal opportunities and diversity in the chapter on sustainability and corporate social responsibility.

Directors' and officers' liability insurance

Sparebanken Møre has taken out directors' and officers' liability insurance with the insurance company AIG. Those covered are former, current and future board members, the CEO and members of equivalent governing bodies in the Group and subsidiaries. Continuity date 1 January 2008.

Internal auditing

The internal auditing function's remit is to provide independent assessments of the quality and effectiveness of management and control, risk management and internal control, and compliance with relevant laws and regulations.

The Group's internal auditing was outsourced to EY in 2022. The internal auditing function reports to the Risk Committee and the Board. A plan has been prepared for the work of the internal auditor and approved by the Board. The Risk Committee and the Board received regular reports from the internal auditor in 2022 in accordance with this plan, and no material breaches of relevant laws or regulations were identified.

Going concern assumption

In accordance with the requirements of Norwegian accounting legislation, the Board confirms that the prerequisites for the going concern assumption have been met, and that the annual financial statements have been prepared and presented on a going concern basis. This is based on the Group's long-term forecasts for the coming years.

Events after the reporting date

No significant events have occurred after the reporting date that materially affect the annual financial statements as presented.

Future prospects

In 2022, the economies of Western industrialised countries were impacted by steadily rising inflation. This was met with higher policy rates from central banks, both in Norway and abroad. As a consequence

of Russia's invasion of Ukraine and Western sanctions, restrictions on Russian exports have contributed to an energy crisis in Europe. This is a key reason why the growth prospects of our main trading partners have been adjusted downwards. Together with higher rates, a weak domestic housing market and greater uncertainty, this will result in markedly lower economic growth in Norway in 2023 compared with 2022.

Gross domestic product in mainland Norway increased by 3.8 per cent in 2022 compared with 2021. The growth rate was somewhat decreasing throughout the year and figures from Statistics Norway show growth in the 4th quarter of 2022 of 0.8 per cent. At the beginning of 2023, there is still a high level of activity in the Norwegian economy.

As a result of the persistent high demand for goods and services, unemployment in the county has remained low. At the end of December, the number of unemployed people in Møre og Romsdal accounted for 1.5 per cent of the workforce. The national unemployment rate was 1.6 per cent.

Norges Bank increased the key interest rate by 0.25 percentage points to 2.75 per cent in connection with the interest rate decision on 15 December. In early March, the market shows significant changes in interest rate expectations compared to the beginning of the year. If these expectations are reflected in Norges Bank's interest rate setting, the policy rate will peak at 3.75 per cent at the end of the year.

Consumer prices in Norway – and internationally – have risen rapidly and inflation is still clearly higher than the target of 2 per cent. Wage growth has also risen and is expected to rise further this year.

High inflation and higher interest rates will help curb demand going forward. House prices have fallen in the past few months and all the signs indicate that households will reduce their spending. Investments in Mainland Norway are likely to fall from high levels. Unemployment is expected to rise slightly from its current low level.

Financial conditions tightened during the course of 2022. A higher policy rate has led to higher mortgage lending rates and higher interest rates on loans to the corporate sector. Higher interest rate premiums in the bond market have resulted in higher lending rates, particularly for corporate loans. In total, this could result in mortgage interest rates higher than 5 per cent during the year. As a result of the inter-



est rate level and weaker growth in the housing market, it is likely that we will see lower credit growth for households both this year and next. The general uncertainty is pulling in the same direction. Together with low market growth among our trading partners and a slower rate of investment, corporate lending could also fall.

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

The return on equity for the full year was 10.9 per cent. The cost income ratio was less than 40 per cent for De-

ember 2022 but ended up at 42.2 per cent for the full year 2022. 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 financial targets are expected to be achieved in 2023.

Vote of thanks

The Board of Directors would like to thank all of the Group's employees and elected representatives for their good contributions in 2022. The Board of Directors would also like to thank Sparebanken Møre's customers, investors and other associates for our good partnership throughout the year.

Ålesund, 1 March 2023

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Leif-Arne Langøy

CHAIR OF THE BOARD

Henrik Grung

DEPUTY CHAIR

Jill Aasen

Signy Starheim

Kåre Øyvind Vassdal

Therese Monsås Langset

Bjørn Følstad

Marie Rekdal Hide

Trond Lars Nydal

CEO

Statement of income

GROUP				PARENT BANK	
2021	2022	(NOK million)	Note	2022	2021
1 723	2 730	Interest income		1 970	1 168
457	1 213	Interest expenses		715	261
1 266	1 517	Net interest income	15	1 255	907
226	248	Commission income and income from banking services		247	226
34	34	Commission expenses and expenses from banking services		34	34
26	32	Other operating income		45	45
218	246	Net commission and other income	16	258	237
43	-7	Net gains/losses from financial instruments	17	255	284
261	239	Total other income		513	521
1 527	1 756	Total income	4	1 768	1 428
360	430	Wages, salaries etc.	18 20	406	340
45	46	Depreciation and impairment of non-financial assets	30 31 32	53	50
240	271	Other operating expenses	19 29 30 35	257	225
645	747	Total operating expenses		716	615
882	1 009	Profit before impairment on loans		1 052	813
49	-4	Impairment on loans, guarantees etc.	9 10	-18	50
833	1 013	Pre tax profit	4	1 070	763
191	236	Taxes	21	195	124
642	777	Profit after tax		875	639
619	746	Allocated to equity owners		844	616
23	31	Allocated to owners of Additional Tier 1 capital		31	23
160	200	Dividend funds to the local community 1)		200	160
158	198	Dividend to the EC-holders 1)		198	158
150	225	Transferred to the primary capital fund		225	150
148	221	Transferred to the dividend equalisation fund		221	148
3	-98	Transferred to other equity capital		0	0
619	746	Proposed distribution		844	616
31.10	7.50	Result per EC (NOK) 2)	34	8.48	30.98
31.10	7.50	Diluted earnings per EC (NOK) 2)	34	8.48	30.98

1) To be transferred to other equity capital until the final resolution has been passed

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

Statement of comprehensive income

GROUP			PARENT BANK		
2021	2022	(NOK million)	Note	2022	2021
642	777	Profit after tax		875	639
		Other income/expenses reversed in ordinary profit:			
3	30	Change in value on basis swap spreads		0	0
-1	-6	Tax effect of change in value on basis swap spreads	21	0	0
		Other income/expenses not reversed in ordinary profit:			
12	46	Pension estimate deviations	20	46	12
-3	-12	Tax effect of deviations on pension estimates	21	-12	-3
653	835	Total comprehensive income after tax		909	648
630	804	Allocated to equity owners		878	625
23	31	Allocated to owners of Additional Tier 1 capital		31	23

Balance sheet

Assets

GROUP			PARENT BANK		
31.12.2021	31.12.2022	(NOK million)	Note	31.12.2022	31.12.2021
428	394	Cash and receivables from Norges Bank		394	428
355	324	Loans to and receivables from credit institutions, on a call basis		324	354
512	37	Loans to and receivables from credit institutions, with a fixed maturity		3 541	3 914
867	361	Total loans to and receivables from credit institutions	29	3 865	4 268
69 925	76 078	Net loans to and receivables from customers	4 5 6 7 8 9 10 18 29	45 723	41 067
10 185	11 013	Certificates, bonds and other interest-bearing securities	22 24	10 892	10 030
810	987	Financial derivatives	25	643	278
204	246	Shares and other securities	22 24	246	204
0	0	Equity stakes in financial institutions (subsidiaries)		1 550	1 550
0	0	Equity stakes in other Group companies		21	21
0	0	Total equity stakes in Group companies	29	1 571	1 571
0	0	Deferred tax asset	21	0	9
51	56	Intangible assets	32	55	51
14	12	Machinery, equipment, fixtures and fittings and vehicles	31	12	14
190	190	Buildings and other real estate	30 31	139	142
204	202	Total fixed assets		151	156
0	47	Overfunded pension liability		47	0
123	117	Other assets	33	117	117
82 797	89 501	Total assets	11 12 13 14 22 23 24	63 704	58 179

Liabilities and equity

GROUP			PARENT BANK		
31.12.2021	31.12.2022	(NOK million)	Note	31.12.2022	31.12.2021
180	436	Loans and deposits from credit institutions, on a call basis		1 819	1 077
800	150	Loans and deposits from credit institutions, with a fixed maturity		150	800
980	586	Total loans and deposits from credit institutions	29	1 969	1 877
30 865	31 611	Deposits from customers, on a call basis		31 697	30 882
10 988	12 270	Deposits from customers, with a fixed maturity		12 270	10 988
41 853	43 881	Total deposits from customers	4 6 18 28 29	43 967	41 870
30 263	34 236	Bonds issued	22 23 24 26	7 429	5 174
336	752	Financial derivatives	25	579	264
80	90	Incurred costs and prepaid income		86	80
35	26	Pension liabilities	20	26	35
334	210	Tax payable	21	180	200
39	26	Provisions against guarantee liabilities	9	26	39
61	106	Deferred tax liability	21	17	0
543	629	Other liabilities	30	651	626
1 092	1 087	Total provisions and other liabilities		986	980
703	857	Subordinated loan capital	23 27	857	703
75 227	81 399	Total liabilities	11 12 13 14 22 23 24 26	55 787	50 868
989	989	EC capital	34	989	989
-2	-3	ECs owned by the bank	34	-3	-2
357	358	Share premium		358	357
599	650	Additional Tier 1 capital	27	650	599
1 943	1 994	Total paid-in equity		1 994	1 943
3 094	3 334	Primary capital fund		3 334	3 094
125	125	Gift fund		125	125
1 831	2 066	Dividend equalisation fund		2 066	1 831
-8	16	Liability credit reserve		0	0
585	567	Other equity		398	318
5 627	6 108	Total retained earnings		5 923	5 368
7 570	8 102	Total equity	3	7 917	7 311
82 797	89 501	Total liabilities and equity		63 704	58 179

Ålesund, 1 March 2023

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Leif-Arne Langøy

CHAIR OF THE BOARD

Henrik Grung

DEPUTY CHAIR

Jill Aasen

Signy Starheim

Kåre Øyvind Vassdal

Therese Monsås Langset

Bjørn Følstad

Marie Rekdal Hide

Trond Lars Nydal

CEO

Statement of changes in equity

GROUP 31.12.2022	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as at 31.12.2021 (notes 3 and 34)	7 570	987	357	599	3 094	125	1 831	- 8	585
Changes in own equity certificates	- 5	- 1	1		- 2		- 3		
Distributed dividend to the EC holders	- 158								- 158
Distributed dividend to the local community	- 160								- 160
Issued Additional Tier 1 capital	400			400					
Redemption of Additional Tier 1 capital	- 349			- 349					
Interest paid on issued Additional Tier 1 capital	- 31								- 31
Equity before allocation of profit for the year	7 267	986	358	650	3 092	125	1 828	- 8	236
Allocated to the primary capital fund	225				225				
Allocated to the dividend equalisation fund	221						221		
Allocated to the owners of Additional Tier 1 capital	31								31
Allocated to other equity	- 98								- 98
Proposed dividend allocated to the EC holders	198								198
Proposed dividend allocated to the local community	200								200
Profit for the year	777	0	0	0	225	0	221	0	331
Change in value on basis swap spreads	30							30	
Tax effect of change in value on basis swap spreads	- 6							- 6	
Pension estimate deviations	46				23		23		
Tax effect of pension estimate deviations	- 12				- 6		- 6		
Total other income and expenses from comprehensive income	58	0	0	0	17	0	17	24	0
Total profit for the period	835	0	0	0	242	0	238	24	331
Equity as at 31 Dec. 2022 (notes 3 and 34)	8 102	986	358	650	3 334	125	2 066	16	567

GROUP 31.12.2021	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as at 31.12.2020 (notes 3 and 34)	7 208	987	357	599	2 939	125	1 679	- 10	532
Changes in own equity certificates	0								
Distributed dividend to the EC holders	- 133								- 133
Distributed dividend to the local community	- 135								- 135
Interest paid on issued Additional Tier 1 capital	- 23								- 23
Equity before allocation of profit for the year	6 917	987	357	599	2 939	125	1 679	- 10	241
Allocated to the primary capital fund	150				150				
Allocated to the dividend equalisation fund	148						148		
Allocated to the owners of Additional Tier 1 capital	23								23
Allocated to other equity	3								3
Proposed dividend allocated to the EC holders	158								158
Proposed dividend allocated to the local community	160								160
Profit for the year	642	0	0	0	150	0	148	0	344
Change in value on basis swap spreads	3							3	
Tax effect of change in value on basis swap spreads	- 1							- 1	
Pension estimate deviations	12				6		6		
Tax effect of pension estimate deviations	- 3				- 1		- 2		
Total other income and expenses from comprehensive income	11	0	0	0	5	0	4	2	0
Total profit for the period	653	0	0	0	155	0	152	2	344
Equity as at 31 Dec. 2021 (notes 3 and 34)	7 570	987	357	599	3 094	125	1 831	- 8	585

PARENT BANK 31.12.2022	Total equity	EC capital	Share premium	Additional Tier1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as at 31.12.2021 (notes 3 and 34)	7 311	987	357	599	3 094	125	1 831	318
Changes in own equity certificates	- 5	- 1	1		- 2		- 3	
Distributed dividend to the EC holders	- 158							- 158
Distributed dividend to the local community	- 160							- 160
Issued Additional Tier 1 capital	400			400				
Redemption of Additional Tier 1 capital	- 349			- 349				
Interest paid on issued Additional Tier 1 capital	- 31							- 31
Equity before allocation of profit for the year	7 008	986	358	650	3 092	125	1 828	- 31
Allocated to the primary capital fund	225				225			
Allocated to the dividend equalisation fund	221						221	
Allocated to the owners of Additional Tier 1 capital	31							31
Proposed dividend allocated to the EC holders	198							198
Proposed dividend allocated to the local community	200							200
Profit for the year	875	0	0	0	225	0	221	429
Change in value on basis swap spreads	0							
Tax effect of change in value on basis swap spreads	0							
Pension estimate deviations	46				23		23	
Tax effect of pension estimate deviations	- 12				- 6		- 6	
Total other income and expenses from comprehensive income	34	0	0	0	17	0	17	0
Total profit for the period	909	0	0	0	242	0	238	429
Equity as at 31 December 2022 (notes 3 and 34)	7 917	986	358	650	3 334	125	2 066	398

PARENT BANK 31.12.2021	Total equity	EC capital	Share premium	Additional Tier1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as at 31.12.2020 (notes 3 and 34)	6 954	987	357	599	2 939	125	1 679	268
Changes in own equity certificates	0							
Distributed dividend to the EC holders	- 133							- 133
Distributed dividend to the local community	- 135							- 135
Interest paid on issued Additional Tier 1 capital	- 23							- 23
Equity before allocation of profit for the year	6 663	987	357	599	2 939	125	1 679	- 23
Allocated to the primary capital fund	150				150			
Allocated to the dividend equalisation fund	148						148	
Allocated to the owners of Additional Tier 1 capital	23							23
Proposed dividend allocated to the EC holders	158							158
Proposed dividend allocated to the local community	160							160
Profit for the year	639	0	0	0	150	0	148	341
Change in value on basis swap spreads	0							0
Tax effect of change in value on basis swap spreads	0							0
Pension estimate deviations	12				6		6	
Tax effect of pension estimate deviations	- 3				- 1		- 2	
Total other income and expenses from comprehensive income	9	0	0	0	5	0	4	0
Total profit for the period	648	0	0	0	155	0	152	341
Equity as at 31 December 2021 (notes 3 and 34)	7 311	987	357	599	3 094	125	1 831	318

Statement of cash flow

GROUP				PARENT BANK	
2021	2022	(NOK million)	Note	2022	2021
Cash flow from operating activities					
1 884	2 807	Interest, commission and fees received	15 16	2 059	1 341
-277	-580	Interest, commission and fees paid	15 16	- 590	- 280
94	213	Interest received on certificates, bonds and other securities		210	100
3	11	Dividend and group contribution received	17	242	240
-531	-630	Operating expenses paid	18 19 20 30	- 577	- 482
-104	-334	Income taxes paid	21	- 200	- 109
299	506	Net receipts/payments(-) on loans to and claims on other financial institutions		403	1 657
-3 037	-5 169	Net receipts/payments(-) on loans/leasing to customers		- 3 874	- 3 045
-90	-966	Net receipts/payments(-) on utilised credit facilities		- 750	- 144
2 829	2 028	Net receipts/payments(-) on deposits from customers		2 097	2 821
6 286	13 502	Proceeds from the sale of certificates, bonds and other securities		10 087	7 404
-10 013	-14 687	Purchases of certificates, bonds and other securities		- 11 104	- 8 655
-2 657	-3 299	Net cash flow from operating activities		- 1 997	848
Cash flow from investing activities					
0	0	Proceeds from the sale of fixed assets etc.	31 32	0	0
-17	-35	Purchase of fixed assets etc.	31 32	- 35	- 15
135	86	Net receipts/payments(-) other assets	32 33	86	635
118	51	Net cash flow from investing activities		51	620
Cash flow from financing activities					
-268	-702	Interest paid on issued bonds and subordinated loan capital		- 186	- 66
-1 229	-394	Net receipts/payments(-) on deposits from Norges Bank and other financial institutions		92	- 1 235
6 346	8 224	Proceeds from bonds issued	26 27	3 305	1 000
-2 150	-3 546	Payments on redeemed debt securities	26 27	- 897	- 1 067
-133	-158	Dividend paid	34	- 158	- 133
-118	-230	Net receipts/payments(-) other debt	4 20	- 264	- 58
0	-349	Redemption of Additional Tier 1 capital		- 349	0
0	400	Proceeds from Additional Tier 1 capital issued		400	0
-23	-31	Interest paid on issued Additional Tier 1 capital	27	- 31	- 23
2 425	3 214	Net cash flow from financing activities		1 912	- 1 582
-114	-34	Net change in cash and cash equivalents		- 34	- 114
542	428	Cash balance as at 01.01		428	542
428	394	Cash balance as at 31.12		394	428

The cash flow statement shows cash payments received and made and cash equivalents throughout the year. The statement is prepared according to the direct method. The cash flows are classified as operating activities, investing activities or financing activities. The balance sheet items have been adjusted for the impact of foreign exchange rate changes. Cash is defined as cash-in-hand and claims on Norges Bank.

Reference is made to note 26 and 27 for specification of the financing activities in the Group.

Notes to the financial statements

1 Accounting principles

1.1 GENERAL INFORMATION

Sparebanken Møre, which is the parent company of the Group, is a savings bank registered in Norway. The bank's Equity Certificates (ECs) are listed on the Oslo Stock Exchange.

The Group consists of Sparebanken Møre (the parent bank) and its subsidiaries Møre Boligkreditt AS, Møre Eiendoms-megling AS, Sparebankeiendom AS and Storgata 41-45 Molde AS.

The Sparebanken Møre Group provides banking services for retail and corporate customers and real estate brokerage through a large network of branches in Nordvestlandet, which is the region defined as the bank's geographic home market.

The company's Head Office is located at Kipervikgata 6, 6003 Ålesund, Norway.

Figures are presented in MNOK unless otherwise stated.

The preliminary annual accounts were approved for publication by the Board of Directors on 25 January 2023. The final annual accounts were presented by the Board of Directors on 1 March 2023.

The Group's operations are described in note 4.

1.2 ACCOUNTING PRINCIPLES

The Group's annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been stipulated by the International Accounting Standards Board, and implemented by the EU as at 31 December 2022.

How to read the Group's accounting principles:

Sparebanken Møre describes the accounting principles in conjunction with each note. See the table below for an overview of the various principles and the notes in which they are described, as well as reference to relevant and important IFRS standards.

Accounting principle	Note	IFRS-standard
Impairments	Note 9 Losses on loans and guarantees	IFRS 9, IFRS 7
Financial derivatives	Note 25 Financial derivatives	IFRS 9, IFRS 7, IFRS 13
Hedging	Note 26 Debt securities	IFRS 9, IFRS 7
Classification of financial instruments	Note 22 Classification of financial instruments	IFRS 9, IFRS 7
Amortised cost	Note 23 Financial instruments at amortised cost	IFRS 9, IFRS 7
Fair value	Note 24 Financial instruments at fair value	IFRS 9, IFRS 13, IFRS 7
Operating segments	Note 4 Operating segments	IFRS 8
Revenue recognition	Note 16 Net commission and other income	IFRS 15, IFRS 9
Leases	Note 30 Leases and rental agreements	IFRS 16
Pensions	Note 20 Pensions	IAS 19
Fixed assets	Note 31 Fixed assets	IAS 16, IAS 36
Intangible assets	Note 32 Intangible assets	IAS 38, IAS 36
Tax	Note 21 Tax	IAS 12
Equity	Note 34 ECs and ownership structure	IAS 1
Events after the reporting date	Note 36 Events after the reporting date	IAS 10

Calculation basis

The calculation basis for preparing the financial statements is historical cost, with the exception of the following items (AC = Amortised Cost, FVPL= Fair Value through Profit and Loss):

ASSETS	Category
Cash and receivables from Norges Bank	AC
Loans to and receivables from credit institutions	AC
Loans to and receivables from customers	AC/FVPL
Certificates, bonds and other interest-bearing securities	FVPL
Financial derivatives	FVPL
Shares and other securities	FVPL

LIABILITIES	Category
Loans and deposits from credit institutions	AC
Deposits from customers	AC/FVPL
Bonds issued	AC
Financial derivatives	FVPL
Subordinated loan capital	AC

Consolidation principles

The consolidated financial statements comprise Sparebanken Møre and all companies in which Sparebanken Møre has control. An entity is controlled when the owner is exposed to or has rights to returns from the entity and has the opportunity to influence these returns through its influence over the entity. This applies to subsidiaries mentioned in note 29.

Companies which are bought or sold during the year are included in the Group accounts from the time at which control is obtained and until control ceases.

The Group accounts are prepared as if the Group is one financial unit.

All transactions between companies in the Group, have been eliminated in the consolidated financial statements. Uniform accounting principles have been applied for all companies in the Group. In the parent bank's accounts, investments in subsidiaries are valued at cost. The acquisition method is applied when recognising acquired units/entities. The acquisition cost relating to an acquisition is assessed as the fair value of the items involved, such as assets, equity instruments issued and liabilities taken over. Identifiable assets bought, liabilities taken over and debt obligations are assessed at fair value at the time of the acquisition. Any acquisition cost in excess of fair value of the Group's equity stake of identifiable net assets is, according to IFRS 3, incorporated as goodwill. Transaction costs related to acquisitions are recognised in the income statement as incurred.

Changes in accounting principles and presentation (classifications)

There are no significant changes in accounting principles or presentation for 2022.

New or amended standards

The Group has not implemented any new or amended standards in 2022.

Future standards

At the time of issuance of the consolidated financial statements, no standards or interpretations, with future date of entry into force, having material impact on the financial position or the profit for the Sparebanken Møre Group, have been adopted.

Annual improvements

Minor changes have been made in several standards during IASB's annual improvement projects. None of these changes are considered to have significant impact on the financial position or performance of the Sparebanken Møre Group.

1.3 FOREIGN EXCHANGE

The Group presents its accounts in Norwegian kroner (NOK). The functional currency for the parent bank and its subsidiaries is NOK.

All monetary items in foreign currencies have been recalculated into the bank's functional currency (NOK) according to foreign exchange rates provided by Norges Bank as at 31.12.2022. Current income and costs have been translated into NOK at the foreign exchange rates ruling at the time of the transactions, and the effects of changes in foreign exchange rates have been included in the income statement on an ongoing basis during the accounting period.

1.4 JUDGMENTS IN APPLYING ACCOUNTING PRINCIPLES

Financial assets and liabilities are allocated to the different categories in IFRS 9, which subsequently determine the measurement in the balance sheet. The bank has clear procedures for the categorisation, and the process normally requires only limited use of judgement. Reference is made to note 22 for measurement principles. The Group makes no significant judgement regarding to the use of accounting principles.

1.5 USE OF ESTIMATES IN THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

Certain accounting principles are regarded as particularly important in order to illustrate the Group's financial position due to the fact that the management is required to make difficult or subjective assessments, applying estimates which mainly relate to matters which are initially uncertain.

In the opinion of the management, the most important areas which involve critical estimates and assumptions are as follows:

Expected credit loss on loans

Measurement of ECL (Expected Credit Loss) according to IFRS 9 requires an assessment when it comes to significant increase in credit risk and determining the level of impairment, particularly with regards to estimates of amounts and timing of future cash flows and collateral. These estimates are driven by various factors, where changes can result in different levels of provisions.

Sparebanken Møre has developed an ECL-model based on IRB parameters in the Group. ECL-calculations are output from models with several underlying prerequisites related to the choice of variable inputs and the dependency ratio. Elements of the ECL-model containing assessments and estimates include:

- The internal credit model, which calculates PDs (PD = Probability of Default)
- The criteria assessing whether there's been a significant increase in credit risk, so that lifetime ECL is calculated
- The development of the ECL-model, including various formulas and choice of inputs
- Choice of connection between macroeconomic scenarios and economic inputs, such as unemployment level and value of collateral, and the effect on PD, exposure and LGD (Loss Given Default)
- Choice of future-oriented macro-economic scenarios and weighting of probability

Further information on the Group's ECL model, loss calculations and associated sensitivities is presented in note 9.

Fair value of financial instruments – including derivatives

For financial instruments which are not traded in active markets, various evaluation methods are applied in order to ascertain fair value. Further information and a description of the techniques used may be found in note 24. Reference is also made to notes 11-14 and 22-27, dealing with financial instruments.

2 Risk management

Strategy

Sparebanken Møre's long-term strategic development and target achievement are supported by high quality risk- and capital management. The overall purpose of risk management and -control is to ensure that goals are achieved, to ensure effective operations and the handling of risks which can prevent the achievement of business-related goals, to ensure internal and external reporting of high quality, and to make sure that the Group operates in accordance with relevant laws, rules, regulations and internal guidelines. Risk-taking is a fundamental aspect of banking operations, which is why risk management is a central area in the day-to-day operations and in the Board of Directors' ongoing focus.

Sparebanken Møre's Board of Directors has agreed overall guidelines for management and control throughout the Group. The Group shall have a low to moderate risk profile and revenue generation shall be a product of customer-related activities, not financial risk taking. In addition, the bank has introduced separate policies for each significant risk area: credit risk, counterparty risk, market risk, funding risk and operational risk. The risk strategies are agreed by the Board of Directors and revised at least once a year, or when special circumstances should warrant it. The Group has established a follow-up and control structure, which shall ensure that the overall framework of the strategic plan is adhered to.

Corporate culture, organisation and responsibility

The risk management process is based on the bank's and Group's corporate culture. This includes management philosophy, management style and the people in the organisation. Staff's integrity, value basis and ethical attitudes represent fundamental elements in a well-functioning corporate culture. Well-developed control and management measures cannot compensate for poor corporate culture. Against this background, Sparebanken Møre has established clear ethical guidelines and a clear value basis, which have been made well known throughout the organisation.

Sparebanken Møre attaches a great deal of importance to independence in the risk management. The responsibility for, and execution of risk management and control is therefore shared between the Board of Directors, management and operative units.

The Board of Directors of Sparebanken Møre bears the overall responsibility for ensuring the bank and the Group having adequate primary capital based on the desired levels of risk and the Group's activities, and for ensuring that Sparebanken Møre is adequately capitalized based on regulatory requirements. The Board shall also ensure that risk management and internal control is adequate and systematic, and that this is established in compliance with laws and regulations, articles of association, instructions, and external and internal guidelines. The Board also sets out the principles and guidelines for risk management and internal control for the various levels of activity.

The Audit and Risk Committees are elected by and amongst the members of the Board of Directors. The committees are sub-committees of the Board. Their purpose is to carry out more thorough assessments of designated areas and report the results to the Board. The Audit and Risk Committees shall ensure that the institution has independent and effective external and internal auditors, and satisfactory financial statement reporting and risk management routines, complying with pertinent laws and regulations.

The CEO is responsible for ensuring the establishment of appropriate risk management and internal control based on assessments, agreed principles and guidelines introduced by the Board. The CEO is responsible for ensuring that good control environments are established in all levels of the bank and shall continuously monitor changes to the bank's risks and ensure that these are properly addressed in accordance with the Board's guidelines. The CEO shall ensure that the bank's risk management and internal control is documented according to current laws, rules, regulations and statutes, and shall, at least once a year, prepare an overall assessment of the risk situation, which shall be presented to the Board for their consideration.

The Risk Management department is responsible for preparing and designing systems, guidelines and procedures for identifying, measuring, reporting and following up the bank's most important inherent risks. The department is responsible for ensuring that the total risk exposure of Sparebanken Møre, including results of conducted stress tests, is reported to the CEO and the Board of Directors. Further, the department bears the primary responsibility for the IRB process in the Group. It is also a key setter of conditions and adviser in the strategy process concerning risk assessments, risk tolerance and operationalisation of the bank's overall goals regarding risks. The department is also responsible for working with the ICAAP and the Recovery Plan. The department forms part of the Risk management and Compliance unit, reporting directly to the CEO.

Pursuant to the requirements in the Financial Institutions Act, Sparebanken Møre has an own compliance function. Each year, the Board of Directors of Sparebanken Møre approves compliance instructions, and an annual work- and action plan is prepared for the function. The department is responsible for coordinating annual internal control confirmations from the operational managers. The head of Compliance reports to the CEO in Sparebanken Møre, but is organisationally subordinate to the EVP of the Risk management and Compliance unit.

The Financial Reporting and Accounting department is responsible for the Group's total financial management/reporting and accounting and is part of the Finance unit.

Sparebanken Møre's operative managers of important business areas shall actively engage in the process assessing whether established risk management and internal control are carried out as required. It is assumed that all managers at every level of the organisation are monitoring the approved control measures within their area of responsibility.

Sparebanken Møre's Credit Committee deals with larger commitments and matters of a special nature and shall provide an independent proposal to the person holding the power of attorney. The Credit Committee attaches special importance to the identification of risk in connection with each credit application and makes its own assessment regarding credit risk. In addition, consideration is made whether commitments are in accordance with the Group's credit risk strategy, credit policy, credit-granting rules and regulations and credit handling routines.

The internal auditing is a monitoring function which, independent of the rest of the bank's administration, deals with systematic risk assessments, control and examination of the Group's internal control in order to ascertain whether it works according to its purpose and in a reassuring manner. The bank's Board approves the resources and annual plans of the internal auditing. The internal auditor shall also discuss the plan and scope of the audit work with the Audit and Risk Committee. The internal audit in Sparebanken Møre is outsourced to EY.

Capital structure

Sparebanken Møre's equity and related capital is composed with regards to several considerations. The most important considerations are the Group's size, the internationally orientated industry and commerce in Nordvestlandet and a stable market for long-term funding. Furthermore, the Group's long-term strategic plan, and its' impact, is a significant provider of conditions in relation to which capital structure Sparebanken Møre should adopt.

Assessments of risk profile, capital requirements and profitability are always based on the Group's long-term strategic plan. The Group's capital requirements are calculated at least in the annual ICAAP. The Group's total capital shall comply with the Group's accepted risk tolerance. The ICAAP clarifies all the alternatives the Group can implement if the Group's capital adequacy is subject to stress. The alternatives are listed in a prioritized order, with description of measures and indication of planned implementation if necessary.

Sparebanken Møre's aim is to achieve financial results which provide a good and stable return on equity. The results shall ensure that all equity owners receive a competitive long-term return in the form of dividends and capital appreciation on the equity. The equity owners' share of the annual profits set aside as dividend funds, shall be adjusted to the equity situation. Sparebanken Møre's allocation of earnings shall ensure that all equity owners are guaranteed equal treatment.

Capital adequacy rules and regulations

The capital adequacy regulations aim to strengthen the stability in the financial system through more risk-sensitive capital requirements, better risk management and control, more stringent supervision and more information provided for the market.

The capital adequacy directive is based on three pillars:

- Pillar I – Minimum requirement for equity and related capital /
- Pillar II – Assessment of aggregate capital requirements and regulatory follow-up (ICAAP)
- Pillar III – Publication of information

Sparebanken Møre's capital adequacy is calculated according to the IRB Foundation Approach for credit risk. Calculations related to market risk are based on the Standardised Approach and operational risk on the Basic Indicator Approach. Sparebanken Møre's Board of Directors insists that the Group must be well capitalised, both during economic downturns and periods of strong economic expansion. Capital assessments (ICAAP) are conducted every year, and the Group's capital strategy is based on the risk in the Group's operations, taking into account different stress scenarios.

Reference is also made to note 3 concerning "Capital adequacy" for further descriptions, as well as comments related to changes in the regulations.

Risk exposure and strategic risk management

Sparebanken Møre is exposed to several different types of risk. The most important risk areas are:

- Credit risk: This is the Group's biggest area of risk. Credit risk is defined as the risk of loss due to customers or other counterparties being unable to meet their obligations at the agreed time, and in accordance with written agreements, and due to the collateral security held not covering the outstanding claims. Counterparty risk and concentration risk are also included in this area of risk.
- Market risk: The risk of loss involving market values relating to portfolios of financial instruments as a result of fluctuations in share prices, foreign exchange rates and interest rates.
- Funding risk: The risk of the Group being unable to meet its obligations and/or fund increases in assets without incurring significant extra costs in the form of fall in prices of assets which have to be sold, or in the form of particularly expensive funding. The level of the institution's capital is a key condition to attract necessary funding at any time.
- Operational risk: The risk of loss due to insufficient or failing internal processes and systems, or due to human error or external events.

Sparebanken Møre tries to take account of the interaction between the various risk areas when setting desired levels of exposure. Overall, it is the internal conditions, general conditions, customer base, etc. within the Group which form the basis for setting the desired overall risk exposure.

Based on an evaluation of the risk profile, management and control, Sparebanken Møre has set the following overall levels of risk exposure for the various risk areas:

- Credit risk: A moderate level of risk is accepted
- Market risk: A low level of risk is accepted
- Funding risk: A moderate level of risk is accepted
- Operational risk: A low level of risk is accepted

Credit risk

Credit risk represents Sparebanken Møre's biggest risk area. Included in this risk area are counterparty risk and concentration risk. The Group is exposed to this type of risk through its lending products for the retail market and corporate customers, and through the activities of Sparebanken Møre's Finance unit.

The credit risk strategy focuses on risk sensitive limits, which have been designed in such a way that they manage the Group's risk profile within the credit area in the most appropriate and effective manner. Furthermore, limits, guidelines, and power of attorney regulations have been established, which underpin and support Sparebanken Møre's credit risk strategy and long-term strategic plan.

The core values of Sparebanken Møre are "Close, Committed and Capable". These values are to be reflected in all contact with the market, create added value for the customers and contribute to creating a positive view of Sparebanken Møre. The credit policy is intended to promote a credit culture in which creditworthiness is viewed in a long-term perspective, where general and industry economic fluctuations are taken into account. Sparebanken Møre shall have a high ethical standard, and shall not be associated with activities, customers or industries of dubious reputation. The Group is open to all types of customers within defined market areas, and discrimination based on the customer's age, gender, nationality, religion or marital status shall not occur.

Sparebanken Møre's geographic core region is Nordvestlandet. However, it is allowed to financially support investments/businesses outside its core region when, from an ownership perspective, they are linked to individuals or companies in/ from Møre og Romsdal. Commitments outside the Group's market area will also be considered as part of the deliberate diversification of the portfolio in terms of segment and geographical exposure. In such cases the Group's strategy sets clear limits for the maximum risk level for an individual commitment.

The Risk Management department has established monthly portfolio management reports which ensure that any discrepancies from the strategic targets incorporated in the credit risk strategy are identified. The EVPs of the Corporate Banking Division and the Retail Banking Division respectively, have independent responsibility for the ongoing monitoring of the position, in order to identify discrepancies in relation to the same strategic targets, and in order to implement measures in the case of any deviations.

The Board of Directors is responsible for the Group's granting of loans and credits. Within certain limits, power of attorney is delegated to the bank's CEO for the operational responsibility for decisions in credit matters. Within his powers of attorney, the CEO may further delegate powers of attorney. The grant authorisations are personal and graded after criteria like the size of grant, the limit of the commitment (corporate customers), the customers total debt (retail customers), and class of risk. The power of attorney is also related to the employee's job level.

Sparebanken Møre actively uses internal reports in order to monitor the level and development of the Group's credit portfolio. Each member of staff with customer responsibility has access to reports which show the position and development in the credit risk in his or her portfolio. The reports are prepared on a hierarchical basis, enabling the bank's management to monitor the development within their own area of responsibility. The reports are also used to analyse customers, portfolios and different sectors.

The Group has prepared separate risk models for the corporate and retail markets, which are used in monthly measuring and reporting of credit risk. The Group has also developed application score models for the two customer segments, which are being used in the credit granting process.

There are mainly three central parameters within credit risk for which models are applied:

1. Probability of default (PD): PD is calculated per customer and states the probability of the customer defaulting on his or her outstanding commitment during the next 12 months. A separate PD is calculated for each customer, based on statistical models using variables of both external and bank-internal information, in the form of both financial key figures and non-financial criteria.
2. Degree of loss in the case of default (LGD): LGD indicates the proportion of the commitment that is expected to be lost in the case of default. The assessments take into consideration the values of the collateral provided by the customer, and the costs that will arise when collecting defaulted commitments.
3. Expected exposure in the case of default (EAD): EAD indicates the level of exposure which is expected on a commitment if and when it defaults.

The abovementioned parameters form the basis for calculation of expected loss (EL) and are included in the computation of financial capital. By classifying customers according to probability of default, and by estimating the level of loss and the requirement for financial capital at customer level, the Group obtains information about the level and development of the aggregate credit risk in the total portfolio. In-house migration analyses show the development of the number of customers and EAD between different risk classes during different periods.

Treasury risk

Treasury risk is part of Sparebanken Møre's total credit risk. Board-adopted limits for the Group's credit exposure in this area have been defined.

Credit exposure is linked to bonds and certificates in the Group's liquidity portfolio, short-term lending to other banks, including accounts held in foreign banks, and exposure in connection with financial derivatives which are signed to neutralise already present interest- and currency risk which the bank has assumed. The portfolio consists of reputable domestic and foreign relationships. Credit quality is considered high, mainly due to exposures towards issuers with high ratings and low capital weight. See note 7 for an overview of the credit quality of the Group's liquidity portfolio.

Sparebanken Møre's policy is that, especially in relation to placements in international banks and other debtors outside Norway, the Group shall use assessments carried out by the official ratings agencies. The credit risk shall be at a minimum, and if a counterparty's status is changed to a negative outlook or their rating falls, Sparebanken Møre carries out a new internal assessment of existing lines of credit. If necessary, the line of credit, and any exposure, is reduced or eliminated.

Treasury risk is also viewed in connection with the funding indicators LCR and NSFR. The LCR regulations entail a movement towards lower risk weighted counterparties, including state- and state guaranteed papers and covered bonds.

The pre-classification process emphasises considering banks with which Sparebanken Møre has a mutual (reciprocity) and long business relationship. It is also necessary to have sufficient competition in products and instruments that are traded, as well as diversification in market and geography for the Group.

If changes occur in general conditions, the market, economic trends or Sparebanken Møre's activities which have a material effect on the Group's risk positions, limits must be assessed and possibly set for investment opportunities. This involves, for example, not investing in some countries, groups of countries, individual counterparties, counterparties with certain attributes, etc.

Sparebanken Møre and Møre Boligkreditt AS require the signing of CSA (Credit Support Annex) agreements before trading of derivatives against any counterparties. CSA agreements are part of an ISDA agreement and help to regulate the counterparty risk associated with changes in market conditions. This provides Sparebanken Møre with collateral for any given exposure. The agreements with counterparties define when the collateral shall be transferred between the parties. Sparebanken Møre practices cash collateral in relation to its counterparties. The market value of all derivatives signed between Sparebanken Møre and the counterparty is settled according to the different CSA-agreements and the counterparty risk will then largely be eliminated. EMIR - European Market Infrastructure Regulation - will ensure regulation and control of the market for derivatives traded outside regulated markets by requiring reporting of transactions to transaction records, and requirements for settlement (clearing) through central counterparties (CCPs). Sparebanken Møre has entered into an agreement with SEB as a clearing broker and clears derivatives through the London Clearing House.

Market risk

Sparebanken Møre's market risk is managed through defined position limits for each risk area. Management of market risk is set out in Sparebanken Møre's market risk strategy. The strategy is adopted by the Board of Directors and provides the overall guidelines for the Group's activities in the capital market, including the framework for Sparebanken Møre's total exposures within currency, interest rate and shares.

The Group's market risk can be divided into the following areas:

- Interest rate risk: Consists of market risk associated with positions in interest-bearing financial instruments, including derivatives with underlying interest instruments. Interest rate risk related to the liquidity portfolio, as well as hedging transactions related to it, are considered separately and will have its own set of risk parameters. See note 12 for the Group's interest rate risk.
- Equity risk: Consists of market risk on positions in equity instruments. Shares in subsidiaries are not included. Sparebanken Møre has no trading portfolios. The financial risk of Sparebanken Møre is considered to be low. See note 24 for the equity risk of the Group.
- Currency risk: Consists of the risk of losses when exchange rates change. All financial instruments and other positions with currency risk are included in the assessment. Currency risk on the banking book, that is, foreign exchange risk arising as a result of hedging customer trading, including lending/deposits, is considered separately and has its own set of risk parameters.

Sparebanken Møre's exposure to currency risk is a result of mismatch between the underlying business and hedging transactions, as well as the necessary reserves of the Group's bank accounts in foreign banks. Changes in exchange prices in

the market cause changes in the value of Sparebanken Møre's currency position. The currency position also includes Sparebanken Møre's cash holdings of notes denominated in foreign currencies. Sparebanken Møre has no trading portfolio of FX contracts. Sparebanken Møre's currency risk is low and well within the limits specified in the regulations. See note 13 for the Group's currency risk.

- Spread risk: Defined as the risk of changes in market value of bonds and commitments as a result of general changes in credit spreads.
- Total market risk: The overall risk assessment is obtained by comparing the assessments of areas of interest rates, equities and foreign exchange. The Financial Supervisory Authority of Norway's (FSA) methodology in this area form the basis for assessing the overall market risk. Assessments are based on three risk factors:
 - Exposure
 - Risk spreading
 - Market liquidity

Any diversification effects between asset classes are not taken into account.

The Board of Directors annually approves a total limit for the market risk of Sparebanken Møre. The framework is adapted to the Group's activity level and risk tolerance. If required, the overall framework may be changed more frequently than the annual review.

Total limit for market risk is defined as the maximum loss on a stress scenario where the FSA's methodology is applied. The approved overall market risk limit is delegated to the CEO. The EVP of Finance is responsible for the administration of the limits within the various sub-portfolios being in compliance at all times.

The Finance unit has an independent responsibility for ongoing monitoring of positions within the various portfolios and daily follow up, or with the frequency required in relation to the level of activity. The Risk Management department has the primary responsibility for monitoring, reporting and control of the market risk area. If activities exceed limits or strategy, written reporting instructions are to be followed. Back Office is responsible for transaction control and processing of payment transactions.

SimCorp Dimension (SCD) is the principal risk management system in Sparebanken Møre within the market risk area. The system provides current status of market development. All financial instruments are recorded in the system and monitored continuously. The Risk Management department is responsible for good quality in the valuation of financial instruments.

Reporting of the market activity is part of Sparebanken Møre's periodic "Risk Report" to management, Risk Committee and Board of Directors. Monthly earnings performance reports are prepared, as well as actual risk exposure within each portfolio, both individually and aggregated. The reports are compared to maximum activity frame and overall market risk limit (stress frame). The Board is also given a quarterly record of any violation of the framework, the strategy or laws and regulations.

There is no performance-based compensation to any person working in the market risk area beyond what is included in Sparebanken Møre's general bonus scheme which deals with, and is equal to, all employees of the Group.

Funding risk

Liquidity may be defined as the Group's ability to fund increases in assets and to meet its obligations as funding requirements occur. Sparebanken Møre is liquid when it is able to repay its debt as it falls due.

Management of the Group's funding risk is based on the overall financing strategy, which is evaluated and approved by the Board of Directors at least once a year. The strategy reflects the moderate risk level accepted for this risk area.

The Group's funding risk requires special monitoring. This is due to the Group's special position as a manager of deposits for small and non-professional participants, as well as the central role the Group plays in payment systems. The banks' duty to accept deposits from a non-specific base of depositors and the fact that these deposits are normally available on the same day, means that they face considerably greater risk than other financial institutions. The authorities' loan schemes and safety net for banks are based on these precise factors. The costs of reducing funding risk must be viewed in the context of the advantages lower funding risk provides. One fundamental prerequisite for maintaining the trust of depositors and other lenders is that the institutions always have sufficient liquidity to cover current liabilities.

LCR measures the bank's ability to survive a 30-day stress period. LCR has increased the importance of high-quality liquid assets. NSFR measures the longevity of the bank's funding and has resulted in a greater proportion of stable and long-term funding. In this context, deposits are not regarded as an equally stable source of funding, which means that the quality of the deposits will increase in importance. This also means that the bank to a greater extent, fund themselves through bond issues with a higher maturity.

The Group also regularly reports on the trends for liquidity indicators to the supervisory authorities in line with the disclosure requirements.

The Group's long-term strategic plan sets out a liquidity strategy protecting the structure and volume of the LCR and NSFR requirements. The internal targets set by Sparebanken Møre are an LCR of 110 per cent and NSFR of 105 per cent. The Authority's requirements for LCR and NSFR amount to 100 per cent.

At year-end 2022, the LCR indicator for the Group was 185 per cent and NSFR 123 per cent. In the composition of the external funding, priority is given to having a relatively high share of maturities above one year.

The funding section of Sparebanken Møre is organised within the Finance unit. The unit controls the funding on a day-to-day basis, and has the responsibility to meet the funding requirements in Sparebanken Møre, including utilization of the mortgage company Møre Boligkreditt AS.

Liquidity control management is maintained by both the Finance unit and by the Risk Management department. In this respect, there is a distinction between the overall and the daily operational cash management and control. The daily operational management responsibility is handled by the Finance unit, while the overall risk management, including strategies and framework controls, are handled by the Risk Management department.

Upon the occurrence of abnormal situations regarding liquidity, either in the market or within Sparebanken Møre, the bank's emergency task group comes together. The group consists of the following persons:

- CEO
- EVP Finance
- EVP Communications and Group Support
- EVP Risk Management and Compliance
- Head of Risk Management

The Board receives monthly reports on the liquidity situation, including several key figures. In addition, early warning signals are reported by viewing the development of financial strength, balance sheet- and income statement-development, losses/defaults and the development of cost of funds.

The funding risk is attempted reduced by spreading funding on different markets, sources, instruments and maturities. In order to ensure that the Group's funding risk is kept at a low level, lending to customers must primarily be financed by customer deposits and long-term securities issued. There is a major focus on efforts to increase ordinary deposits in all customer-related activities throughout the bank. The deposit-to-loan ratio in Sparebanken Møre was 57.4 per cent at year-end.

The Board shall be informed of the bank's liquidity situation on a monthly basis, and immediately of any important events which may affect the bank's current or future liquidity situation. The reporting tries to identify the funding situation during normal operations, identify any "early warning" signs and assess the bank's stress capacity.

Møre Boligkreditt AS has a license from the FSA to operate as a mortgage company, and it provides the Group with increased diversification of its funding sources.

Operational risk

Operational risk includes all the potential sources of losses related to Sparebanken Møre's current operations. The Group has classified various types of operational risk into the following main categories:

- Internal fraud
- External fraud
- Employment conditions and safety at work
- Customers, products and business conduct
- Damage to assets
- Interruptions to operations and/or systems
- Settlements, delivery or other transaction processing

The Board of Directors of Sparebanken Møre has decided that a low risk profile is accepted related to operational risk. An overall strategy for this risk area is established, and there are several documents which support the Group's risk management. These documents include the ICT-area, contingency plans for personnel and property, security handbooks, authorisation structures, ethical guidelines and insurance strategies.

For the Compliance department, board-adopted instructions, work schedules and action plans have been established.

Operational responsibility for managing and controlling operational risk, and thus also the quality of Sparebanken Møre's operations, is borne by each manager involved. This responsibility follows from job descriptions and various guidelines and routines. All managers annually confirm to the CEO the quality of and compliance with internal controls within the risk areas stipulated in this document. They also suggest areas for improvement which are incorporated into special action plans. The CEO presents the report to the Risk Committee and the Board of Directors. The annual ICAAP also involves a review of the Group's material risk areas, including operational risk.

The Group's established internal control routines are an important tool for reducing operational risk, both for detection and follow-up.

Climate risk

Climate risk is the impact resulting from climate change. Climate risk will also affect the bank's credit risk. It is therefore crucial that the bank understands how climate risk will affect the business model and profitability of corporate customers. At the same time, the bank wants to be a driving force behind ensuring that customers do not have a negative impact on the climate, but rather choose a greener direction (low emission).

When assessing climate risk, two types of risks in particular must be assessed: physical risk and transitional risk:

- Physical climate risk arises as a result of more frequent and severe episodes of drought, flooding, precipitation, storms, landslides and avalanches, as well as rising sea levels.
- Transitional risk is the risk associated with changes to, and escalation of, climate policy/regulations, the development of new technologies and changed customer preferences (consumers) and investor requirements that may result in sudden changes in the market value of financial assets and in especially assets associated with carbon-intensive activities.

Reference is also made to the Group's report on Sustainability and social responsibility.

Internal control

Internal control shall be designed to provide reasonable assurance regarding goal attainment in the areas of strategic development, targeted and efficient operations, reliable reporting and compliance with laws and regulations, including compliance with intercompany guidelines and policies. Furthermore, a well-functioning internal control shall ensure that the Group's risk exposure is kept within the adopted risk profile.

The internal control in Sparebanken Møre is organised in a decentralized manner with Risk Management and Compliance as the coordinating unit and responsible for the annual reporting to the Risk Committee and the Board of Directors. The Compliance department monitors how the Group operationalises relevant laws and regulations in operational context, and how the Group's staff adhere to relevant rules and regulations, laws, licenses, agreements, standards for different industrial and commercial sectors, internal instructions etc. in the day-to-day operations. The Risk Management department is responsible for developing systems, guidelines and procedures in order to identify, measure, report and follow up on the Group's most important inherent risks.

Reports on the Group's operations and risk situations throughout the year are submitted to the Risk Committee and the Board of Directors on an ongoing basis. The bank's CEO annually submits an overall assessment to the Board regarding the risk situation and whether the established internal control features function in a satisfactory manner. This report is based on confirmations received from managers at different levels throughout Sparebanken Møre.

Sparebanken Møre's Internal Auditor reports on a regularly basis to the Risk Committee and the Board of Directors on the Group's internal control.

Discretionary Portfolio Management

The Group provides portfolio management for investment clients. The portfolio management is performed on behalf of clients, and related assets belong to the clients and not the Group. Discretionary Portfolio Management is organised under the Wealth Management unit.

Financial derivatives

Sparebanken Møre utilizes financial derivatives in order to handle risk incurred as a result of the bank's ordinary operations. In the case of customer transactions, these shall as a main principle immediately be covered by an opposite transaction in the market.

The following derivatives are in use in Sparebanken Møre:

- Forward exchange contracts

An agreement to buy or sell a certain amount in a foreign currency, against a certain amount in another currency, at a rate agreed in advance, with payment at a certain time later than two working days after the agreement was entered into.

- Swaps

A transaction in which two parties agree to swap cash flows for an agreed amount over a certain period of time. In an interest rate swap, only the interest rate involved is swapped. In the case of an interest rate and currency swap, both the interest rate and currency conditions are swapped.

The risk relating to these financial instruments involves the credit risk of covering counterparties which are given prior credit clearance by the Board of Directors as well as operational risk.

These instruments are primarily utilized to provide the bank's customers with reliable cash flows and a desired risk position in the various markets. Limits for financial instruments involving customers are established by the staff responsible for the customers in question. The limits shall fix a maximum amount for the bank's exposure against each individual customer in relation to the customer's business volume in financial instruments and the market-related development in these. Each member of staff responsible for the customer in question, is responsible for the establishment of the limit and must make

sure that such a limit has been subject to the necessary formal credit-handling procedures, and that a sufficient level of collateral and/or other security has been established to cover the limit. Furthermore, the member of staff responsible for the customer in question, together with the dealer involved, are both responsible for making sure that the credit risk as a result of the customer's exposure to financial instruments is at all times within the limits which have been agreed. For all customers trading in financial instruments, a set-off agreement must be obtained. The purpose of this agreement is to reduce the bank's credit exposure to the customer by having all contracts netted so that the bank ends up with just a net exposure towards the customer. It is the member of staff responsible for the customer in question who is responsible for establishing a set-off agreement with the customer, making sure that all customers using this type of financial instrument are made aware of the bank's usual business terms and conditions.

The Risk Management department is responsible for follow-up and for all internal reporting and reporting to the relevant authorities relating to the bank's exposure to different counterparties as a result of trading in financial instruments.

Reporting

Sparebanken Møre focuses on correct, complete and timely reporting of the risk and capital situation. Based on this, a number of different types of periodic reporting have been established, which are intended for the Group's management and Board, as well as reporting intended for the individual segments and departments, including customer account managers. The most important reports during the year are as follows:

ICAAP is carried out and reported at least once a year. The Board actively participates in the review and establishes ownership of the process, including through ICAAP's key role in the long-term strategic planning. Specific guidelines have been prepared for ICAAP in Sparebanken Møre. ICAAP is reviewed by the bank's Executive Management group, the Risk Committee and the Board of Directors.

A balanced scorecard report is prepared every month. This illustrates the status and performance of the most important factors for Sparebanken Møre's target attainment. The report is being submitted to bank managers and the bank's Executive Management group, and it is an integral part of the financial reporting to the Board of Directors.

A risk report is prepared every month. This is a key element of Sparebanken Møre's continuous monitoring of its risk situation. At the end of the quarter the risk report will also be expanded with supplementary comments from various disciplines within the Group. The report is dealt with by the bank's Executive Management group, the Risk Committee and the Board of Directors.

Internal control reports are prepared annually. In this, an assessment is made of whether the internal control is adequate in relation to the risk tolerance. This includes an assessment of and comments on own work on internal control, a review of all important risk areas, an assessment of own compliance with external and internal regulations, and suggestions for and planned improvement measures. The internal control reports are dealt with by the bank's Executive Management group, the Risk Committee and the Board of Directors.

Compliance reports are prepared regularly and contain elements linked to an assessment of compliance risk and control, testing of compliance and the results of these tests, reassessments and plans for implementing guidelines, the follow-up of observations from external and internal auditors, the follow-up of observations from the FSA, deviation management in internal control, etc. The compliance reports are dealt with by the bank's Executive Management group, the Risk Committee and the Board of Directors.

Reports from external and internal auditors are dealt with by the bank's Executive Management group, the Audit and Risk Committees and the Board of Directors. Both internal and external auditors have regular meetings with the committees.

A reporting portal has been established in Sparebanken Møre, in which each member of staff with customer responsibility has access to reports which show the position and development of credit risk in his or her portfolio. The portal has a hierarchical structure, allowing managers in Sparebanken Møre to monitor performance within their area of responsibility. In addition, these reports are used to analyse customers, portfolios and industries. The portal also gives information to the members of the staff with customer responsibility of the customers positions and limits related to exposure in financial instruments.

Financial reports are prepared monthly, including deviations against budgets and forecasts. These reports are reviewed by the bank's Executive Management group, the audit committee and the Board of Directors.

3 Capital adequacy

Sparebanken Møre calculates and reports capital adequacy in compliance with the EU's capital requirements regulation and directive (CRD/CRR). Sparebanken Møre is granted permission from the Financial Supervisory Authority of Norway (FSA) to use internal rating methods, the IRB Foundation Approach for credit risk. Market risk is calculated using the Standardised Approach (TSA) and for operational risk the Basic Indicator Approach is used.

The EU Banking Package was enacted in Norway on 1 June 2022 and resulted in several changes such as the expansion of the SME discount and the introduction of a minimum NSFR requirement. On 21 December 2021, Sparebanken Møre applied to the FSA to make changes to the bank's IRB models and calibration framework. The bank received a preliminary response to the application on 13 July 2022 and responded to this on 14 December 2022. The Board is awaiting a final response from the FSA to the application that has been submitted.

At the end of 2022, Sparebanken Møre has a capital adequacy ratio well above the regulatory capital requirements and the internally set minimum requirement for Common Equity Tier 1 (CET1). The capital adequacy ratio amounts to 22.1 per cent (20.9 per cent), Tier 1 capital 19.7 per cent (18.9 per cent), of which CET1 amounts to 17.9 per cent (17.2 per cent). The leverage ratio for Sparebanken Møre was 7.6 per cent (7.7 per cent).

The requirement for Common Equity Tier 1 capital ratio (CET1) is 12.0 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 2.0 per cent. In addition, the FSA has set an individual Pillar 2 requirement for Sparebanken Møre of 1.7 per cent, as well as an expectation of a capital margin of 1.25 per cent. The FSA has informed the bank that it plans to implement SREP in 2023. At least 56.25 per cent of the new Pillar 2 requirement that results from the aforementioned SREP must be met with Common Equity Tier 1 capital, while 75 per cent must be met with Tier 1 capital.

Norges Bank has decided to increase the countercyclical buffer to 2.5 per cent with effect from 31 March 2023. The Ministry of Finance has stated that the systemic risk buffer requirement will be increased from 3.0 per cent to 4.5 per cent with effect from 31 December 2023 for banks using the standardised approach and IRB Foundation Approach.

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

For further information, see the Group's Pillar 3 document available at www.sbm.no

MREL

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

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

From 1 January 2022, the effective subordination requirement is 20 per cent of the adjusted risk-weighted assets.

The FSA has set Sparebanken Møre's effective MREL-requirement as at 01.01.2023 at 32.4 per cent and the minimum subordination requirement at 23.5 per cent. Based on the set capital requirements and announced changes that will come into force by 1 January 2024, Sparebanken Møre will operate on the basis of an effective MREL-requirement for 35.9 per cent and a subordination requirement of 28.9 per cent.

At the end of 2022, Sparebanken Møre has issued NOK 2,000 million in senior non-preferred debt (SNP).

GROUP			PARENT BANK	
31.12.2021	31.12.2022	(NOK million)	31.12.2022	31.12.2021
989	989	EC capital	989	989
-2	-3	- ECs owned by the bank	-3	-2
357	358	Share premium	358	357
599	650	Additional Tier 1 capital (AT1)	650	599
1 831	2 066	Dividend equalisation fund	2 066	1 831
125	125	Gift fund	125	125
3 094	3 334	Primary capital fund	3 334	3 094
158	198	Proposed dividend	198	158
160	200	Proposed dividend for the local community	200	160
-8	16	Liability credit risk	0	0
267	169	Other equity	0	0
7 570	8 102	Total equity	7 917	7 311
Tier 1 capital (T1)				
-51	-91	Goodwill, intangible assets, other deductions	-91	-51
-16	-17	Value adjustments of financial instruments at fair value	-20	-17
-599	-650	Additional Tier 1 capital (AT1)	-650	-599
-498	-518	Expected IRB-losses exceeding ECL acc. to IFRS 9	-471	-444
-158	-198	Deduction for proposed dividend	-198	-158
-160	-200	Deduction for proposed dividend for the local community	-200	-160
6 088	6 428	Total Common Equity Tier 1 capital (CET1)	6 287	5 882
599	650	Additional Tier 1 capital - classified as equity	650	599
0	0	Additional Tier 1 capital - classified as debt	0	0
6 687	7 078	Total Tier 1 capital (T1)	6 937	6 481
Tier 2 capital (T2)				
703	857	Subordinated loan capital of limited duration	857	703
703	857	Total Tier 2 capital (T2)	857	703
7 390	7 935	Net equity and subordinated loan capital	7 794	7 184

RISK WEIGHTED ASSETS (RWA) BY EXPOSURE CLASSES

GROUP			PARENT BANK	
31.12.2021	31.12.2022	(NOK million)	31.12.2022	31.12.2021
Credit risk - The Standardised Approach (TSA)				
336	296	Regional governments or local authorities	296	330
195	203	Public sector companies	203	195
434	245	Institutions (banks etc)	1 208	1 329
0	0	Companies (corporate customers)	109	113
486	526	Covered bonds	519	479
173	198	Equity	198	173
655	738	Other items	2 302	2 184
2 279	2 206	Total credit risk - TSA	4 835	4 803
Credit risk - The IRB Foundation Approach (IRB-F)				
10 409	11 307	Retail - Secured by real estate	5 205	4 970
359	304	Retail - Other	304	359
19 138	18 874	Corporate lending	18 625	18 818
29 906	30 485	Total credit risk - IRB-F	24 134	24 147
225	236	Credit value adjustment risk (CVA) - market risk	68	13
2 903	2 996	Operational risk (The Basic Indicator Approach)	2 880	2 704
35 313	35 923	Risk weighted assets (RWA)	31 917	31 667
1 589	1 617	Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 436	1 425
Buffer Requirements				
883	898	Capital conservation buffer, 2.5 %	798	792
1 059	1 078	Systemic risk buffer, 3.0 %	958	950
353	718	Countercyclical buffer, 2.0 % (1.0 % per 31.12.2021)	638	317
2 295	2 694	Total buffer requirements	2 394	2 058
2 204	2 117	Available Common Equity Tier 1 capital after buffer requirements	2 457	2 399
Capital adequacy as a percentage of the weighted asset calculation basis				
20.9	22.1	Capital adequacy ratio	24.4	22.7
18.9	19.7	Tier 1 capital ratio	21.7	20.5
17.2	17.9	Common Equity Tier 1 capital ratio	19.7	18.6
Leverage ratio(LR)				
86 890	93 218	Basis for calculation of leverage ratio	33 247	65 307
7.7	7.6	Leverage Ratio	9.9	9.9

4 Operating segments

The operations in the Group are divided into three strategic business areas/segments, according to type of services, customers and products involved, also being reporting segments according to IFRS 8. The classification corresponds to the structure in the ongoing reporting to the CEO and the Board of Directors, defined as the primary decision makers. The different operating segments partly sell different products, have a somewhat different risk profile, but target many of the same groups of customers.

The classification into different operating segments and financial information relating to segments are presented in the table below. Most of the income and operating expenses involved apply to the bank's different operating segments according to actual usage or according to activity-based distribution formulae. Key distribution keys are FTEs, activity capital, lending, deposits, number of customers and customer transactions, which are used for example for charging the units' costs.

Customer income that is recognised as income at head office and is generated by the segments (e.g. currency gains, interest rate hedging income, income from Discretionary Portfolio Management, etc.) is allocated to the segments based on customer affiliation. This customer income is distributed across the segments net (less associated costs) and is presented under internal income. The costs remain at head office under 'Other' and contribute to a negative result.

The Group does not carry out trading on its own account, meaning that all income is a result of external customer transactions. Dividends from securities, changes in the value of shares, bonds and financial derivatives are not allocated by customer segment.

Segment profit is presented before tax. Tax is not allocated to the segments.

Transactions between different operating segments are based on market values/prices, similar to transactions with subsidiaries. Please see note 29 for additional information on terms.

The Group is divided into following three reporting segments:

Reporting segments	Company name	Product/operations
Corporate	Sparebanken Møre	Financing, payment transmissions, saving/placement, advisory services etc.
Retail	Sparebanken Møre	Financing, payment transmissions, saving/placement, advisory services etc.
	Møre Boligkreditt AS 1)	Financing (mortgage loans)
Real estate brokerage	Møre Eiendomsmegling AS	Real estate brokerage services

1) Loans from Møre Boligkreditt AS to housing associations are recognised in the corporate segment.

Geographical segments

The Group's operations are mainly limited to Nordvestlandet which is defined as the Group's home market. In view of this, the balance sheet and income statement figures are not split into geographical segments. Activities in areas other than the home county are not different from the Group's other activities with regards to risk or return. Please see note 2 and note 6 for further information.

Result - 2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 517	2	45	647	823	0
Other operating income	239	-63	45	107	117	33
Total income	1 756	-61	90	754	940	33
Operating expenses	747	-61	208	135	433	32
Profit before impairment	1 009	0	-118	619	507	1
Impairment on loans, guarantees etc.	-4	0	0	-26	22	0
Pre-tax profit	1 013	0	-118	645	485	1
Taxes	236					
Profit after tax	777					

Key figures - 31.12.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	76 393	-229	1 352	24 524	50 746	0
Expected credit loss on loans	-315	0	0	-226	-89	0
Net loans to customers	76 078	-229	1 352	24 298	50 657	0
Deposits from customers 1)	43 881	-86	844	14 627	28 496	0
Guarantee liabilities	1 362	0	0	1 359	3	0
Expected credit loss on guarantee liabilities	26	0	0	26	0	0
Deposit-to-loan ratio	57.4	37.6	62.4	59.6	56.2	0.0
Man-years	374	0	172	44	140	18

Result - 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 expenses	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
Deposit-to-loan ratio	59.6	15.0	50.0	68.2	55.7	0.0
Man-years	364	0	175	40	132	17

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

2) Consists of head office activities not allocated to reporting segments, customer commitments towards employees as well as the subsidiaries Sparebankeiendom AS and Storgata 41-45 Molde AS, managing the buildings owned by the Group.

MØRE BOLIGKREDITT AS

Statement of income	2022	2021
Net interest income	263	360
Other operating income	-29	-3
Total income	234	357
Operating expenses	51	51
Profit before impairment on loans	183	306
Impairment on loans, guarantees etc.	6	0
Pre tax profit	177	306
Taxes	39	67
Profit after tax	138	239

Balance sheet	31.12.2022	31.12.2021
Loans to and receivables from customers	30 464	28 971
Equity	1 712	1 791

Country-by-country reporting

GROUP (NOK million)	31.12.2022	31.12.2021
Name of the company	Sparebanken Møre	Sparebanken Møre
Area of operation	Norway	Norway
Geographical location	Norway	Norway
Revenue/total income	1 756	1 527
Man-years	374	364
Pre tax profit	1 013	833
Taxes	236	191
Government grants/subsidies received	None received	None received

5 Loans broken down according to sectors

In the financial statements, the loan portfolio with agreed floating interest rate is measured at amortised cost, while the loan portfolio with fixed-interest rate is measured at fair value. For more information about classification and measurement, see note 22.

2022							GROUP						
Sector/industry	Gross loans assessed at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans assessed at fair value	Net loans							
Agriculture and forestry	636	0	-1	-4	46	677							
Fisheries	4 594	-3	-2	0	2	4 591							
Manufacturing	2 671	-5	-8	-10	7	2 655							
Building and construction	1 040	-3	-5	-1	6	1 037							
Wholesale and retail trade, hotels	1 298	-2	-3	-3	8	1 298							
Supply/oil-related industry	1 518	0	-4	-129	0	1 385							
Property management	8 764	-8	-8	-5	281	9 024							
Professional/financial services	936	-1	-2	-1	14	946							
Transport and private/public services/abroad	3 717	-5	-9	0	37	3 740							
Total corporate customers	25 174	-27	-42	-153	401	25 353							
Retail customers	47 804	-11	-56	-26	3 014	50 725							
Loans to and receivables from customers	72 978	-38	-98	-179	3 415	76 078							

2021							GROUP						
Sector/industry	Gross loans assessed at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans assessed 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/oil-related industry	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 customers	22 372	-25	-29	-208	325	22 435							
Retail customers	43 925	-7	-39	-21	3 632	47 490							
Loans to and receivables from customers	66 297	-32	-68	-229	3 957	69 925							

2022**PARENT BANK**

Sector/industry	Gross loans assessed at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans assessed at fair value	Net loans
Agriculture and forestry	594	0	-1	-4	40	629
Fisheries	4 575	-3	-2	0	2	4 572
Manufacturing	2 647	-5	-8	-10	5	2 629
Building and construction	965	-3	-5	-1	-	956
Wholesale and retail trade, hotels	1 237	-2	-3	-3	7	1 236
Supply/oil-related industry	1 518	-	-4	-129	0	1 385
Property management	8 635	-8	-8	-5	188	8 802
Professional/financial services	853	-1	-2	-1	4	853
Transport and private/public services/abroad	3 454	-4	-8	-	7	3 449
Total corporate customers	24 478	-26	-41	-153	253	24 511
Retail customers	13 987	-7	-40	-25	7 297	21 212
Loans to and receivables from customers	38 465	-33	-81	-178	7 550	45 723

2021**PARENT BANK**

Sector/industry	Gross loans assessed at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans assessed at fair value	Net loans
Agriculture and forestry	591	0	-2	-3	47	633
Fisheries	3 466	-4	-2	-1	2	3 461
Manufacturing	3 123	-6	-2	-12	7	3 110
Building and construction	938	-2	-1	-3	2	934
Wholesale and retail trade, hotels	1 019	-1	-	-1	5	1 022
Supply/oil-related industry	1 258	-1	-10	-181	0	1 066
Property management	7 504	-5	-2	-4	95	7 588
Professional/financial services	722	-1	-1	0	6	726
Transport and private/public services/abroad	3 117	-5	-8	-3	15	3 116
Total corporate customers	21 738	-25	-28	-208	179	21 656
Retail customers	13 936	-5	-34	-21	5 535	19 411
Loans to and receivables from customers	35 674	-30	-62	-229	5 714	41 067

6 Loans and deposits broken down into geographical areas

	Møre og Romsdal		Remaining parts of Norway		Foreign countries"			Total
	2022	2021	2022	2021	2022	2021	2022	2021
GROUP as at 31.12.								
Gross loans	59 192	54 988	16 881	14 950	319	316	76 392	70 254
In percentage	77.5	78.3	22.1	21.3	0.4	0.4	100.0	100.0
Deposits	35 195	33 574	8 194	7 919	492	360	43 881	41 853
In percentage	80.2	80.2	18.7	18.9	1.1	0.9	100.0	100.0

	Møre og Romsdal		Remaining parts of Norway		Foreign countries			Total
	2022	2021	2022	2021	2022	2021	2022	2021
PARENT BANK as at 31.12.								
Gross loans	39 849	36 241	5 880	4 856	286	291	46 015	41 388
In percentage	86.6	87.6	12.8	11.7	0.6	0.7	100.0	100.0
Deposits	35 281	33 591	8 194	7 919	492	360	43 967	41 870
In percentage	80.2	80.2	18.6	18.9	1.1	0.9	100.0	100.0

7 Commitments broken down into risk classes

Commitments (EAD) broken down into risk classes (PD):

GROUP 2022	0-0,5 %	0,5-2,5 %	2,5-5 %	5-99,9 %	Credit-impaired commitments	Provision for expected credit losses	Total
Retail customers	50 860	3 573	638	428	181	-93	55 587
Corporate customers	13 250	10 164	1 854	428	942	-248	26 390
Total commitments	64 110	13 737	2 492	856	1 123	-341	81 977

GROUP 2021	0-0,5 %	0,5-2,5 %	2,5-5 %	5-99,9 %	Credit-impaired commitments	Provision for expected credit losses	Total
Retail customers	48 139	2 879	373	360	92	-67	51 776
Corporate customers	12 293	8 071	1 756	1 386	1 004	-301	24 209
Total commitments	60 432	10 950	2 129	1 746	1 096	-368	75 985

PARENT BANK 2022	0-0,5 %	0,5-2,5 %	2,5-5 %	5-99,9 %	Credit-impaired commitments	Provision for expected credit losses	Total
Retail customers	21 381	1 773	364	289	163	-72	23 898
Corporate customers	13 022	9 801	1 838	426	942	-246	25 783
Total commitments	34 403	11 574	2 202	715	1 105	-318	49 681

PARENT BANK 2021	0-0,5 %	0,5-2,5 %	2,5-5 %	5-99,9 %	Credit-impaired commitments	Provision for expected credit losses	Total
Retail customers	20 050	1 412	199	214	85	-60	21 900
Corporate customers	12 170	7 671	1 756	1 385	1 004	-300	23 686
Total commitments	32 220	9 083	1 955	1 599	1 089	-360	45 586

Credit quality on certificates, bonds and other interest-bearing securities

GROUP 2022	AAA	AA+	AA	AA-	A-	Total
Public sectors	1 662	788	88			2 538
Credit institutions	5 830	687		111		6 628
Other financial companies	1 749	98				1 847
Certificates, bonds and other interest-bearing securities	9 241	1 573	88	111	-	11 013

GROUP 2021	AAA	AA+	AA	AA-	A-	Total
Public sectors	2 023	752	99			2 874
Credit institutions	5 405	343		92		5 840
Other financial companies	1 420	51				1 471
Certificates, bonds and other interest-bearing securities	8 848	1 146	99	92	-	10 185

PARENT BANK 2022	AAA	AA+	AA	AA-	A-	Total
Public sectors	1 662	788	87			2 537
Credit institutions	5 760	687		111		6 558
Other financial companies	1 699	98				1 797
Certificates, bonds and other interest-bearing securities	9 121	1 573	87	111	-	10 892

PARENT BANK 2021	AAA	AA+	AA	AA-	A-	Total
Public sectors	1 993	752	99			2 844
Credit institutions	5 280	343		92		5 715
Other financial companies	1 420	51				1 471
Certificates, bonds and other interest-bearing securities	8 693	1 146	99	92	-	10 030

Total credit risk

GROUP			PARENT BANK	
31.12.2021	31.12.2022		31.12.2022	31.12.2021
369	345	Cash and receivables from Norges Bank	345	369
867	361	Loans to and receivables from credit institutions	3 865	4 268
69 925	76 078	Loans to and receivables from customers*	45 723	41 067
10 185	11 013	Certificates, bonds and other interest-bearing securities	10 892	10 030
810	987	Financial derivatives	643	278
82 156	88 784	Credit risk on balance sheet items	61 468	56 012
1 693	1 336	Guarantee liabilities to customers*	1 336	1 693
5 553	5 380	Undrawn credit facilities	5 210	5 692
7 246	6 716	Total guarantee liabilities and undrawn credit facilities	6 546	7 385
89 402	95 500	Total credit risk	68 014	63 397

*The numbers are net of expected credit loss

8 Commitments broken down into level of security

Collateral and other risk reducing measures

In addition to the assessment of debt servicing level, the Group accepts different kinds of collateral in order to reduce risk depending upon the market and type of transaction involved.

The main principle for value assessment of collateral is based on the realisation value of the asset in question, and what that value is deemed to be when the bank needs the security. Except of commitments where individual loss assessment has been made in stage 3, the value of the collateral is calculated on the assumption of a going concern. When assessing the value of collateral, estimated sales costs are taken into consideration.

In this year's calculation of expected credit loss on loans, the bank's valuation of the security objects is considered. The bank uses the IRB-system as a proxy to develop the model calculating expected credit loss (the ECL-model) according to IFRS 9. The model takes into account the internal and external costs related to follow-up of non-performing commitments and costs related to realization of collateral (LGD model). This implies, that even though a commitment is fully secured, all customers have an expected credit loss calculation.

Additional information is presented in note 9.

The main types of collateral used: mortgage on property (residential and commercial), guarantees, sureties, registered moveable property (chattels), charge on goods (stocks), operating equipment and licenses or set-off agreements. Guarantees represent a minor part of the bank's risk exposure; guarantors relating to private persons (consumer guarantees), companies (professional), guarantee institutes and banks are accepted.

Collateral and other security is updated at least once every year or, in the case of the retail customers, when a new credit proposal is dealt with. In the case of corporate customers, the security involved is updated either when a new credit proposal is dealt with or when certain commitments are followed up. Value assessment is part of the credit decision.

When calculating capital requirement for credit risk, the bank does not apply set-off relating to exposure on, or off, the balance sheet.

In addition to an assessment of debt servicing level and future realisation value of collateral, the financial commitment terms (covenants) are included in most credit agreements for large corporate customers. These conditions are a supplement to reduce risks and to ensure proper monitoring and control of commitments.

Information regarding repossessed assets is presented in note 33.

The table below shows the percentage distribution of commitments with different levels of security. For example, the line '0 % - 60 %' implies that the commitments are less than 60 per cent of the value of the security object. 'Above 100 %' implies that the loan amount exceeds the value of the security object. The bank's guidelines for valuation of collateral objects are utilized. This means that the security objects have been carefully considered in relation to the market value.

Level of security

GROUP - 31.12.2022	Retail customers (NOK million)	Retail customers as percentage of total	Corporate (NOK million)	Corporate as percentage of total	Total (NOK million)	Total in percentage
0 % - 60 %	25 083	49.36	11 629	45.47	36 712	48.06
60 % - 70 %	10 298	20.26	4 918	19.23	15 216	19.92
70 % - 80 %	9 625	18.94	3 303	12.91	12 928	16.92
80 % - 90 %	2 749	5.41	1 056	4.13	3 805	4.98
90 % - 100 %	1 110	2.18	1 113	4.35	2 223	2.91
Above 100 %	1 756	3.46	3 061	11.97	4 817	6.31
Not secured	197	0.39	495	1.94	692	0.91
Total	50 818	100.00	25 575	100.00	76 393	100.00

GROUP - 31.12.2021	Retail customers (NOK million)	Retail customers as percentage of total	Corporate (NOK million)	Corporate as percentage of total	Total (NOK million)	Total in percentage
0 % - 60 %	22 514	47.34	11 249	49.56	33 763	48.06
60 % - 70 %	10 362	21.79	2 694	11.87	13 056	18.58
70 % - 80 %	8 567	18.01	3 069	13.52	11 636	16.56
80 % - 90 %	2 649	5.57	1 265	5.57	3 914	5.57
90 % - 100 %	1 286	2.70	1 010	4.45	2 296	3.27
Above 100 %	1 959	4.12	2 994	13.19	4 953	7.05
Not secured	220	0.46	416	1.83	636	0.91
Total	47 557	100.00	22 697	100.00	70 254	100.00

Collateralisation is a variable that indicates the level of over-collateralisation in relation to the volume of outstanding covered bonds.

Cover pool related to covered bonds issued by Møre Boligkreditt AS	31.12.2022	31.12.2021
Pool of eligible loans	30 431	28 778
Supplementary assets	1 503	1 455
Total collateralised assets 1)	31 934	30 233

1) NOK 91 million of total gross loans are not eligible for the cover pool as at 31 December 2022 (NOK 193 million in 2021).

Covered bonds	31.12.2022	31.12.2021
Covered bonds (nominal value)	26 582	25 058

Over-collateralisation in % (nominal value)	31.12.2022	31.12.2021
Over-collateralisation in %	20.1	20.7

9 Losses on loans and guarantees

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

Sparebanken Møre has developed an ECL-model based on the IRB-parameters in the Group, dividing the commitments into three stages when calculating expected credit loss (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 or defaulted. The definition of default is similar to the one used in the capital adequacy regulations (risk classes M, N and K). As opposed to stage 1 and 2, the effective interest rate in stage 3 is calculated on net impaired commitment (total commitment less expected credit loss) instead of gross commitment.

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

A customer who recovers from risk class M or N, will be placed in risk class K and have to go through a probationary period of 3 or 12 months.

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").

The calculation of expected credit losses is based on the following principles:

- The loss provision for commitments which are not individually assessed is calculated as the present value of EAD multiplied by the probability of default (PD) multiplied by loss given default (LGD). PD, LGD and EAD use the IRB framework as a starting point ("proxy"), but are converted into being point-in-time and forward-looking as opposed to through the cycle and conservative.
- Past, present and forward-looking information is used to estimate ECL. The bank's data warehouse has a history of observed PD and LGD on the loan portfolio. This forms the basis for creating estimates of future values for PD. In line with IFRS 9, the bank groups its lending into three stages. For this purpose, Sparebanken Møre's loan portfolio is divided into 4 segments (the retail portfolio and 3 industry specific corporate portfolios). All customers within a segment are exposed to the same risk drivers. Loans to the retail segment are mainly secured with collateral in real estate and the volume of unsecured loans is marginal.
- For commitments with evidence of loss, an individual assessment is carried out and the entire customer's commitments are placed in stage 3.

The model used for calculating ECL follows four steps: Segmentation, staging/migration, determination of macro adjustments and calculation of ECL.

Segmentation and macro adjustments

The assessment of significant increase in credit risk and the calculation of ECL incorporates past, present and forward-looking information. Each segment is subject to separate macro adjustments.

Regression analysis of changes in the default rate on changes in relevant macro time series have been performed. Regression analyses are statistical analysis methods to describe the relationship between one or more independent variables and a dependent variable (default). It is based on the established subpopulations in the ECL model and the macro-time series used at present. The regression analyses are based on the bank's customer data base and historical observations of PD and selected macroeconomic factors published by Statistics Norway and Norges Bank.

Four macro models have been developed for use in the ECL model, one model for the retail customers and three industry models for the corporate customers (real estate, manufacturing and others). The following macroeconomic sizes have been used to develop macro factors for retail and corporate customers respectively:

Retail customers:

- Unemployment rate
- Consumer price index
- Household interest rate burden

Corporate customers:

- Money market rate
- Euro exchange rate
- Export market indicator
- Gross investment in dwellings
- Unemployment rate

Probability of default (PD)

Sparebanken Møre applies several different models to determine a customer's PD. The choice of model depends on whether it is a retail or corporate customer. PD models are key components both in calculating the ECL and in assessing whether a significant increase in credit risk has occurred since initial recognition. These models fulfil the IFRS 9 requirement to provide an unbiased probability-weighted estimate of ECL. Sparebanken Møre has been granted permission to use internal rating-based approach (IRB) models for determining PD in capital adequacy calculations. In order to apply these PDs for IFRS 9, modifications have been made to allow that the PDs used for IFRS 9 reflect management's current view of expected cyclical changes.

Loss given default (LGD)

LGD represents the percentage of exposure which the Group expects to lose if the customer fails to meet his obligations, taking the collateral provided by the customer, future cash flows and other relevant factors into consideration.

Similar to PDs, Sparebanken Møre uses IRB LGDs for capital adequacy calculations (does not apply to the corporate portfolio). In order to convert the IRB LGDs to IFRS LGDs, modifications have been made to remove the margin of conservatism to produce unbiased projections rather than downturn projections as well as removing the effect of regulatory floors.

These modifications imply that the LGDs used for IFRS 9 should reflect management's current view and that all LGD estimates are expectations-oriented.

Exposure

Exposure is the share of the approved credit that is expected to be drawn at the time of any future default. The exposure is adjusted to reflect contractual payments of principal and interest. The proportion of undrawn commitments expected to have been drawn at the time of default is reflected in the credit conversion factor.

Significant increase in credit risk

The assessment of a significant increase in credit risk is based on a combination of quantitative and qualitative indicators and backstops. A significant increase in credit risk has occurred when one or more of the criteria below are met:

Quantitative criteria

A significant increase in credit risk is determined by comparing the PD at the reporting date with the 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 % or more and the increase in PD is more than 0.5 percentage points, or
- PD has increased by more than 2.0 percentage points

The weighted, macro-adjusted PD in year 1 compared with the PD at initial recognition is used to determine whether the risk has increased significantly.

Qualitative criteria

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

«Backstops»

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

- the customer’s contractual payments are more than 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.

Migration to stage 1 – recovery

An account migrates from stage 2 to stage 1:

- 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)

An account migrates from stage 3 to stage 1 or stage 2 if the account no longer meets the conditions for migration to stage 3.

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

When a customer migrates from stage 3 (classified as either credit-impaired or defaulted) to stage 2 and stage 1 (recovered), the customer will have to go through a probationary period of either 3 or 12 months in stage 3 (risk class K). The customer can be overridden and placed in stage 2 if that is considered to be the best estimate of expected credit loss.

Scenarios

Three scenarios must be designed: base, best and worst. For each of the scenarios, the expected values for various parameters are specified for each of the next 5 years. The expected probability of each of the three scenarios occurring is also specified. After 5 years, the scenarios are expected to converge towards a long-term stable level.

a) The base scenario assumes that the Norwegian economy will develop in line with the forecasts of Statistics Norway in its ‘Economic Trends 2022/4’ and of Norges Bank in its ‘Monetary Policy Report 4/22’. Inflation has been higher than expected since the third quarter of 2022 and appears to be remaining high longer than previously estimated. The labour market is also slightly tighter.

Altogether, Norges Bank projects Mainland Norway’s annual growth in GDP will be 3.6 per cent for 2022. Expected lower consumption in 2023 will slow Mainland Norway’s GDP growth by 0.2 per cent. The forecasts suggest that economic activity will gradually improve in 2024 and 2025. Higher investment in the petroleum industry and activity related to climate transition will boost growth in the years to come, according to Norges Bank. Unemployment is expected to rise gradually in the next few years and then stabilise close to the unemployment levels in the last couple of years prior to the pandemic. In the next few years, Norges Bank expects mortgage rates to rise, but by slightly less than the rise in the policy rate. They forecast that mortgage rates will rise to around 4.3 per cent during 2023. High inflation and higher rates will help to curb demand and Norges Bank estimates that the Norwegian economy has reached a cyclical peak. House prices have fallen in the past few months and households are expected to reduce their spending going forward. From next year, Norges Bank expects lower capacity utilisation, lower external inflationary impulses and a fall in energy prices to push down inflation and bring it closer to target inflation in the medium term.

The bank’s level of credit-impaired commitments (future PD) is expected to increase before falling towards the end of the period. Overall, a lower level of credit-impaired commitments is expected for manufacturing and the retail market (Table 1).

Table 1 Sparebanken Møre’s expected level of credit-impaired commitments (rate) for base scenario

Year	Retail Banking Division	Real estate industry	Manufacturing	Other sectors
0 (2022)	0.53 %	1.62 %	1.22 %	1.82 %
1 (2023)	1.38 %	2.06 %	1.77 %	2.30 %
2 (2024)	1.45 %	2.06 %	1.53 %	2.30 %
3 (2025)	1.25 %	2.61 %	1.42 %	2.92 %
4 (2026)	1.03 %	2.46 %	1.36 %	2.75 %

The bank’s expected credit loss (ECL) under this scenario (100 per cent weighting) is estimated to be NOK 141 million.

b) The bank's best case scenario assumes that the Norwegian economy develops in line with the base scenario, but that capacity problems and inflation are encountered to a lesser extent, which results in fewer rate hikes and lower market rates than in the base scenario. This results in market interest rates and the household interest burden first decreasing slightly and then rising towards the end of the projection period. Unemployment is generally expected to remain at a somewhat lower level than in the base scenario.

During the projection period, the level of credit-impaired commitments (future PD) in the bank is expected to increase in the retail market, while overall a somewhat lower level of credit-impaired commitments is expected in the real estate, manufacturing and other sectors in the period, ref. Table 2.

Table 2 Sparebanken Møre's expected level of credit-impaired commitments (rate) for best case scenario

Year	Retail Banking Division	Real estate industry	Manufacturing	Other sectors
0 (2022)	0.53%	1.62 %	1.22 %	1.82 %
1 (2023)	0.32%	0.87 %	0.73 %	1.35 %
2 (2024)	0.49%	1.16 %	0.95 %	1.52 %
3 (2025)	0.73%	1.41 %	1.00 %	1.71 %
4 (2026)	0.60%	1.38 %	0.97 %	1.61 %

The bank's expected credit loss (ECL) under this scenario (100 per cent weighting) is estimated to be NOK 64 million.

c) The bank's worst-case scenario is based on the Financial Supervisory Authority of Norway's stress test of Norwegian banks described in 'Financial Outlook June 2022', where it is assumed that delivery problems will worsen, especially when Russian exports of oil and gas to other European countries stop altogether, and that exports of grain and other important foods from Ukraine and Russia will be sharply reduced. This would weaken growth in the real economy and contribute to further inflationary pressure, both internationally and in Norway. Central banks would be expected to raise policy key rates markedly in order to curb inflation. This would result in higher market rates, higher risk premiums, repricing in the financing and real estate markets and a downturn in the real economy, both internationally and in Norway.

In this stress scenario, higher interest rates, greater uncertainty among investors and turbulence in the financial markets result in falls in the prices of shares, securities and real estate. Policy and market rates remain high during the projection period as it is assumed that inflation will remain above the central banks' target inflation. In Norway, inflation of 5.8 per cent is expected in 2022 and thereafter inflation will gradually decrease. Household interest burden increases from 6.59 per cent in 2022 to 10 per cent in 2023. This is somewhat lower than the Financial Supervisory Authority of Norway predicts in the stress test. The interest burden remains high, although it drops to 8.0 per cent in 2026.

High levels of debt, higher interest rates and weak income growth among households result in a sharp contraction in private consumption, which falls by a total of 9 per cent from 2022 to 2025. This, combined with weak development in real investments and exports of traditional goods and service, contribute to very weak growth in economic activity in Norway. Mainland Norway's GDP falls by 3.5 per cent from 2022 to 2025. The level of credit-impaired commitments (future PD) in the bank is expected to rise markedly in the first few years, both in the retail market and the corporate market, before subsequently decreasing slightly towards the end of the period, ref. Table 3.

Table 3 Sparebanken Møre's expected level of credit-impaired commitments (rate) for worst case scenario

Year	Retail Banking Division	Real estate industry	Manufacturing	Other sectors
0 (2022)	0.53 %	1.62 %	1.22 %	1.82 %
1 (2023)	4.71 %	4.76 %	2.71 %	4.95 %
2 (2024)	2.92%	3.43 %	1.99 %	3.70 %
3 (2025)	2.38 %	3.37 %	1.91 %	3.70 %
4 (2026)	1.92 %	2.15 %	1.82 %	3.49 %

The bank's expected credit loss (ECL) under this scenario (100 per cent weighting) is estimated to be NOK 301 million.

Changes in PD resulting from the scenarios can also affect assignment to stages.

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 (covenant breaches after a specific assessment) 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. The definition of default is similar to the one used in the capital adequacy regulations.

In order to assess the best estimate for loss calculation in accordance with IFRS 9, it may be necessary to override non-performing commitments according to the capital adequacy regulations. The proportion of overridden commitments is reported in note 9.

A commitment is also considered 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 financial asset is credit-impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset has taken place. Indications that a financial asset is credit-impaired include observable data on the following events:

- a) the debtor having significant financial problems,
- b) breaches of contract, for example default or overdue payments,

A financial asset is considered as defaulted if the borrower does not pay overdue instalments, or overdrafts are not covered, maximum within 90 days

- c) when the borrower's lender, for financial or contractual reasons related to the borrower's financial difficulties, has given the borrower concessions that the lender would otherwise not have considered,
- d) when it becomes likely that the borrower will go bankrupt or be subjected to another form of financial reorganization,
- e) when an active market for the financial asset disappears due to financial difficulties, or
- f) purchase or creation of a financial asset with a significant discount that reflects accrued credit losses.

A commitment shall be considered anticipated defaulted if it is likely that the borrower does not, within its ordinary operations, have debt servicing capacity for its total debt (unlikeliness to pay).

It may not be possible to identify a single separate event - instead, the overall impact of several events may have led to a deterioration of financial assets.

Provisions for guarantee liabilities are made if the liability is likely to be settled and the liability can be estimated in a reliable manner. Best estimate is applied when determining the amount of the provisions to be made. Claims for recourse related to guarantees where provisions have been made are capitalized as an asset maximum equal to provisions made.

A commitment is defined to be subject to forbearance if the bank agrees to changes in the terms and conditions because the debtor is having problems meeting payment obligations. A performing (not defaulted) forbearance is placed in stage 2, whereas a non-performing forbearance (defaulted) 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.

Sensitivity analysis

Macro factors and weighting of scenarios are important input factors in the bank's ECL model that can contribute to significant changes in the calculation of losses and are subject to a large degree of judgment. A framework has been drawn up for determining macro factors and scenarios in the ECL model to satisfy the requirement to be expectation-oriented and forward-looking. Changes to PD as a result of scenarios, may also affect the staging.

Staging of the expected credit losses requires both information about intrusive events and current conditions, as well as expected events and future financial conditions. The calculations and use of forward-looking information require a high degree of judgment. Each macroeconomic scenario includes a five-year period projection.

The bank's base case scenario and macro paths, are based on forecasts from SSB (Statistics Norway)/Norges Bank, further supplemented by own forecasts.

Individually assessed commitments in stage 3 constitute a relatively large share of the total ECL. In the sensitivity analysis, individual assessments of scenarios and weightings for these commitments are made, based on the bank's best estimates. In the sensitivity analysis, macro factors and choice of scenario have impact on the migration between stages in the ECL model.

The scenarios are weighed based on our best estimate of the probability of the different outcomes represented. The estimates are updated quarterly and estimates as of 31 December 2022 were used. Both the best and the worst case are considered to occur every 25 years. "Best" and "worst" meaning the strongest and weakest economic development.

The accounted ECL as of 31.12.2022 is based on a 70 per cent base scenario (normal development), 20 per cent worst case and 10 per cent best case scenario. The losses on loans in 2022 are still characterized by market and economic developments in the oil-related industry. The market outlook has improved through 2022 as a result of higher energy prices and higher activity levels. For the oil-related portfolio, special assessments have been made with respect to the probability of default under different scenarios and associated realisation values.

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.

Validation

The Group continuously develops and reviews the risk management system and the credit granting process to ensure high quality over time.

An independent quantitative and qualitative validation of the Group's IRB-model and the ECL-model is carried out. The quantitative validation shall ensure that the estimates used for measuring probability of default, exposure at default and loss given default maintain a sufficiently good quality. Analyses are carried out, assessing the models' ability to rank the customers according to risk (discrimination capability), and the ability to set the correct level on the risk parameters. In addition, the stability of the estimates in the models and the cyclical sensitivity of the models are analysed. The quantitative validations will in some cases be supplemented by more qualitative assessments. This is especially true if the capture of statistical data is limited.

The results of the validation processes are included in the further development of the ECL-model.

Individual assessment in stage 3

If there is an indication that a loan is credit-impaired, an individual assessment in stage 3 is made.

In case of individual assessment in stage 3, the impairment amount is calculated as the difference between the carrying amount (principal + accrued interest at the valuation date) and the present value of future cash flows, discounted at the effective interest method over the commitments' expected lifetime. Three weighted scenarios (best, base and worst) are utilised with expected cash flows discounted to present value.

The discounting rate for loans with floating interest rates is equal to the effective rate of interest at the time of assessment. For loans with fixed interest rates, the discounting rate is equal to the original, effective interest rate. For commitments which have altered interest rates as a result of debtors' financial problems, the effective rate of interest ruling before the commitment's interest rate was altered is applied. When estimating future cash flows, a possible takeover and sale of related collateral is taken into consideration, also including costs relating to the takeover and sale.

Impairment of commitments is recognised in the income statement as losses on loans. Reversal of impairment will result in reversal of amortised cost and is recognised as a correction of losses. Estimates of future cash flows from a loan should also consider the acquisition and sale of related collateral. When evaluating security coverage there should be a qualified assessment of the collateral's nature and market value, taking into account the costs of the acquisition and sale. Realisation values for different collateral in a realizable situation are determined by the use of best judgment. Timing for liquidation of loans with impairment is based on judgment and experiences from other liquidation engagements and bankruptcies.

Write-off

When all collateralized assets have been realised and it is undoubtedly that the bank will receive more payments on the commitment, the loss is confirmed. However, the claim against the customer will continue to exist and will be followed up, unless the bank has agreed to debt forgiveness for the customer.

Loans and debt securities are also written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in "Impairment on loans, guarantees etc." in the Statement of income. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Commitments subject to enforcement activities amount to NOK 5 million as at 31.12.2022 (NOK 6 million).

Climate risk and calculation of expected credit losses

The bank is in the process of mapping and highlighting climate risk in the bank's lending portfolio and in the various industries. The TCFD-reporting (Task Force on Climate related Financial Disclosure) for 2021 was a starting point for this work and the assessments are a qualitative analysis. Lack of data and experience make the quantitative and objective assessment challenging.

The ECL-model is intended to be expectations-oriented, and the bank has so far assessed that the qualitative climate risk analyses are fraught with a high degree of uncertainty and thus not taken into account when assessing expected credit losses. The bank will seek to find a good methodology for implementing climate risk in the ECL-model for the corporate portfolio.

Losses on loans and guarantees

GROUP			PARENT BANK	
2021	2022	Specification of losses on loans, guarantees etc.	2022	2021
0	6	Changes in ECL - stage 1	4	-1
-12	32	Changes in ECL - stage 2	21	-11
-1	9	Changes in ECL - stage 3	7	0
64	-47	Changes in individually assessed impairments	-46	64
7	2	Confirmed losses, not previously impaired	2	7
-9	-6	Recoveries	-6	-9
49	-4	Total impairment on loans and guarantees	-18	50

Changes in ECL in the period

GROUP 2022	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2022	33	72	263	368
New commitments	19	38	3	60
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-23	-5	-37
Changes in ECL in the period for commitments which have not migrated	0	-8	1	-7
Migration to stage 1	1	-18	0	-17
Migration to stage 2	-6	45	0	39
Migration to stage 3	1	-2	10	9
Changes stage 3 (individually assessed)	-	-	-74	-74
ECL 31.12.2022	39	104	198	341
- of which expected losses on loans to retail customers	11	56	26	93
- of which expected losses on loans to corporate customers	27	42	153	222
- of which expected losses on guarantees	1	6	19	26

GROUP 2021	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2021	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 guarantees	1	4	34	39

PARENT BANK 2022	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2022	31	66	263	360
New commitments	16	32	4	52
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-24	-5	-38
Changes in ECL in the period for commitments which have not migrated	0	-7	0	-7
Migration to stage 1	1	-14	0	-13
Migration to stage 2	-5	36	0	31
Migration to stage 3	0	-2	9	7
Changes stage 3 (individually assessed)	-	-	-74	-74
ECL 31.12.2022	34	87	197	318
- of which expected losses on loans to retail customers	7	40	25	72
- of which expected losses on loans to corporate customers	26	41	153	220
- of which expected losses on guarantees	1	6	19	26

PARENT BANK 2021	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2021	32	76	208	316
New commitments	12	11	2	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	-3	-1	-9
Migration to stage 1	1	-15	-1	-15
Migration to stage 2	-1	19	0	18
Migration to stage 3	0	-2	4	2
Changes stage 3 (individually assessed)	-	-	55	55
ECL 31.12.2021	31	66	263	360
- of which expected losses on loans to retail customers	5	34	21	60
- of which expected losses on loans to corporate customers	25	28	208	261
- of which expected losses on guarantees	1	4	34	39

Changes in ECL in the period divided into Retail and Corporate

GROUP 2022	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
ECL 01.01.2022	7	26	39	33	21	242	368
New commitments	5	14	17	22	1	3	62
Disposal of commitments and transfer to stage 3 (individually assessed)	-2	-7	-10	-14	-4	0	-37
Changes in ECL in the period for commitments which have not migrated	3	-2	-7	-3	-1	-1	-11
Migration to stage 1	0	1	-8	-9	0	0	-16
Migration to stage 2	-2	-4	26	19	0	0	39
Migration to stage 3	0	0	-1	0	8	2	9
Changes stage 3 (individually assessed)	-	-	-	-	1	-74	-73
ECL 31.12.2022	11	28	56	48	26	172	341

GROUP 2021	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
ECL 01.01.2021	6	27	34	50	20	189	326
New commitments	3	10	8	4	0	-	25
Disposal of commitments and transfer to stage 3 (individually assessed)	-2	-6	-9	-12	-4	-	-33
Changes in ECL in the period for commitments which have not migrated	0	-5	1	-7	-1	-	-12
Migration to stage 1	0	1	-8	-8	-1	-1	-17
Migration to stage 2	0	-1	16	6	-	0	21
Migration to stage 3	0	0	-3	0	6	0	3
Changes stage 3 (individually assessed)	-	-	-	-	1	54	55
ECL 31.12.2021	7	26	39	33	21	242	368

PARENT BANK 2022	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
ECL 01.01.2022	5	26	34	32	21	242	360
New commitments	3	14	11	21	1	3	53
Disposal of commitments and transfer to stage 3 (individually assessed)	-2	-7	-9	-15	-4	0	-37
Changes in ECL in the period for commitments which have not migrated	2	-3	-5	-3	-1	-1	-11
Migration to stage 1	0	1	-7	-7	0	0	-13
Migration to stage 2	-1	-4	17	19	0	0	31
Migration to stage 3	0	0	-1	0	7	2	8
Changes stage 3 (individually assessed)	-	-	-	-	1	-74	-73
ECL 31.12.2022	7	27	40	47	25	172	318

PARENT BANK 2021	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
ECL 01.01.2021	4	27	27	50	19	189	316
New commitments	2	10	7	4	2	-	25
Disposal of commitments and transfer to stage 3 (individually assessed)	-1	-6	-8	-12	-4	-	-31
Changes in ECL in the period for commitments which have not migrated	0	-5	4	-8	-1	-	-10
Migration to stage 1	0	1	-7	-8	0	-1	-15
Migration to stage 2	0	-1	13	6	-	0	18
Migration to stage 3	0	0	-2	0	4	0	2
Changes stage 3 (individually assessed)	-	-	-	-	1	54	55
ECL 31.12.2021	5	26	34	32	21	242	360

Changes in exposure during the period

GROUP 2022	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
Commitments at 01.01.2022	45 925	23 660	1 838	1 454	92	1 004	73 973
New commitments	14 030	7 885	2 320	670	1	218	25 124
Disposal of commitments	-10 582	-5 112	-437	-769	-17	-1	-16 918
Migration to stage 1	345	0	-39	0	0	0	306
Migration to stage 2	-5 398	-4 410	5 248	3 281	0	0	-1279
Migration to stage 3	-38	-6	-25	-6	56	11	-8
Overridden migration commitments	0	276	9	175	-9	-451	0
Other changes	-1 057	-737	416	-18	-10	0	-1 406
Commitments at 31.12.2022*	43 225	21 556	9 330	4 787	113	781	79 792

GROUP 2021	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
Commitments at 01.01.2021	43 087	20 241	1 519	2 042	111	939	67 939
New commitments	13 761	9 011	292	219	1	-	23 284
Disposal of commitments	-9 691	-4 720	-377	-697	-26	-1	-15 512
Migration to stage 1	552	577	-566	-593	-12	-10	-52
Migration to stage 2	-1 052	-552	1 013	536	-2	0	-57
Migration to stage 3	-11	0	-27	-	36	0	-2
Other changes	-721	-897	-16	-53	-16	76	-1 627
Commitments at 31.12.2021*	45 925	23 660	1 838	1 454	92	1 004	73 973

PARENT BANK 2022	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
Commitments at 01.01.2022	14 898	22 883	991	1 350	92	1 004	41 218
New commitments	4 226	7 654	705	625	6	218	13 434
Disposal of commitments	-4 279	-4 984	-260	-726	-16	-1	-10 266
Migration to stage 1	172	-	-197	-	0	0	-25
Migration to stage 2	-1 594	-4 295	1 527	3 617	-	0	-745
Migration to stage 3	-14	-6	-16	-6	27	11	-4
Overridden migration commitments	0	276	9	175	-9	-451	0
Other changes	-260	-718	296	-14	-5	-	-701
Commitments at 31.12.2022*	13 149	20 810	3 055	5 021	95	781	42 911

PARENT BANK 2021	Stage 1		Stage 2		Stage 3		Total
	Retail	Corporate	Retail	Corporate	Retail	Corporate	
Commitments at 01.01.2021	12 976	19 584	759	1 966	111	939	36 335
New commitments	5 842	8 786	246	214	11	-	15 099
Disposal of commitments	-3 812	-4 669	-204	-693	-26	-1	-9 405
Migration to stage 1	234	563	-244	-578	-9	-10	-44
Migration to stage 2	-484	-507	464	492	-2	0	-37
Migration to stage 3	-5	0	-17	0	21	0	-1
Other changes	147	-874	-13	-51	-14	76	-729
Commitments at 31.12.2021*	14 898	22 883	991	1 350	92	1 004	41 218

*) The tables above are based on exposure (incl. undrawn credit facilities and guarantees) at the reporting date. The tables do not include loans assessed at fair value. The figures are thus not reconcilable against the balance sheet.

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

GROUP 2022	Stage 1	Stage 2	Stage 3	Total 31.12.2022
Low risk (0 % - < 0.5 %)	55 472	5 630	-	61 102
Medium risk (0.5 % - < 3 %)	8 281	6 106	-	14 387
High risk (3 % - <100 %)	1 028	1 932	-	2 960
PD=100 %	-	-	674	674
Overridden migration commitments	-	449	220	669
Total commitments before ECL	64 781	14 117	894	79 792
- ECL	-39	-104	-198	-341
Net commitments *)	64 742	14 013	696	79 451

GROUP 2021	Stage 1	Stage 2	Stage 3	Total 31.12.2021
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
PD=100 %	-	-	1 096	1 096
Total commitments before ECL	69 253	3 624	1 096	73 973
- ECL	-33	-72	-263	-368
Net commitments *)	69 220	3 552	833	73 605

PARENT BANK 2022	Stage 1	Stage 2	Stage 3	Total 31.12.2022
Low risk (0 % - < 0.5 %)	25 005	2 348	-	27 353
Medium risk (0.5 % - < 3 %)	7 938	3 803	-	11 741
High risk (3 % - <100 %)	1 016	1 476	-	2 492
PD=100 %	-	-	656	656
Overridden migration commitments	-	449	220	669
Total commitments before ECL	33 959	8 076	876	42 911
- ECL	-34	-87	-197	-318
Net commitments *)	33 925	7 989	679	42 593

PARENT BANK 2021	Stage 1	Stage 2	Stage 3	Total 31.12.2021
Low risk (0 % - < 0.5 %)	26 588	273	-	26 861
Medium risk (0.5 % - < 3 %)	9 005	1 263	-	10 268
High risk (3 % - <100 %)	1 860	1 133	-	2 993
PD=100 %	-	-	1 096	1 096
Total commitments before ECL	37 453	2 669	1 096	41 218
- ECL	-31	-66	-263	-360
Net commitments *)	37 422	2 603	833	40 858

*) The tables above are based on exposure (incl. undrawn credit facilities) at the reporting date. The tables do not include loans assessed at fair value. The figures are thus not reconcilable against the balance sheet.

10 Credit-impaired commitments

The accounting policies regarding assessments of loans are disclosed in note 9. Defaulted loans and overdrafts are continuously supervised. Commitments, where a probable deterioration of customer solvency is identified, are considered credit-impaired and transferred to stage 3 with lifetime ECL measurement.

Credit-impaired commitments

The table shows total commitments in default for more than 90 days and other credit-impaired commitments (less than 90 days). Customers who have been in default must go through a probation period with 100 per cent PD for at least three months before they are scored as non-defaulted. These customers are included in gross credit-impaired commitments.

GROUP	31.12.2022			31.12.2021		
	Total	Retail	Corpo- rate	Total	Retail	Corpo- rate
Gross commitments in default for more than 90 days	47	35	12	46	41	5
Gross other credit-impaired commitments	1 076	146	930	1 050	51	999
Gross credit-impaired commitments	1 123	181	942	1 096	92	1 004
ECL on commitments in default for more than 90 days	12	6	6	15	11	4
ECL on other credit-impaired commitments	186	20	166	248	10	238
ECL on credit-impaired commitments	198	26	172	263	21	242
Net commitments in default for more than 90 days	35	29	6	31	30	1
Net other credit-impaired commitments	890	126	764	802	41	761
Net credit-impaired commitments	925	155	770	833	71	762
Total gross loans to customers - Group	76 393	50 818	25 575	70 254	47 557	22 697
Guarantees - Group	1 362	3	1 359	1 732	4	1 728
Gross credit-impaired commitments as a percentage of loans/guarantees	1.44 %	0.36 %	3.50 %	1.52 %	0.19 %	4.11 %
Net credit-impaired commitments as a percentage of loans/guarantees	1.19 %	0.30 %	2.86 %	1.16 %	0.15 %	3.12 %

Commitments with probation period		31.12.2022		
GROUP	Total	Retail	Corpo- rate	
Gross commitments with probation period	508	59	449	
Gross commitments with probation period in percentage of gross credit-impaired commitments	45 %	33 %	48 %	

PARENT BANK	31.12.2022			31.12.2021		
	Total	Retail	Corpo- rate	Total	Retail	Corpo- rate
Gross commitments in default for more than 90 days	45	33	12	44	39	5
Gross other credit-impaired commitments	1 060	130	930	1 045	46	999
Gross credit-impaired commitments	1 105	163	942	1 089	85	1 004
ECL on commitments in default for more than 90 days	12	6	6	15	11	4
ECL on other credit-impaired commitments	185	19	166	248	10	238
ECL on credit-impaired commitments	197	25	172	263	21	242
Net commitments in default for more than 90 days	33	27	6	29	28	1
Net other credit-impaired commitments	875	111	764	797	36	761
Net credit-impaired commitments	908	138	770	826	64	762
Total gross loans - parent bank	46 015	21 273	24 742	41 387	19 469	21 918
Guarantees - parent bank	1 362	3	1 359	1 732	4	1 728
Gross credit-impaired commitments as a percentage of loans/guarantees	2.33 %	0.77 %	3.61 %	2.53 %	0.44 %	4.25 %
Net credit-impaired commitments as a percentage of loans/guarantees	1.92 %	0.65 %	2.95 %	1.92 %	0.34 %	3.22 %

Commitments with probation period	31.12.2022		
PARENT BANK	Total	Retail	Corpo- rate
Gross commitments with probation period	500	51	449
Gross commitments with probation period in percentage of gross credit-impaired commitments	45 %	31 %	48 %

Quantitative information on collateral and other credit enhancements on credit-impaired commitments

GROUP 2022	Credit-impaired commitments	Provision for expected credit losses	Assessed value of collateral
Retail	181	-26	147
Corporate	942	-172	689
Total	1 123	-198	836
GROUP 2021	Credit-impaired commitments	Provision for expected credit losses	Assessed value of collateral
Retail	92	-21	119
Corporate	1 004	-242	702
Total	1 096	-263	821

11 Market risk

The bank's Board of Directors stipulates the long-term targets with regards to the bank's risk profile. These targets are made operational through powers of attorney and limits delegated within the organisation. Sparebanken Møre manages market risk and handles powers of attorney, limits and guidelines relating to financial instruments based on board adopted strategy documents. The strategy documents are subject to periodical reviews and are revised/adopted once every year by the bank's Board of Directors. In addition, the documents shall be passed on to, approved and understood by the operative units, the bank's control functions and administration. In order to ensure the necessary quality and independence, the development of risk management tools and the execution of the risk reporting are organised in a separate unit, independent of the operative units.

Market risk in the Group is measured and monitored based on conservative limits, renewed and approved by the Board at least annually.

Interest rate risk is presented in note [12](#), foreign exchange risk in note [13](#) and financial derivatives is described in note [25](#).

12 Interest rate risk

Interest rate risk occurs due to the fact that the Group may have different interest rate periods on its assets and liabilities. Sparebanken Møre measures interest rate risk through analyses, showing the impact on the overall result of a 1 percentage point parallel shift in the yield curve. In this way, it is possible to quantify the risk incurred by the bank and the effect it has on the result there being changes in the interest rates in the market. The analysis shows effective maturity for the interest-bearing part of the balance sheet. The longer funds are fixed in the case of a placement, the bigger is the potential loss or gain following an increase or a fall in the interest rates in the market. The Group has a short interest-fixing period overall and the interest rate risk is deemed to be low. The table below shows the potential impact on the overall result of changes in value of financial assets and liabilities for the Group by an increase in interest rates of one percentage point. The calculation is based on the current positions and market interest rates at 31 December and confirms the bank's low risk tolerance for changes in value due to interest rate developments.

Interest rate risk

GROUP			PARENT BANK	
2021	2022	Maturity	2022	2021
8	12	Up to 1 month	1	-3
13	4	1 - 3 months	5	15
9	13	3 - 12 months	11	7
-7	2	1 - 5 years	-3	6
-1	-18	Above 5 years	-5	0
22	13	Total	9	25
-17	-16	Certificates, bonds and other interest-bearing securities	-16	-16
-13	-20	Loans to and receivables from customers, with fixed interest rate	-7	7
-83	-57	Other loans	-26	-53
82	51	Deposits from customers	51	82
50	52	Bonds issued	4	4
3	2	Other balance sheet items	1	1
22	13	Total	9	25

13 Foreign exchange risk

Sparebanken Møre measures foreign exchange risk on the basis of its net positions in the different currencies involved. It is a main principle that all transactions involving customers shall immediately be hedged by doing opposite transactions in the market so that the bank's foreign exchange risk is reduced to a minimum level. The bank does not trade on its own account as far as foreign currency instruments are concerned. All balance sheet items in foreign currencies are converted into Norwegian kroner based on traded price on the balance sheet date. For notes and coins, approximate purchase prices are applied. Current income and costs are converted into Norwegian kroner at the prices ruling on transaction date. Net realised and unrealised gains or losses are included in the income statement. Throughout the year, unintentional foreign exchange risk has been at a minimum level.

GROUP - 2022	Total	NOK	Currency	Of which: USD	EUR	CHF	DKK	Other
Cash and receivables from Norges Bank	394	394	0					
Loans to and receivables from credit institutions	361	123	238	9	95	1	61	72
Loans to and receivables from customers	76 078	72 892	3 186	1 925	337	382	390	152
Certificates and bonds	11 013	10 191	822		606			216
Other assets	1 655	1 617	38	16	9	3	7	3
Total assets	89 501	85 217	4 284	1 950	1 047	386	458	443
Loans and deposits from credit institutions	586	572	14	9			4	1
Deposits from customers	43 881	43 297	584	137	319		60	68
Debt securities issued	34 236	23 582	10 654		10 654			
Other liabilities	1 839	1 688	151	8	131			12
Subordinated loan capital	857	857	0					
Equity	8 102	8 102	0					
Total liabilities and equity	89 501	78 098	11 403	154	11 104	0	64	81
Forward exchange contracts			7 123	-1 811	10 060	-383	-390	-353
Net exposure foreign exchange			4	-15	3	3	4	9
Effect of a 10 per cent change in price (MNOK)	1							

GROUP - 2021	Total	NOK	Currency	Of which: USD	EUR	JPY	CHF	Other
Cash and receivables from Norges Bank	428	428	0					
Loans to and receivables from credit institutions	867	661	206	33	89	2	23	59
Loans to and receivables from customers	69 925	67 057	2 868	1 508	348	405	435	172
Certificates and bonds	10 185	9 237	948		640		101	207
Other assets	1 392	1 364	28	14	6	2	2	4
Total assets	82 797	78 747	4 050	1 555	1 083	409	561	442
Loans and deposits from credit institutions	980	969	11	8			1	2
Deposits from customers	41 853	41 382	471	130	281		5	55
Debt securities issued	30 263	19 617	10 646		10 646			
Other liabilities	1 428	1 405	23	5			18	
Subordinated loan capital	703	703	0					
Equity	7 570	7 570	0					
Total liabilities and equity	82 797	71 646	11 151	143	10 927	0	24	57
Forward exchange contracts			7 117	-1 401	9 844	-407	-536	-383
Net exposure foreign exchange			16	11	0	2	1	2
Effect of a 10 per cent change in price (MNOK)	2							

PARENT BANK - 2022	Total	NOK	Currency	Of which: USD	EUR	CHF	DKK	Other
Cash and receivables from Norges Bank	394	394	0					
Loans to and receivables from credit institutions	3 865	3 627	238	9	95	1	61	72
Loans to and receivables from customers	45 723	42 537	3 186	1 925	337	382	390	152
Certificates and bonds	10 892	10 070	822		606			216
Other assets	2 830	2 792	38	16	9	3	7	3
Total assets	63 704	59 420	4 284	1 950	1 047	386	458	443
Loans and deposits from credit institutions	1 969	1 955	14	9			4	1
Deposits from customers	43 967	43 383	584	137	319		60	68
Debt securities issued	7 429	7 429	0					
Other liabilities	1 565	1 414	151	8	131			12
Subordinated loan capital	857	857	0					
Equity	7 917	7 917	0					
Total liabilities and equity	63 704	62 955	749	154	450	0	64	81
Forward exchange contracts			-3 531	-1 811	-594	-383	-390	-353
Net exposure foreign exchange			4	-15	3	3	4	9
Effect of a 10 per cent change in price (MNOK)	1							

PARENT BANK - 2021	Total	NOK	Currency	Of which: USD	EUR	JPY	CHF	Other
Cash and receivables from Norges Bank	428	428	0					
Loans to and receivables from credit institutions	4 268	4 062	206	33	89	2	23	59
Loans to and receivables from customers	41 067	38 199	2 868	1 508	348	405	435	172
Certificates and bonds	10 030	9 082	948		640		101	207
Other assets	2 386	2 358	28	14	6	2	2	4
Total assets	58 179	54 129	4 050	1 555	1 083	409	561	442
Loans and deposits from credit institutions	1 877	1 866	11	8			1	2
Deposits from customers	41 870	41 399	471	130	281		5	55
Debt securities issued	5 174	5 174	0					
Other liabilities	1 244	1 221	23	5			18	
Subordinated loan capital	703	703	0					
Equity	7 311	7 311	0					
Total liabilities and equity	58 179	57 674	505	143	281	0	24	57
Forward exchange contracts			-3 529	-1 401	-802	-407	-536	-383
Net exposure foreign exchange			16	11	0	2	1	2
Effect of a 10 per cent change in price (MNOK)	2							

14 Liquidity risk

The management of Sparebanken Møre's funding structure is defined in an overall financing strategy which is evaluated and agreed by the Board of Directors at least once every year. In this strategy document, the bank's targets relating to the maintenance of its financial strength are described, and actual limits for the bank's liquidity management within different areas are defined. Liquidity management also includes stress tests according to which the liquidity effect of different scenarios is simulated by quantifying the probability of refinancing from the various sources of funding involved. Part of the bank's strategy is to apply diversification to its funding with regards to sources, markets, financial instruments and maturities, the object being to reduce the overall risk.

To ensure the Group's liquidity risk being kept at a low level, lending to customers should primarily be funded by customer deposits and long-term debt securities. Liquidity risk is managed through both short-term limits that restrict net refinancing needs, and a long-term management target.

The Group's deposit-to-loan ratio, calculated including transferred mortgages to Møre Boligkreditt AS, amounted to 57.4 per cent at the end of 2022, opposed to 59.6 per cent by the end of 2021.

The average residual maturity of the portfolio of senior bonds and covered bonds were respectively 2.2 years and 3.1 years at the end of 2022, compared with 2.6 years and 3.5 years a year earlier.

The bank also has holdings of securities, which are included as part of the ongoing liquidity management. See additional information in note [22](#) and [24](#).

The tables below show contractual undiscounted cash flows. The figures can therefore not be reconciled with the figures in the balance sheet.

Liquidity risk 31.12.2022

GROUP	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Assets						
Cash and receivables from Norges Bank	394					394
Loans to and receivables from credit institutions	361					361
Loans to and receivables from customers	13 219	837	4 742	24 656	64 174	107 628
Certificates and bonds	95	426	1 564	9 449	623	12 157
Total assets	14 069	1 263	6 306	34 105	64 797	120 540
Liabilities						
Loans and deposits from credit institutions	586					586
Deposits from customers	41 269	327	1 835	508		43 939
Debt securities issued	40	147	6 049	29 636	2 323	38 195
Subordinated loan capital	4	6	531	408		949
Total liabilities	41 899	480	8 415	30 552	2 323	83 669
Financial derivatives						
Cash in flow	29	103	516	1 612	443	2 703
Cash out flow	43	224	581	1 980	431	3 259
Total financial derivatives	-14	-121	-65	-368	12	-556

Liquidity risk 31.12.2021

GROUP	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Assets						
Cash and receivables from Norges Bank	428					428
Loans to and receivables from credit institutions	867					867
Loans to and receivables from customers	8 221	322	2 997	18 027	53 892	83 459
Certificates and bonds	299	600	1 475	6 969	1 118	10 461
Total assets	9 815	922	4 472	24 996	55 010	95 215
Liabilities						
Loans and deposits from credit institutions	980					980
Deposits from customers	40 567	432	843	17		41 859
Debt securities issued	10	1 042	3 465	25 077	1 620	31 214
Subordinated loan capital	3	1	210	512		726
Total liabilities	41 560	1 475	4 518	25 606	1 620	74 779
Financial derivatives						
Cash in flow	9	57	271	811	234	1 382
Cash out flow	16	96	285	900	214	1 511
Total financial derivatives	-7	-39	-14	-89	20	-129

Liquidity risk 31.12.2022

PARENT BANK	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Assets						
Cash and receivables from Norges Bank	394					394
Loans to and receivables from credit institutions	3 865					3 865
Loans to and receivables from customers	8 756	642	3 859	19 617	31 008	63 882
Certificates and bonds	95	375	1 562	9 373	623	12 028
Total assets	13 110	1 017	5 421	28 990	31 631	80 169
Liabilities						
Loans and deposits from credit institutions	1 969					1 969
Deposits from customers	41 355	327	1 835	508		44 025
Debt securities issued	40	12	2 680	4 339	1 010	8 081
Subordinated loan capital	4	6	531	408		949
Total liabilities	43 368	345	5 046	5 255	1 010	55 024
Financial derivatives						
Cash in flow	29	161	526	1 847	428	2 991
Cash out flow	21	175	488	1 817	421	2 922
Total financial derivatives	8	-14	38	30	7	69

Liquidity risk 31.12.2021

PARENT BANK	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Assets						
Cash and receivables from Norges Bank	428					428
Loans to and receivables from credit institutions	4 268					4 268
Loans to and receivables from customers	4 031	228	2 501	15 476	25 900	48 136
Certificates and bonds	298	610	1 061	7 231	1 118	10 318
Total assets	9 025	838	3 562	22 707	27 018	63 150
Liabilities						
Loans and deposits from credit institutions	1 877					1 877
Deposits from customers	40 584	432	843	17		41 876
Debt securities issued	10	1	754	4 637		5 402
Subordinated loan capital	3	1	210	512		726
Total liabilities	42 474	434	1 807	5 166	0	49 881
Financial derivatives						
Cash in flow	8	37	160	478	157	840
Cash out flow	9	50	150	507	164	880
Total financial derivatives	-1	-13	10	-29	-7	-40

16 Net commission and other income

Guarantee commissions are recognised as they occur, equal to interest income. All fees related to payment transactions are recognised as income when the transaction occurs. Fees and charges from sales or brokerage of equities, equity funds, insurance, property or other investment objects that do not generate balance sheet items in the bank's accounts, are recognised as income after the income generating activity has been executed. Customer trades involving financial instruments will generate income in the form of margins and broker's commissions, which are recognised as income after the trade has been executed. Dividends on equities are recognised as income after the dividend has been finally approved.

GROUP			PARENT BANK	
2021	2022		2022	2021
39	44	Guarantee commission	44	39
26	27	Income from the sale of insurance products (non-life/personal)	27	26
15	15	Income from the sale of shares in unit trusts/securities	15	15
42	43	Income from Discretionary Portfolio Management	43	42
79	90	Income from payment transfers	90	79
25	29	Other fees and commission income	28	25
226	248	Commission income and income from banking services	247	226
-34	-34	Commission expenses and expenses from banking services	-34	-34
25	31	Income from real estate brokerage	0	0
1	1	Other operating income	45	45
26	32	Total other operating income	45	45
218	246	Net commission and other income	258	237

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

Net commission and other income - 2022	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	44	0	44	0	0
Income from the sale of insurance products (non-life/personal)	27	2	2	23	0
Income from the sale of shares in unit trusts/securities	15	2	1	12	0
Income from Discretionary Portfolio Management	43	2	21	19	0
Income from payment transfers	90	9	18	63	0
Other fees and commission income	29	1	9	19	0
Commission income and income from banking services	248	16	95	136	0
Commission expenses and expenses from banking services	-34	-7	-3	-24	0
Income from real estate brokerage	31	0	0	0	31
Other operating income	1	1	0	0	0
Total other operating income	32	1	0	0	31
Net commission and other income	246	10	92	112	31

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

17 Net gains and losses from financial instruments

GROUP			PARENT BANK		
2021	2022		Note	2022	2021
12	15	Interest hedging (for customers)		18	10
35	42	Currency hedging (for customers)		42	35
3	11	Dividend received	29	252	240
18	24	Net gains/losses on equities		24	18
-23	-75	Net gains/losses on bonds		-71	-21
-107	-121	Change in value of fixed-rate loans	24	-45	-40
113	107	Derivatives related to fixed-rate loans		35	43
771	371	Change in value of issued bonds		36	49
-777	-380	Derivatives related to issued bonds		-27	-49
-2	-1	Net gains/losses related to buy back of issued bonds		-1	-1
0	0	Other change in value		-8	0
43	-7	Net gains/losses from financial instruments		255	284

Changes in value of financial instruments in fair value hedging recognised in the income statement

GROUP			PARENT BANK		
2021	2022		2022	2021	
765	459	Value secured debt securities with changes in value recognised in the income statement	36	60	
-769	-472	Financial derivatives applied in hedge accounting	-38	-62	
-4	-13	Total	-2	-2	

18 Salaries

GROUP			PARENT BANK	
2021	2022	(NOK million)	2022	2021
252	297	Wages, salary and other cash-based benefits	277	235
2	3	Fees paid to members of the Board of Directors	3	2
8	14	Bonus/profit sharing 1)	14	8
23	23	Pension expenses (note 20)	23	23
42	49	Employers' social security contribution	46	40
14	17	Financial activity tax	17	14
19	27	Other personnel expenses	26	18
360	430	Total wages and salary expenses	406	340
Manning levels:				
2021	2022		2022	2021
364	374	Number of man-years as at 31.12	356	347
355	369	Number of man-years employed in the financial year	352	341

1) Part of the bonus (approximately 50 %) for 2022 and 2021 was given in the form of equity certificates (MORG). The equity certificates (ECs) were purchased in the market at market price, a total of 55,900 in 2022 and about 9,100 ECs in 2021.

As at 31.12.2022, the bank had no obligations in relation to its Chief Executive Officer (CEO), the members of the Board of Directors or other employees regarding any special payment on termination or change of employment or positions, except a 6-month severance pay for the CEO. Furthermore, there are no accounting-related obligations relating to bonuses, profit sharing, options or similar for any of the abovementioned persons. Regarding the bonus schemes in the Group, see the discussion in the NUES document paragraph 12, in addition to a discussion in the bank's remuneration report. The CEO's contract includes a 6-month period of notice. Reference is also made to note 20, containing a description of pension schemes. All salaries and other remuneration for the Group's employees and related parties are charged to the income statement at the end of the accounting year. Pension costs are an accounting-related expense for the bank, including the payment of premiums relating to the various pension schemes.

GROUP – Wages, salaries, other remuneration, pensions

Salaries to the CEO amounted to NOK 2,720,379 in 2022 (2021: NOK 2,575,845). The estimated value of benefits in kind totalled NOK 351,696 (2021: NOK 215,411). In addition, NOK 144,941 has been charged to the income statement related to the CEO's pension agreement (2021: NOK 136,826) (note 20). The CEO has a retirement age of 65 and during the period from 65 to 67 years, it will be paid an annual pension corresponding to 70 per cent of the final salary. The CEO is also included in the bank's ordinary defined contribution pension scheme.

Remuneration to the Board of Directors

GROUP (NOK thousand)	2022	2021
Board of Directors	2 169	1 766

Loans, deposits and guarantees

GROUP (NOK million)	31.12.2022		31.12.2021	
	Loans	Deposits	Loans	Deposits
Board of Directors	15	3	19	6
Employees	1 227	172	1 084	148

Ordinary customer terms and conditions have been applied to loans and other commercial services provided for members of the Board of Directors.

No guarantees have been issued to any of the members of the Board of Directors or employees.

Interest rate subsidy of loans to the employees

The total benefit in kind relating to loans provided at a rate of interest lower than the interest rate (average 1.77 per cent in 2022) which triggers a basis for taxing such benefits in kind to the employees has been estimated at NOK 6,855,851 (2021: NOK 2,243,429).

Interest income and interest expenses related to the Board of Directors

(NOK thousand)	2022	2021
Interest income	211	407
Interest expenses	32	11

Wages, salaries and other remuneration

PARENT BANK (NOK thousand)	Wages/salaries		Other remuneration	
	2022	2021	2022	2021
Board of Directors				
Leif-Arne Langøy, Board Chair	472	416		
Henrik Grung, Deputy Board Chair	242	230		
Kåre Øyvind Vassdal	286	191		
Jill Aasen	286	224		
Therese Monsås Langset	215	132		
Signy Starheim	179	-		
Marie Rekdal Hide, employee representative	181	170		
Bjørn Følstad, employee representative	159	-		
Former members:				
Ann Magritt Bjåstad Vikebakk	90	221		
Helge Karsten Knudsen, employee representantative	59	182		
Total remuneration to the Board of Directors	2 169	1 766	0	0
CEO				
Trond Lars Nydal	2 720	2 576	352	215
Executive Management				
EVP, Corporate Banking Division, Terje Krøvel	1 707	1 447	292	211
EVP, Retail Banking Division, Elisabeth Blomvik	1 350	1 244	333	214
EVP, Finance, John Arne Winsnes 1)	1 807	325	28	2
EVP, Risk Management and Compliance, Erik Røkke 1)	1 239	1 147	265	199
EVP, Organizational Development, Kjetil Hauge	1 117	1 056	254	197
EVP, Customer Experience, Arild Sulebakk	1 129	1 068	258	199
EVP, Business Support, Ove Skjeret	972	-	168	-
Former members of the Executive Management:				
EVP, Business Support, Perdy Lunde	1 435	1 361	247	199
EVP, Communications and Group Support, Tone S. Gjerdsbakk	1 131	1 055	259	203
Total remuneration to the Executive Management	11 887	8 701	2 104	1 423
Other employees with tasks of significant importance for the bank's risk exposure				
Managing Director Møre Boligkreditt AS, Ole Kjerstad	945	898	240	185
Head of Treasury, Ove Ness	987	942	224	187
Head of Credit, Signe Lade Sølvik	924	842	238	171
Other employees with controller responsibilities				
Head of Compliance, Olav Heggheim	769	674	189	165
Head of Risk Management, Leif Kylling	940	889	239	191
Head of Operational Risk, Laila Hurlen	987	962	35	17

1) Employees with tasks of significant importance for the bank's risk exposure

Loans

(NOK thousand)	Loans	
	31.12.2022	31.12.2021
Board of Directors		
Leif-Arne Langøy, Chair of the Board	0	0
Henrik Grung, Deputy Chair	0	0
Kåre Øyvind Vassdal	4 023	4 051
Jill Aasen	0	0
Therese Monsås Langset	5 340	0
Signy Starheim	0	-
Marie Rekdal Hide, employee representative	5 140	5 290
Bjørn Følstad, employee representative	0	-
Former members of the Board:		
Ann Magritt Bjåstad Vikebakk	-	6 551
Helge Karsten Knudsen, employee representative	-	3 577
CEO		
Trond Lars Nydal	2 817	2 234
Employees	1 226 806	1 083 603

Ordinary customer terms and conditions have been applied to loans and other commercial services provided for members of the Board of Directors.

No guarantees have been issued to the members of the Board of Directors, CEO or employees.

Loans to the CEO and employee representatives are given according to staff conditions.

19 Operating expenses excl. personnel expenses

The table gives an overview of key cost items:

GROUP			PARENT BANK	
2021	2022	(NOK million)	2022	2021
19	15	Operating expenses own and rented premises	15	15
7	7	Maintenance of fixed assets	7	7
128	150	IT-expenses	147	126
28	37	Marketing expenses	37	28
22	25	Purchase of external services (incl.fees to external auditor)	21	20
7	9	Expenses related to postage, telephone and newspapers etc.	9	7
2	5	Travel expenses	4	2
5	8	Capital tax	8	5
22	15	Other operating expenses	9	15
240	271	Total other operating expenses	257	225

Specification of fees paid to External Auditor (including value added tax)

GROUP			PARENT BANK	
2021	2022	(NOK thousand)	2022	2021
1 372	2 360	Fees for statutory audit	1 881	1 054
304	317	Fees for other attestation services	83	18
68	0	Fees regarding tax consulting	0	10
808	1 343	Fees for other non-audit services	946	771
2 552	4 020	Fees to External Auditor (including value added tax)	2 910	1 853

20 Pensions

The Group has two pension plans, a defined benefit plan and a defined contribution plan. The Group also participates in the statutory early retirement pension (SERP) scheme.

The Group's pension plans meet the requirements in the regulations regarding pensions.

Defined benefit pension scheme in own pension fund

The existing benefit-based pension plan was closed to new members as at 31 December 2009. With effect from 31.12.2015, the benefit-based scheme was further closed by transferring all employees born in 1959 or later from the defined benefit scheme to the defined contribution scheme.

Pension expenses and pension liabilities relating to the defined benefit scheme are recognised in accordance with IAS 19.

The pension liabilities are valued annually by an actuary, based on assumptions determined by the bank.

The pension liabilities are calculated as the current value of future, probable pension payments and are based on financial and actuarial calculations and assumptions. The difference between the estimated accrued liability and the value of the pension assets is recognised in the balance sheet. Actuarial gains and losses due to changed assumptions or deviations between expected and actual return on the pension assets are recognised in Other income/expenses in the statement of comprehensive income in the period in which they occur.

The discount rate is based on the interest rate on corporate bonds with high credit ratings. The Norwegian covered bond market is deemed to possess the characteristics required for use as the basis for calculating the discount rate.

Expected return on pension resources is calculated using the same interest rate used for discounting pension liabilities. Return in excess of the discount rate is recognised in Other income/expenses in comprehensive income.

The portion of the Group's pension scheme which is defined benefit, entitles employees to agreed future pension benefits equal to the difference between 70 per cent of final salary at vesting age of 67 years and estimated benefits from the Norwegian National Insurance Scheme, assuming full vesting (30 years). This liability comprises 13 (2021: 20) active members and 290 (2020: 290) pensioners by the end of 2022.

Contribution based pension scheme

The Group's contribution-based pension schemes are delivered by DNB and a percentage of income is paid into the scheme, depending on the individual's level of income, and the payments are expensed as they occur. The contribution-based pension scheme has contribution rates of 7 per cent of salary in the range up to 7.1 times the national insurance basic amount (G) and 15 per cent of salary in the range from 7.1 to 12 G. Pension payments are expensed as they occur and are recognised in Wages, salaries etc. in the income statement.

The bank's subsidiary Møre Eiendomsmegling AS has provided a contribution-based pension scheme for its employees. The contribution represents 3 per cent of the employee's salary.

The Group's costs related to the contribution-based pension schemes amounted to NOK 18 million in 2022 (NOK 16 million in 2021).

Pension agreement for the bank's CEO

The CEO has a retirement age of 65 years and during the period between 65 to 67 years, it will be paid an annual pension amounting to 70 per cent of final salary. The CEO is also included in the bank's ordinary defined contribution pension scheme.

Statutory early retirement pension (SERP)

The SERP scheme is not an early retirement scheme, but a scheme that provides a lifelong addition to the ordinary pension. Employees covered by the scheme, and who meets the requirements, can choose to join the SERP scheme from the age of 62, including in parallel with staying in work, and by working until 67 years old it provides additional earnings. The SERP scheme is a defined benefit based multi-enterprise pension scheme and is funded through premiums which are determined as a percentage of pay. The premium for 2022 was set at 2.6 per cent of total payments between 1 G (G = the national insurance basic amount) and 7.1 G to the company's employees between 13 and 61 years old. For 2023 the premium is set at 2.6 per cent. The scheme does not involve the building up of a fund and the level of premiums is expected to increase in the coming years. At the moment, there is no reliable measurement and allocation of the liabilities and funds in the scheme. The scheme is treated in the financial statements as a contribution-based pension scheme in which premium payments are expensed on an ongoing basis and no provisions are made in the financial statements. Premium payments amount to NOK 4 million in 2022 (NOK 4 million in 2021).

The figures in the table below are equal for the parent bank and the Group.

Financial and actuarial assumptions	Liabilities		Expenses	
	31.12.2022	31.12.2021	2022	2021
Discount rate/expected return on pension resources	3.75	2.00	2.00	1.50
Wages and salary adjustment	3.75	2.50	2.50	2.00
Pension adjustment	0	0	0	0
Adjustment of the National Insurance's basic amount	3.50	2.25	2.25	1.75
Employers' social security contribution	19.10	19.10	19.10	19.10
Table for mortality rate etc	K 2013BE	K 2013BE	K 2013BE	K 2013BE
Disability tariff	IR02	IR02	IR02	IR02

Pension expenses in ordinary result	2022	2021
Present value of pension accruals during the year, including administration expenses	2	2
Interest expenses of incurred pension liabilities	6	5
Expected return on pension resources	-6	-4
Net pension expenses for the pension fund	2	3
Change in present value of pension accruals relating to other pension schemes	-2	-2
Pension expenses charged to the profit and loss, incl. payments to the defined-benefit- and the SERP-schemes	23	22
Total pension expenses	23	23

Specification of estimate deviations in comprehensive income	2022	2021
Change in discount rate	60	21
Change in other financial assumptions	-14	-9
Estimate deviations on pension funds	0	0
Total estimate deviations (positive figure is income, negative figure is expense)	46	12

Total pension liabilities/-funds	31.12.2022	31.12.2021
Pension liabilities	253	317
Value of pension resources	-300	-311
Net pension liabilities/-funds relating to the pension fund	-47	6
Net pension liabilities relating to members of the bank's executive management/bank managers	26	29
Total net pension liabilities/-funds	-21	35
-Of which presented under assets: "Overfunded pension liability"	-47	0
-Of which presented under liabilities: "Pension liabilities"	26	35

Sensitivity analysis	Change in the discount rate in %	Effect on the liability in % as at 31.12.2022	Effect on the pension expenses in % in 2022
The funded plan (Pension Fund)	0.5	-5.2	-4.9
The funded plan (Pension Fund)	-0.5	5.6	5.3
Unfunded schemes (Other schemes)	0.5	-5.0	-4.9
Unfunded schemes (Other schemes)	-0.5	5.5	5.2

The sensitivity analysis above is based on a change in the discount rate, given that all other factors remain constant.

Sensitivity calculations are performed using the same method as the actuarial calculation for the calculation of the pension liability in the balance sheet.

Management of the Pension Fund's resources

Sparebanken Møre has its own pension fund managing payments of the pension benefits at a vesting age of 67 years.

The capital shall be managed in consideration of security, the diversification of risk, return and liquidity. The Pension Fund shall manage the assets in such a way that the correct compliance with the insurance liabilities involved is secured and safeguarded. In particular, the management of the Pension Fund shall ensure security over time against the background of the Pension Fund's long-term liabilities.

The Pension Fund has invested in 11,127 (1,950) ECs issued by Sparebanken Møre. Beyond this, the Pension Fund has not invested in financial instruments issued by Sparebanken Møre or in properties owned or used by the bank.

The Pension Fund has a deposit of NOK 6 million in Sparebanken Møre in 2022 (NOK 10 million).

Investment profile - pension resources	31.12.2022		31.12.2021	
	Fair value	%	Fair value	%
Shares	77	13.6	83	14.2
Fund shares	69	12.2	76	13.0
Bonds/certificates	381	67.3	387	66.2
Bank deposits	39	6.9	39	6.7
Total pension resources	566	100.0	585	100.0

NOK 300 million (NOK 311 million) of the total pension resources of NOK 566 million (NOK 585 million) are related to the defined benefit scheme in Sparebanken Møre. The remaining pension resources (excluding the paid-in equity of NOK 79 million in the Pension Fund) are related to issued paid-up policies, administered by Sparebanken Møre's Pension Fund.

Return on pension resources in %	31.12.2022	31.12.2021
Total pension resources	-2.55	3.84

21 Taxes

Taxes consist of income tax payable and change in deferred tax.

Deferred tax/deferred tax asset is calculated on basis of the temporary differences, existing between the accounting-related and tax-related value of assets and liabilities at the end of the accounting year. Temporary negative and positive differences which are reversed or which may be reversed in the same period, have been offset and included in the accounts on a net basis.

Deferred tax asset is included in the accounts when it is likely that the Group will have sufficient tax-related profits in the future to be able to utilize it. On each balance sheet day, the Group reviews the deferred tax asset included in the accounts and its stated value. The Group will reduce the amount of the deferred tax asset to the amount that the Group may be able to utilize.

Payable tax and deferred tax/tax assets are recognised in comprehensive income to the extent that this relates to items which are recognised in comprehensive income. Temporary differences, including calculated deferred tax related to pension estimate deviations have been recognised in comprehensive income, in addition to payable tax related to changes in value on basis spreads recognised in comprehensive income.

Deferred tax and deferred tax assets are calculated on basis of the expected future tax rates applicable to the companies in the Group where temporary differences have materialised. Deferred tax and deferred tax assets are incorporated in the accounts irrespective of when the differences are going to be reversed. Deferred tax assets are posted at nominal value.

Sparebanken Møre is subject to financial tax and has therefore a tax rate of 25 per cent both for 2022 and 2021. The subsidiaries, however, has a tax rate of 22 per cent both for 2022 and 2021. For the parent bank this means that both tax payable and deferred tax are calculated at a tax rate of 25 per cent for all the years, while the tax rate applied for the subsidiaries is 22 per cent.

The entire tax cost is related to Norway.

Tax expense recognised in the income statement

GROUP			PARENT BANK	
2021	2022		2022	2021
333	204	Tax payable on profit for the period	180	200
-142	32	Changes in deferred taxes in the income statement	15	-76
0	0	Changes in estimates related to prior years	0	0
191	236	Taxes	195	124
22.9	23.3	Effective tax rate (tax expense as a percentage of pre tax profit)	18.2	16.3

Tax expense recognised in the comprehensive income

GROUP			PARENT BANK	
2021	2022		2022	2021
3	12	Changes in deferred taxes due to pension estimate deviations	12	3
1	6	Tax effect on tax payable related to changes in value on basis spreads	0	0
4	18	Tax expense in comprehensive income	12	3

Specification of the difference between the pre-tax profit and the income subject to tax

GROUP			PARENT BANK	
2021	2022		2022	2021
833	1 013	Pre tax profit	1 070	763
-21	-32	Non-taxable income and non-deductable costs related to shares	-273	-258
-23	-31	Deductable interests on Additional Tier 1 capital treated as equity	-31	-23
13	16	Other non-taxable income and non-deductable costs	16	12
604	-142	Changes in temporary differences	-61	307
1 406	824	Taxable income	721	801
333	204	Tax payable on ordinary profit (25 % for the parent bank and 22 % for the subsidiaries)	180	200
1	6	Tax payable on comprehensive income (25 % for the parent bank and 22 % for the subsidiaries)	0	0
334	210	Tax payable	180	200

Specification of temporary differences and the computation of deferred tax

GROUP			PARENT BANK	
31.12.2021	31.12.2022		31.12.2022	31.12.2021
		Temporary differences relating to:		
-24	-18	Fixed assets	-20	-28
237	247	Pension liabilities	247	237
337	463	Other temporary differences	63	20
550	692	Net negative (-) / positive differences recognised in the income statement	290	229
-272	-226	Share of net pension liability recognised in other comprehensive income	-226	-272
6	5	Limited partnerships	5	6
284	471	Total negative (-) / positive differences	69	-37
0	0	Loss carried forward	0	0
61	106	Deferred tax asset (-) or liability (25 % for the parent bank and 22 % for the subsidiaries)	17	-9

Reconciliation of tax expense and pre-tax profit

GROUP			PARENT BANK	
2021	2022		2022	2021
199	248	25 % of pre-tax profit (22 % for the subsidiaries)	267	191
-5	-8	Equities 25 % (22 %)	-68	-65
-3	-4	Other non-taxable income and non-deductable costs 25 % (22 %)	-4	-3
0	0	Changes in estimates related to prior years	0	0
191	236	Total taxes	195	124

22 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 fulfilled, cancelled or expired.

CLASSIFICATION AND MEASUREMENT

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

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

The classification of the financial assets depends on two factors:

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

Financial assets measured at amortised cost

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

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

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

Loans and receivables

All loans and receivables are measured in the balance sheet at fair value at first assessment, with the addition of directly attributable transaction costs for instruments which are not measured at fair value with value changes recognised in the income statement. Fair value when first assessed is normally the same as the transaction price. When determining the loan's value at the time of transaction (transaction price), direct transaction costs are deducted and subject to accrual accounting over the lifetime of the loan as part of the loan's effective interest rate. Loans are subsequently measured at amortised cost by applying the effective interest rate method. The effective rate of interest is the rate at the signing time which exactly discounts estimated, future cash flows over the loan's expected lifetime, down to the net value of the loan as shown in the balance sheet. By conducting this calculation, all cash flows are estimated, and all contract-related terms and conditions relating to the loan are taken into consideration.

Financial liabilities measured at amortised cost

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

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

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

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

Fixed-rate deposits from customers with maturity in excess of one year are classified at fair value and hedged by interest rate swaps.

Financial derivatives are contracts signed to mitigate an existing interest rate or currency risk incurred by the bank. Financial derivatives are recognised at fair value, with any changes in value through the income statement, and recognised gross per contract, as either asset or liability.

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

Losses and gains as a result of value changes on assets and liabilities measured at fair value, with any value changes being recognised in the income statement, are included in the accounts during the period in which they occur.

GROUP - 31.12.2022	Financial instruments at fair value in the income statement	Financial derivatives in hedging	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank			394	394
Loans to and receivables from credit institutions			361	361
Loans to and receivables from customers	3 415		72 663	76 078
Certificates and bonds	11 013			11 013
Shares and other securities	246			246
Financial derivatives	609	378		987
Total financial assets	15 283	378	73 418	89 079
Loans and deposits from credit institutions			586	586
Deposits from customers	48		43 833	43 881
Financial derivatives	333	419		752
Debt securities issued			34 236	34 236
Subordinated loan capital			857	857
Total financial liabilities	381	419	79 512	80 312

GROUP - 31.12.2021	Financial instruments at fair value in the income statement	Financial derivatives in hedging	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank			428	428
Loans to and receivables from credit institutions			867	867
Loans to and receivables from customers	3 957		65 968	69 925
Certificates and bonds	10 185			10 185
Shares and other securities	204			204
Financial derivatives	269	541		810
Total financial assets	14 615	541	67 263	82 419
Loans and deposits from credit institutions			980	980
Deposits from customers			41 853	41 853
Financial derivatives	241	95		336
Debt securities issued			30 263	30 263
Subordinated loan capital and Additional Tier 1 capital			703	703
Total financial liabilities	241	95	73 799	74 135

PARENT BANK - 31.12.2022	Financial instruments at fair value in the income statement	Financial derivatives in hedging	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank			394	394
Loans to and receivables from credit institutions			3 865	3 865
Loans to and receivables from customers	7 550		38 173	45 723
Certificates and bonds	10 892			10 892
Shares and other securities	246			246
Financial derivatives	643			643
Total financial assets	19 331	0	42 432	61 763
Loans and deposits from credit institutions			1 969	1 969
Deposits from customers	48		43 919	43 967
Financial derivatives	458	121		579
Debt securities issued			7 429	7 429
Subordinated loan capital			857	857
Total financial liabilities	506	121	54 174	54 801

PARENT BANK - 31.12.2021	Financial instruments at fair value in the income statement	Financial derivatives in hedging	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank			428	428
Loans to and receivables from credit institutions			4 268	4 268
Loans to and receivables from customers	5 714		35 353	41 067
Certificates and bonds	10 030			10 030
Shares and other securities	204			204
Financial derivatives	269	9		278
Total financial assets	16 217	9	40 049	56 275
Loans and deposits from credit institutions			1 877	1 877
Deposits from customers			41 870	41 870
Financial derivatives	221	43		264
Debt securities issued			5 174	5 174
Subordinated loan capital and Additional Tier 1 capital			703	703
Total financial liabilities	221	43	49 624	49 888

23 Financial instruments at amortised cost

Loans are measured at fair value at first assessment, with the addition of direct transaction costs. When determining the loan's value at the time of transaction (transaction price), direct transaction costs are deducted and subject to accrual accounting over the lifetime of the loan as part of the loan's effective interest rate. Loans are subsequently measured at amortised cost by applying the effective interest rate method. The effective rate of interest is the rate at the signing time which exactly discounts estimated, future cash flows over the loan's expected lifetime, down to the net value of the loan as shown in the balance sheet. By conducting this calculation, all cash flows are estimated, and all contract-related terms and conditions relating to the loan are taken into consideration. Fair value of the instruments traded in active markets is based on traded price on the balance sheet date. For those financial instruments not traded in an active market, own valuations based on current market conditions are applied, alternatively valuations from another market player.

GROUP	31.12.2022		31.12.2021	
	Fair value	Book value	Fair value	Book value
Cash and receivables from Norges Bank	394	394	428	428
Loans to and receivables from credit institutions	361	361	867	867
Loans to and receivables from customers	72 663	72 663	65 968	65 968
Total financial assets	73 418	73 418	67 263	67 263
Loans and deposits from credit institutions	586	586	980	980
Deposits from customers	43 833	43 833	41 853	41 853
Debt securities issued	34 175	34 236	30 387	30 263
Subordinated loan capital and Additional Tier 1 capital	848	857	710	703
Total financial liabilities	79 442	79 512	73 930	73 799

PARENT BANK	31.12.2022		31.12.2021	
	Fair value	Book value	Fair value	Book value
Cash and receivables from Norges Bank	394	394	428	428
Loans to and receivables from credit institutions	3 865	3 865	4 268	4 268
Loans to and receivables from customers	38 173	38 173	35 353	35 353
Total financial assets	42 432	42 432	40 049	40 049
Loans and deposits from credit institutions	1 969	1 969	1 877	1 877
Deposits from customers	43 919	43 919	41 870	41 870
Debt securities issued	7 364	7 429	5 197	5 174
Subordinated loan capital and Additional Tier 1 capital	848	857	710	703
Total financial liabilities	54 100	54 174	49 654	49 624

24 Financial instruments at fair value

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 and mutual funds, as well as bonds and certificates in LCR-level 1.

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 mainly includes debt securities issued, derivatives and 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 mainly includes loans to customers, as well as shares.

Approach to valuation of financial instruments in level 3 of the fair value hierarchy:

Fixed rate loans

There have been no significant changes in the approach to the valuation of fixed-rate loans in 2022. Fair value is calculated based on contractual cash flows discounted at a market interest rate matching the rates applicable to the corresponding fixed-rate loans at the balance sheet date. In the income statement, the change in value is presented under Net gains/losses from financial instruments. A change in the discount rate of 10 basis points would result in a change of approximately NOK 9.1 million on fixed rate loans.

Shares

Shares presented in level 3 of the valuation hierarchy are primarily the bank's investment in Vipps AS (NOK 89 million) and the bank's ownership interest in Eksportfinans ASA (NOK 79 million).

The tables below show financial instruments at fair value.

GROUP - 31.12.2022	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 415	3 415
Certificates and bonds	8 239	2 774		11 013
Shares	39		207	246
Financial derivatives		987		987
Total financial assets	8 278	3 761	3 622	15 661
Loans and deposits from credit institutions				-
Deposits from customers			48	48
Debt securities issued				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		752		752
Total financial liabilities	-	752	48	800

GROUP - 31.12.2021	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 957	3 957
Certificates and bonds	7 082	3 103		10 185
Shares	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 customers				-
Debt securities issued				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		336		336
Total financial liabilities	-	336	-	336

PARENT BANK - 31.12.2022	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			7 550	7 550
Certificates and bonds	8 148	2 744		10 892
Shares	39		207	246
Financial derivatives		643		643
Total financial assets	8 187	3 387	7 757	19 331
Loans and deposits from credit institutions				-
Deposits from customers			48	48
Debt securities issued				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		579		579
Total financial liabilities	-	579	48	627

PARENT BANK - 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 receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			5 714	5 714
Certificates and bonds	6 509	3 521		10 030
Shares	10		194	204
Financial derivatives		278		278
Total financial assets	6 519	3 799	5 908	16 226
Loans and deposits from credit institutions				-
Deposits from customers				-
Debt securities issued				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		264		264
Total financial liabilities	-	264	-	264

GROUP - Level 3 reconciliation	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2021	3 957	194	0
Purchases/additions	546	20	48
Sales/reduction	-957	-2	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses in the period	-131	-5	0
Book value as at 31.12.2022	3 415	207	48

PARENT BANK - Level 3 reconciliation	Loans to and receivables from customers	Shares
Book value as at 31.12.2021	5 714	194
Purchases/additions	2 204	20
Sales/reduction	-323	-2
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	-45	-5
Book value as at 31.12.2022	7 550	207

Shares, equity certificates and other securities

GROUP/PARENT BANK 2022	Stake	Number of shares	Acquisition cost	Book value/ market value
Vipps AS	1.00 %	17 022	40	89
Eksportfinans ASA	1.35 %	3 551	46	79
Solstad Offshore ASA	1.27 %	978 598	22	34
Novela Kapital I AS	15.00 %		11	10
VN Norge AS	1.55 %			9
Sparebank 1 Søre-Sunnmøre	4.81 %	48 070	5	7
Sparebank 1 Nordmøre	0.42 %	37 756	4	5
Other			21	13
Total			149	246

Certificates and bonds

GROUP			PARENT BANK	
31.12.2021	31.12.2022		31.12.2022	31.12.2021
		Public sectors		
2 867	2 566	Acquisition cost	2 566	2 836
2 874	2 538	Book value	2 538	2 844
		Credit institutions		
5 824	6 656	Acquisition cost	6 586	5 692
5 840	6 628	Book value	6 558	5 715
		Other financial companies		
1 478	1 891	Acquisition cost	1 840	1 478
1 471	1 847	Book value	1 796	1 471
		Total certificates and bonds		
10 169	11 113	Acquisition cost	10 992	10 006
10 185	11 013	Book value	10 892	10 030

25 Financial derivatives

Financial derivatives are contracts entered into in order to hedge an already existing interest- or foreign exchange risk incurred by the bank. Financial derivatives are recognised at fair value, with value changes recognised in the income statement, and are capitalized on a gross basis per contract as assets or liabilities respectively. Changes in value of basis swaps in hedge accounting which is caused by changes in basis spreads are recognised in other comprehensive income as a cost of hedging. The estimated fair value of financial OTC derivatives is adjusted for counterparty credit risk (CVA) or for the Group's own credit risk (DVA).

Calculation of fair value of financial derivatives is based on valuation models in which the price of underlying interest and currency are obtained in the market.

The table shows the financial derivatives' nominal values and their market values. In the accounts, financial derivatives are presented as an asset or as a liability, depending on whether the derivative has a positive or a negative value.

The table shows the value of derivative contracts, covered by set-off agreements or secured by cash under Credit Support Annex (CSA). For customer transactions, limits are established based on necessary formal credit-handling procedures where sufficient security is demanded for the limit. For banking counterparties, the counterparty risk associated with changes in market conditions is regulated through CSA agreements. Sparebanken Møre requires the signing of CSA agreements before trading of derivatives against any interbank counterparty. This provides Sparebanken Møre with collateral for any given exposure. The agreements with counterparties define when the collateral shall be transferred between the parties. Sparebanken Møre practices cash collateral against their counterparties. The market value of all derivatives signed between Sparebanken Møre and the counterparty is settled according to the different CSA-agreements. As at 31.12.2022, Sparebanken Møre had provided cash collateral for both non-cleared and cleared derivatives of NOK 275 million (NOK 948 million) and received cash collateral of NOK 274 million. The subsidiary Møre Boligkreditt AS had received a cash collateral of NOK 281 million (NOK 146 million).

GROUP	2022			2021		
	Nominal value	Asset	Liability	Nominal value	Asset	Liability
Interest rate instruments						
Interest rate swaps	13 335	162	212	11 967	137	195
Total interest rate instruments	13 335	162	212	11 967	137	195
Foreign exchange instruments						
Foreign exchange swaps	1 625	288	64	1 701	0	15
FX Forward exchange contracts	9 672	158	57	8 280	132	31
Total foreign exchange instruments	11 297	446	121	9 981	132	46
Hedging instruments						
Interest rate swaps	4 275	379	170	4 775	186	43
Foreign exchange swaps	10 494	-	249	10 107	355	52
Total hedging instruments	14 769	379	419	14 882	541	95
Total financial derivatives	39 401	987	752	36 830	810	336

PARENT BANK	2022			2021		
	Nominal value	Asset	Liability	Nominal value	Asset	Liability
Interest rate instruments						
Interest rate swaps	15 909	449	337	14 440	133	145
Total interest rate instruments	15 909	449	337	14 440	133	145
Foreign exchange instruments						
Foreign exchange swaps	6 523	36	64	1 391	4	25
FX Forward exchange contracts	9 672	158	57	8 280	132	51
Total foreign exchange instruments	16 195	194	121	9 671	136	76
Hedging instruments						
Interest rate swaps	2 225	-	121	1 725	9	43
Foreign exchange swaps	-	-	-	-	-	-
Total hedging instruments	2 225	-	121	1 725	9	43
Total financial derivatives	34 329	643	579	25 836	278	264

As of 31 December 2022, the following swaps were used in fair value hedging of interest rate risk:

GROUP - 2022	Currency	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Nominal amount	NOK			725	2 550	1 000
Average fixed interest rate				2.4 %	2.7 %	2.8 %
Nominal amount	EUR			250	750	25
Average fixed interest rate				0.4 %	1.1 %	2.8 %
GROUP - 2021	Currency	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Nominal amount	NOK		1 000		2 775	1 000
Average fixed interest rate			1.5 %		2.9 %	2.8 %
Nominal amount	EUR			250	750	25
Average fixed interest rate				0.1 %	0.1 %	2.8 %
PARENT BANK - 2022	Currency	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Nominal amount	NOK			725	1 500	
Average fixed interest rate				2.4 %	1.3 %	
PARENT BANK - 2021	Currency	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Nominal amount	NOK				1 725	
Average fixed interest rate					1.7 %	

Maturity of financial derivatives, nominal value

GROUP	2022		2021	
	Interest rate and foreign exchange swaps	Forward exchange contracts	Interest rate and foreign exchange swaps	Forward exchange contracts
2022			5 109	8 185
2023	5 444	9 480	5 181	34
2024	3 944	136	3 853	20
2025	4 510	19	3 994	10
2026	4 801	16	4 694	11
2027	4 738	11	698	11
2028	1 895	7	1 788	6
2029	894	3	907	3
2030	1 175		1 199	
2031	1 327		776	
2032	780		350	
2033	55			
2037	166			
	29 729	9 672	28 549	8 280

PARENT BANK	2022		2021	
	Interest rate and foreign exchange swaps	Forward exchange contracts	Interest rate and foreign exchange swaps	Forward exchange contracts
2022			1 680	8 185
2023	2 942	9 480	2 747	34
2024	1 381	136	1 357	20
2025	3 460	19	2 944	10
2026	2 212	16	2 172	11
2027	7 028	11	388	11
2028	663	7	563	6
2029	894	3	907	3
2030	1 175		3 673	
2031	1 327		776	
2032	3 354		350	
2033	55			
2037	166			
	24 657	9 672	17 557	8 280

26 Debt securities

The debt securities in the parent bank consist of bonds quoted in Norwegian kroner. Møre Boligkreditt AS has issued covered bonds quoted in NOK and EUR.

The bank's loans at floating interest rates are measured at amortised cost. Loans at fixed interest rates are measured by using fair value hedging for changes in fair value due to changes in market rates, with value changes recognised in the income statement. The bank hedges the value of interest rate and FX-risk on an individual basis. There is a clear, direct and documented connection between value changes relating to the hedging instrument and the hedged object. The connection is documented through a test of the hedging effectiveness when entering into the transaction and through the period of the hedging. Hedging gains and losses result in an adjustment of the book value of hedged loans. The hedging adjustments are amortised over the remaining period of the hedging by adjusting the loans' effective interest rate if the hedging no longer is effective, if hedging is discontinued or by other termination of hedging. By applying this principle, a correct accounting presentation is established, in accordance with the bank's interest rate and FX management and the actual financial development.

Changes in debt securities

GROUP	Balance at 31.12.21	Issued	Overdue/ redeemed	Other changes	Balance at 31.12.22
Bonds and certificates, nominal value	29 673	6 971	-4 042		32 602
Accrued interests	62			47	109
Value adjustments	528			997	1 525
Total debt securities	30 263	6 971	-4 042	1 044	34 236

PARENT BANK	Balance at 31.12.21	Issued	Overdue/ redeemed	Other changes	Balance at 31.12.22
Bonds and certificates, nominal value	5 195	3 000	-695		7 500
Accrued interests	15			15	30
Value adjustments	-36			-65	-101
Total debt securities	5 174	3 000	-695	-50	7 429

Maturity of securities-based debt, nominal value

GROUP				PARENT BANK		
NOK	Currency	Total	Maturity	NOK	Currency	Total
2 500	2 375	4 875	2023	2 500		2 500
4 500	2 498	6 998	2024	1 500		1 500
8 550		8 550	2025	1 500		1 500
5 000	2 550	7 550	2026			
1 000	2 908	3 908	2027	1 000		1 000
2 000	201	2 201	2028	1 000		1 000
23 550	10 532	34 082	Total	7 500	0	7 500

An overview of contractual non-discounted cash flows is presented in note 14.

27 Subordinated loan capital and Additional Tier 1 capital

GROUP AND PARENT BANK

ISIN	Currency	Issue	Maturity	Terms	31.12.2022
NO0010809304	NOK	31.10.2017	2023	3 mnth NIBOR + 1.55	504
NO0012490012	NOK	06.04.2022	2027	3 mnth NIBOR + 1.60	353
Subordinated loan capital					857

ISIN	Currency	Issue	Maturity	Terms	31.12.2022
NO0012526286	NOK	19.05.2022	2027	3 mnth NIBOR + 3.50	400
NO0010856495	NOK	12.06.2019	2024	3 mnth NIBOR + 3.50	250
Additional Tier 1 Capital					650

Additional Tier 1 capital NO0012526286 and NO0010856495 are classified as equity in the balance sheet and are included in the Tier 1 capital. Based on the fact that the bank has a unilateral right not to pay interest or principal to investors, they do not qualify as debt according to IAS 32. The interest expense is not presented in the income statement, rather as a reduction of retained earnings. The expense is recognised by payment. Interests totalling NOK 31 million has been paid in 2022 (NOK 23 million). NOK 31 million (NOK 23 million) of the profit after tax in 2022 are allocated to the owners of Additional Tier 1 capital.

There is no option to convert the subordinated loan capital/Additional Tier 1 capital to equity certificate capital. The Group had no investments in subordinated loan capital in other enterprises (including credit institutions) at the end of 2022. Loan agreements are made available on the bank's website.

Changes in subordinated loan capital

GROUP AND PARENT BANK	Book value 31.12.21	Issued	Matured/ redeemed	Other changes	Book value 31.12.22
Subordinated loan capital, nominal value	700	350	-200		850
Accrued interest	3			4	7
Value adjustments	0				0
Total subordinated loan capital	703	350	-200	4	857

Changes in Additional Tier 1 capital (classified as equity)

GROUP AND PARENT BANK	Book value 31.12.21	Issued	Matured/ redeemed	Other changes	Book value 31.12.22
Additional Tier 1 capital, nominal value	600	400	-350		650
Accrued interest	0				0
Value adjustments	-1			1	0
Total Additional Tier 1 capital (classified as equity)	599	400	-350	1	650

28 Deposits from customers

Deposits with agreed floating interest rate are measured at amortised cost, deposits with fixed-interest rate and maturity of less than one year are measured at amortised cost and fixed-interest rate deposits with maturity in excess of one year are measured at fair value and hedged by interest rate swaps. For more information about classification and measurement, see note 22.

Deposits from customers

GROUP			PARENT BANK	
31.12.2021	31.12.2022	Sector/industry	31.12.2022	31.12.2021
234	262	Agriculture and forestry	262	234
1 679	1 950	Fisheries	1 950	1 679
2 600	3 516	Manufacturing	3 516	2 600
836	867	Building and construction	867	836
1 682	1 183	Wholesale and retail trade, hotels	1 183	1 682
2 306	2 324	Property management	2 410	2 306
4 400	4 628	Transport and private/public services	4 628	4 417
946	669	Public entities	669	946
3	12	Activities abroad	12	3
2 500	2 126	Miscellaneous	2 126	2 500
17 186	17 537	Total corporate/public entities	17 623	17 203
24 667	26 344	Retail customers	26 344	24 667
41 853	43 881	Total deposits from customers	43 967	41 870

29 Subsidiaries

Group structure

PARENT BANK	Home country	Core operations
Sparebanken Møre	Norway	Banking

Ownership in credit institutions

COMPANY	Home country	Core operations	Ownership share	Voting share	Book value 2022	Book value 2021
Møre Boligkreditt AS	Norway	Funding	100 %	100 %	1 550	1 550

Ownership in other subsidiaries

COMPANY	Home country	Core operations	Ownership share	Voting share	Book value 2022	Book value 2021
Møre Eiendomsmegling AS	Norway	Real estate brokerage	100 %	100 %	9	9
Sparebankeiendom AS	Norway	Real estate management	100 %	100 %	9	12
Storgata 41-45 Molde AS 1)	Norway	Real estate management	100 %	100 %	3	-
Total ownership in other subsidiaries					21	21
Total ownership in subsidiaries					1 571	1 571

1) Storgata 41-45 Molde AS was demerged from Sparebankeiendom AS with effect from 1 January 2022.

Transactions involving subsidiaries

These are transactions between the parent bank and wholly owned subsidiaries made at arm's length and at arm's length's prices.

Settlement of financing costs and -income between the different segments is done on an ongoing basis using the parent bank's funding cost. The internal rate of interest for this is defined as the effective 3-month NIBOR + a funding supplement for long-term financing (2.84 per cent in 2022 and 1.23 per cent in 2021).

Rent is allocated according to the floor space used for each segment, based on the same principles and the same prices as those applicable to the parent bank, at market rent.

Other services (office supplies, IT-equipment etc.) are bought by the segment involved from the parent bank at the same price as the parent bank obtains from external suppliers.

There are transactions between Sparebanken Møre and Møre Boligkreditt AS related to the transfer of loan portfolio to Møre Boligkreditt AS, as well as Sparebanken Møre providing loans and credits to the mortgage company. The economic conditions for the transfer of loans from Sparebanken Møre are market value. If mortgages with fixed interest rates are purchased, the price will be adjusted for premium/discount.

Sparebanken Møre is responsible for ensuring that loans transferred to Møre Boligkreditt AS are properly established and in accordance with the requirements set forth in the agreement between the mortgage company and the parent bank. In case of violation of these requirements, the bank will be liable for any losses that the mortgage company would experience as a result of the error. Sparebanken Møre and Møre Boligkreditt AS have formalised settlement of interest for transaction days from the date of transfer of the portfolio of loans to the date of settlement of the consideration.

To ensure timely payment to holders of covered bonds and associated derivatives, a revolving credit facility ("Revolving Credit Facility Agreement") is established between Sparebanken Møre and Møre Boligkreditt AS. Sparebanken Møre guar-

antees timely coupon payments and payments linked to derivatives on outstanding covered bonds from Møre Boligkreditt AS, and repayment of principal on the covered bonds maturing in the ongoing next 12 months. In addition to the revolving credit facility, Møre Boligkreditt AS has a credit facility in Sparebanken Møre with an allocated limit of NOK 5 billion.

The pricing of services provided to Møre Boligkreditt AS from Sparebanken Møre distinguishes between fixed and variable costs for the mortgage company. Fixed costs are defined as costs which the mortgage company must bear, regardless of the activity related to the issuance of covered bonds, acquisition of portfolio etc. Variable costs are defined as costs related to the size of the portfolio acquired from Sparebanken Møre, and the work that must be exercised by the bank's staff to provide adequate services given the number of customers in the portfolio.

The most important transactions that have been eliminated in the Group accounts are as follows:

PARENT BANK	2022	2021
Statement of income		
Net interest and credit commission income from subsidiaries	68	32
Received dividend from subsidiaries	241	237
Administration fee received from Møre Boligkreditt AS	43	44
Rent paid to Sparebankeiendom AS and Storgata 41-45 Molde AS	14	14
Balance sheet at 31.12.		
Claims on subsidiaries	3 614	3 514
Covered bonds	0	514
Liabilities to subsidiaries	1 747	1 061
Intragroup right-of-use of properties in Sparebankeiendom AS and Storgata 41-45 Molde AS	76	85
Intragroup hedging	125	8
Accumulated loan portfolio transferred to Møre Boligkreditt AS	30 474	28 975

30 Leases and rental agreements

Rental of business premises

The bank rents 26 of its business premises from external lessors, as well as 2 from the bank's wholly-owned real estate management companies, Sparebankeiendom AS and Storgata 41-45 Molde AS. Please see note 31 for further information about the business premises.

PARENT BANK	2022	2021
Rent paid to:		
Sparebankeiendom AS and Storgata 41-45 Molde AS	16	16
Other external lessors	10	10

Duration of rental agreements

Rental agreements with external lessors are mainly of 5- and 10-years duration (some of 1 year) with a mutual 12 months' notice period and at market prices. Rental agreements with the subsidiaries Sparebankeiendom AS and Storgata 41-45 Molde AS have a 10-year duration. Rent is at market price.

Rental agreements according to IFRS 16

The Group implemented IFRS 16 Leases in 2019. The standard requires lessees to recognise assets and liabilities for most leases. The standard affects the Group's accounting for lease of property.

Sparebanken Møre has taken advantage of the opportunity not to capitalise leases related to low-value assets and/or short term assets (less than 1 year). These include, for example, office machines and coffee makers. The discount rate used is equivalent to the bank's marginal loan rate. Right-of-use assets are recorded under "Fixed assets" in the balance sheet, while the related lease liabilities are recorded under "Other liabilities".

Right-of-use assets according to IFRS 16

GROUP		PARENT BANK	
2021	2022	2022	2021
53	39	124	149
	Right-of-use assets OB		
0	13	17	1
	Adjustments		
1	5	5	1
	Additions		
3	0	0	3
	Disposals		
12	13	26	24
	Depreciations		
39	44	120	124
	Right-of-use assets CB		

Lease liability according to IFRS 16

GROUP		PARENT BANK	
2021	2022	2022	2021
53	39	127	152
	Lease liability OB		
0	13	17	1
	Adjustments		
1	5	5	1
	Additions		
3	0	0	3
	Disposals		
13	14	28	26
	Lease payments		
1	1	2	2
	Interests		
39	44	123	127
	Lease liabilities CB		

Maturity analysis, undiscounted cash flow

PARENT BANK	2022
Less than 1 år	29
1-2 years	25
2-3 years	24
3-4 years	22
4-5 years	20
More than 5 years	18
Total undiscounted cash flow	138

Other significant agreements

The Group has outsourced most of its operations within the IT-area. Sparebanken Møre has an agreement with Tieto-EVERY, for delivery of the bank's IT services. The agreement has an annual fixed cost of NOK 68 million and the agreement is renewed annually. Sparebanken Møre continues the cooperation of a complete range of banking solutions and operating services from TietoEVERY.

TietoEVERY delivers solutions that support key banking services such as deposits, financing, card and payment processing, accounting and reporting, message distribution and customer interaction services, self-service channels and solutions for branch offices. In addition, TietoEVERY delivers operation of all banking systems and infrastructure.

31 Fixed assets

Fixed assets are valued at historical cost, including direct attributable cost, less accumulated depreciation and impairment. When assets are sold or disposed of, the cost price and accumulated depreciations are reversed in the accounts, and any gains or losses from the sale are recognised in the income statement. The cost price of fixed assets is defined as the purchase price, including levies, indirect taxes and direct acquisition costs relating to preparing the asset for use. Expenses incurred after the bank has started using the asset, including repairs and maintenance, are expensed.

If the acquisition cost of a component is substantial in relation to the total acquisition cost, and the time of usage involved is significantly different, substantial fixed assets are broken down into separate components for depreciation purposes.

Depreciation is calculated by applying the straight-line method over the following time periods, taking into account the residual value:

Fixed assets	Time profile depreciation
Building plots and sites	No depreciaton
Holiday properties	No depreciaton
Buildings	50 years
Technical installations	10 years
Fixtures and fittings	8-10 years
Cars	5 years
Office machines	5 years
IT-equipment	3-5 years

An annual reassessment is made of remaining life and residual values for each separate asset. At each reporting date, fixed assets are assessed as to whether there are indications of impairment. If there are such indications, the assets' recoverable amounts are calculated. The recoverable amount is the higher of fair value less sales costs, and the value in use. When assessing impairment, the fixed assets are grouped together at the lowest level in which it is possible to separate independent cash flows (cash generating units). A cash generating unit is defined as the smallest identifiable group generating cash flows, which to a very large extent is independent of other assets or groups. The book value of an asset is immediately impaired to the recoverable amount, if the book value is higher.

Similarly, an assessment is made in order to ascertain whether the basis for previous impairment still exists. If the basis for previous years' impairment no longer is present, the previous years' impairments are reversed and included in the income statement. Fixed assets are thus shown at their historical value, less accumulated depreciation and accumulated losses in the case of impairment.

Assets which separately are of minor importance, for instance PCs and other office equipment, are not assessed individually for residual values, economic life or permanent impairment, rather assessed as groups.

Gains or losses from sales of fixed assets are recognised through profit or loss as they occur.

Fully impaired fixed assets in use consist of fixtures and fittings and office machines.

Buildings and plots are fully owned by the bank's two subsidiaries, Sparebankeiendom AS og Storgata 41-45 Molde AS. The buildings are intended for own use relating to the operations of the bank and are therefore not defined as investment properties. The buildings are also including holiday properties used by the employees. The buildings related to the operations of the bank are located in the Group's geographical home market, Nordvestlandet. The aggregate floor space is about 7.800 square meters. Only smaller parts of the premises are vacant, and there are only commercial premises in the buildings. The buildings are recognised in the accounts at historical cost less accumulated depreciation and impairment. There is no evidence of impairment of the Group's buildings.

GROUP 31.12.2022	Total	Buildings, incl. tech.install., building plots/ holiday cabins	Cars/IT/office machines	Fixtures and fittings
Acquisition cost as at 01.01	390	292	31	67
Additions	11	5	4	2
Disposals	1	0	0	1
Acquisition cost as at 31.12	400	297	35	68
Accumulated depreciation and impairment as at 01.01	231	141	28	61
Depreciation during the year	14	10	2	2
Impairment during the year	0	0	0	0
Disposals	1	0	0	1
Accumulated depreciation and impairment as at 31.12	244	151	29	62
Carrying amount as at 31.12	157	146	6	6
Straight-line depreciation period (years)		10-50	3-5	8-10
Fully depreciated fixed assets in use (acquisition cost)	133	51	26	56

GROUP 31.12.2021	Total	Buildings, incl. tech.install., building plots/ holiday cabins	Cars/IT/office machines	Fixtures and fittings
Acquisition cost as at 01.01	385	288	30	67
Additions	5	4	1	0
Disposals	0	0	0	0
Acquisition cost as at 31.12	390	292	31	67
Accumulated depreciation and impairment as at 01.01	215	130	27	58
Depreciation during the year	16	11	2	3
Impairment during the year	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation and impairment as at 31.12	231	141	28	61
Carrying amount as at 31.12	160	151	3	6
Straight-line depreciation period (years)		10-50	3-5	8-10
Fully depreciated fixed assets in use (acquisition cost)	102	20	26	56

PARENT BANK 31.12.2022	Total	Buildings, incl. tech.install., building plots/ holiday cabins	Cars/IT/office machines	Fixtures and fittings
Acquisition cost as at 01.01	139	43	30	66
Additions	10	4	5	1
Disposals	0	0	0	0
Acquisition cost as at 31.12	149	47	35	67
Accumulated depreciation and impairment as at 01.01	111	24	28	59
Depreciation during the year	7	4	1	2
Impairment during the year	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation and impairment as at 31.12	118	28	29	61
Carrying amount as at 31.12	31	19	6	6
Straight-line depreciation period (years)		10-50	3-5	8-10
Fully depreciated fixed assets in use (acquisition cost)	91	9	26	55

PARENT BANK 31.12.2021	Total	Buildings, incl. tech.install., building plots/ holiday cabins	Cars/IT/office machines	Fixtures and fittings
Acquisition cost as at 01.01	136	41	29	66
Additions	2	1	1	0
Disposals	0	0	0	0
Acquisition cost as at 31.12	139	43	30	66
Accumulated depreciation and impairment as at 01.01	102	20	26	56
Depreciation during the year	9	4	2	3
Impairment during the year	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation and impairment as at 31.12	111	24	28	59
Carrying amount as at 31.12	28	19	2	7
Straight-line depreciation period (years)		10-50	3-5	8-10
Fully depreciated fixed assets in use (acquisition cost)	80	0	26	54

32 Intangible assets

Intangible assets consist of capitalised costs relating to the acquisition of software, licenses etc.

Capitalised intangible assets are carried at cost, reduced by any depreciation and impairment. Intangible assets are depreciated on a straight-line basis over estimated useful life. Estimated useful life is normally 5 years.

Purchased software is capitalised at acquisition cost plus the costs incurred in order to prepare the software for use.

Impairment assessments are conducted annually. Expenses relating to the maintenance of software and IT-systems are expensed on an ongoing basis.

GROUP			PARENT BANK	
2021	2022		2022	2021
192	205	Acquisition cost as at 01.01	204	191
13	24	Additions	23	13
0	0	Disposals	0	0
205	229	Acquisition cost as at 31.12	227	204
135	154	Accumulated depreciation and impairment as at 01.01	153	134
19	19	Depreciations	19	18
0	0	Impairments	0	0
0	0	Disposals	0	0
154	173	Accumulated depreciation and impairment as at 31.12	172	153
56	51	Carrying amount as at 01.01	51	56
51	56	Carrying amount as at 31.12	55	51
20	20	Straight-line depreciation rates in per cent	20	20
5	5	Economic life – number of years	5	5

33 Other assets

GROUP			PARENT BANK	
31.12.2021	31.12.2022		31.12.2022	31.12.2021
8	5	Repossessed assets	5	8
69	79	Paid-in equity in Sparebanken Møre's Pension Fund	79	69
46	33	Other receivables	33	40
123	117	Total other assets	117	117

In connection with the legal recovery of non-performing loans and guarantees, the bank in some cases repossesses assets which have been provided as security for such commitments. Such assets are assessed at their estimated realisation value at the time of repossession. Any deviation from the carrying amount of the non-performing or impaired commitment at the time of acquisition, is classified as impairment.

Repossessed assets amount to NOK 5 million (NOK 8 million in 2021). This consists of properties of NOK 1 million (NOK 2 million) and plots of NOK 4 million (NOK 6 million). These properties have mainly been acquired/repossessed as part of the bank's realisation of collateral security. Sparebanken Møre does not wish to remain the owner of repossessed properties. If an acceptable price is not obtained, effort is made to rent out the properties.

Capital contributions to Sparebanken Møre's Pension Fund are not included as part of the pension funds in the defined benefit scheme. This is equity that Sparebanken Møre as a sponsor has provided to satisfy the Pension Fund's financial strength requirements.

34 ECs and ownership structure

The earnings per equity certificate (EC) is calculated as the ratio between the year's profit accruing to the bank's EC holders according to the EC fraction as per 1 January, and the number of issued ECs at year-end, adjusted for any issues that do not entitle to full dividend. The diluted earnings per EC is no different to the earnings per EC.

GROUP	2022	2021
Earnings per EC (NOK) 1) *)	7.50	31.10
Diluted earnings per EC (NOK) *)	7.50	31.10
EC-holders' share of the profit:		
Profit	746	619
EC-holders' share of the profit according to the EC-fraction 2)	371	307
Weighted number of ECs - the bank's own portfolio *)	130 741	22 111
Number of own ECs as at 31.12 *)	150 927	22 111
Number of own ECs as at 01.01	22 111	22 111
Weighted average of outstanding ECs *)	49 304 029	9 864 843
Number of outstanding ECs as at 31.12 *)	49 283 843	9 864 843
Number of outstanding ECs as at 01.01	9 864 843	9 864 843
Weighted average number of ECs issued *)	49 434 770	9 886 954
Number of ECs as at 31.12 *)	49 434 770	9 886 954
Number of ECs as at 01.01	9 886 954	9 886 954

*) After the split (1:5) dated 1 April 2022, the number of equity certificates increased from 9,886,954 to 49,434,770.

1) Earnings per Equity Certificate (EC) is calculated as the EC holders' proportion of the result divided by the number of issued ECs at year-end, adjusted for any issues that are not entitled to full dividend.

2) The EC ratio has been computed based on figures for the parent bank which provide the basis for allocation of profit to the EC holders. The ratio is calculated as the sum of the EC capital, the share premium fund and the dividend equalisation fund, divided by the parent bank's total equity excluding Additional Tier 1 capital and proposed dividend- and gift funds (other equity). The EC ratio was 49.7 per cent in 2022 (49.7 per cent).

Equity Certificates (ECs)

At the end of 2022, Sparebanken Møre's EC capital totalled NOK 989 million, consisting of 49,434,770 equity certificates, each with a nominal value of NOK 20. In addition to this, the EC holders' capital consists of the dividend equalisation fund, amounting to NOK 2.066 million and the share premium fund, totalling NOK 358 million. According to the bank's by-laws, there are no limitations with regards to voting rights. Furthermore, no rights/options exist that may result in the issuance of new ECs.

After the split (1:5) dated 1 April 2022, the number of equity certificates increased from 9,886,954 to 49,434,770.

Own Equity Certificates

Nominal value of own ECs is shown in the balance sheet separately, as a reduction to issued ECs. Purchase price in excess of nominal value is posted against the primary capital fund and the dividend equalisation fund in accordance to historically adopted distribution. Losses and gains from transactions involving own ECs are posted directly against the primary capital fund and the dividend equalisation fund according to their mutual relationship.

Costs relating to equity transactions

Transaction costs relating to an equity transaction are posted directly against equity.

Dividend policy

Sparebanken Møre aims to achieve financial results providing a good and stable return on the bank's equity. The results shall ensure that the owners of the equity receive a competitive long-term return in the form of dividends and capital appreciation on their equity.

Dividends consist of cash dividends to equity certificate holders and dividend funds for the local community. The share of

profits allocated to dividends is adapted to the bank's capital strength. Unless solvency indicates otherwise, the aim is that about 50 per cent of the year's profit as a whole can be distributed as dividends.

There are no special agreements between the bank and its owners. The Board of Directors cannot refuse purchase or sale of ECs unless this is covered by the stipulations contained in the Companies Act.

Classification of dividends

Dividends on ECs and dividend funds for the local community are classified as other equity until the Board of Directors' proposal has been agreed by the bank's annual General Meeting.

EC capital

Sparebanken Møre's EC capital totals NOK 988,695,400, consisting of 49,434,770 certificates, each with nominal value of NOK 20.

The EC capital was raised through nine separate issues:

Year	Issue	Changes in EC capital	Total EC capital	Number of ECs
1988	Public issue	100.0	100.0	1 000 000
1993	Public issue	100.0	200.0	2 000 000
1994	Public issue	150.0	350.0	3 500 000
1996	Public issue	100.0	450.0	4 500 000
1996	Issue, the bank's staff	1.7	451.7	4 516 604
1998	Public issue	100.0	551.7	5 516 604
1998	Issue, the bank's staff	0.9	552.6	5 526 154
2008	Dividend issue	42.3	594.9	5 949 153
2009	Rights issue	58.5	653.4	6 534 264
2010	Scrip issue	130.7	784.1	7 841 116
2013	Rights issue	148.6	932.7	9 327 603
2013	Repair issue	54.1	986.8	9 868 144
2013	Issue, the bank's staff	1.9	988.7	9 886 954
2022	Split *)	0.0	988.7	49 434 770

*) After the split (1:5) dated 1 April 2022, the number of equity certificates increased from 9,886,954 to 49,434,770.

EC holders' share of the profit

Earnings per equity certificate (EC) is calculated as the EC holders' proportion of the profit divided by the number of issued ECs at year-end, adjusted for any issues during the year, not entitled to full dividend. The EC holders' proportion of the profit corresponds to the EC capital's, the dividend equalisation fund's and the share premium fund's proportion of the bank's total equity, excluding Additional Tier 1 capital and proposed dividend- and gift funds (other equity), at the beginning of the year. If the EC capital is expanded during the year in the form of an offering, a time-weighted proportion of the increase is included from and including the payment date.

The 20 largest EC holders in Sparebanken Møre as at 31.12.22 (grouped)	Number of ECs	Share of EC capital in %
Cape Invest AS	4 913 706	9.94
Sparebankstiftelsen Tingvoll	4 910 776	9.93
Spesialfondet Borea utbytte	2 455 103	4.97
Verdipapirfondet Eika egenkapital	2 081 419	4.21
Wenaasgruppen AS	1 900 000	3.84
MP Pensjon	1 698 905	3.44
Verdipapirfond Pareto Aksje Norge	1 369 168	2.77
Verdipapirfond Nordea Norge Verdi	1 211 011	2.45
Kommunal Landspensjonskasse	1 148 104	2.32
Wenaas EFTF AS	1 000 000	2.02
Beka Holding AS	750 500	1.52
Lapas AS (Leif-Arne Langøy)	617 500	1.25
Pareto Invest Norge AS	565 753	1.14
Forsvarets personellservice	459 000	0.93
Stiftelsen Kjell Holm	419 750	0.85
BKK Pensjonskasse	378 350	0.77
U Aandahls Eftf AS	250 000	0.51
PIBCO AS	229 500	0.46
Morgan Stanley & Co. International	201 456	0.41
Borghild Hanna Møller	201 363	0.41
Total 20 largest EC holders	26 761 364	54.13
Total	49 434 770	100.00

The share of equity certificates held by foreign nationals was 2.6 per cent at the end of 2022.

During the 4th quarter of 2022, Sparebanken Møre purchased 30,000 of its own ESs.

Key financial figures (PARENT BANK)	2022	2021	2020	2019	2018
Price at OSE	84.41	444	296	317	283
Number of ECs issued *)	49 434 770	9 886 954	9 886 954	9 886 954	9 886 954
EC capital (NOK mill.)	988.70	988.70	988.70	988.70	988.70
EC percentage (annual average)	49.7	49.7	49.6	49.6	49.6
EC percentage 31.12	49.7	49.7	49.6	49.6	49.6
Dividend per EC, in NOK *)	4.00	16.00	13.50	14.00	15.50
Dividend per EC, in NOK as a % of price at OSE 31.12	4.7	3.6	4.6	4.4	5.5
Effective return (%) 2)	-1.3	54.6	-2.2	17.0	13.4
Dividend in % of EC-owners share of adjusted profit	47.2	51.6	50.2	43.6	54.7
Profit per EC, in NOK *)	8.48	30.98	26.83	32.00	28.35
Book value per EC, in NOK 1) *)	74.8	350	332	320	303
P/E 3)	11.3	14.3	10.9	9.2	9.5
P/BV 1)	1.13	1.27	0.89	0.99	0.93

*) The figures for 2022 are calculated based on the split(1:5) dated 1 April 2022, where the number of equity certificates increased from 9,886,954 to 49,434,770.

1) Group figures, incl. proposed dividend

2) Calculated as the total of this year's change in stock price and dividend paid this year, divided by the stock price at the end of previous year.

3) Calculated based on the Group's profit

	Number of ECs		EC capital		Share premium	
	2022	2021	2022	2021	2022	2021
Change in ECs and share premium:						
Ordinary ECs as at 01.01.	9 886 954	9 886 954	989	989	357	357
Changes	0	0	0	0	1	0
Ordinary ECs as at 31.12 *)	49 434 770	9 886 954	989	989	358	357
Bank's own ECs:						
Own ECs as at 01.01	22 111	22 111	2	2		
Changes	0	0	1	0		
Own ECs as at 31.12 *)	150 927	22 111	3	2		

*) After the split (1:5) dated 1 April 2022, the number of equity certificates increased from 9,886,954 to 49,434,770.

Distributed and proposed dividend	Total amount (NOK thousand)
Dividend paid on ECs	
NOK 15.50 pr EKB i 2019	153 248
NOK 14.00 pr EKB i 2020	138 417
NOK 13.50 pr EKB i 2021	133 474
NOK 16.00 pr EKB i 2022	158 191
Proposed dividend	
NOK 14.00 pr EKB i 2019	138 417
NOK 13.50 pr EKB i 2020	133 474
NOK 16.00 pr EKB i 2021	158 191
NOK 4.00 pr EKB i 2022 *)	197 739

*) After the split dated 1 April 2022, the number of equity certificates increased from 9,886,954 to 49,434,770, i.e. 1 old equity certificate equals 5 ECs after the split.

35 Transactions with related parties

Sparebanken Møre has not paid remuneration for work other than the directorship to Board members in 2022.

The Board's Deputy Chair Henrik Grung is Partner in the law firm Kvale Advokatfirma DA. In 2022, Kvale Advokatfirma DA invoiced Sparebanken Møre for legal services totalling NOK 214.125. The transaction was entered into on ordinary market terms as if they had been carried out between independent parties.

For further information on transactions between the parent bank and subsidiaries, see note 29. For information on remuneration to executive management and elected representatives, see note 18.

36 Events after the reporting period

Any new information about the Group's positions on the reporting date will be taken into account in the annual accounts. Events occurring after the reporting date, which do not affect the Group's position on the reporting date, but which will affect the Group's position in the future, are disclosed if significant.

No events have occurred after the reporting date that will materially affect the figures presented as of 31 December 2022.

Statement pursuant to section 5-5 of the Securities Trading Act

We hereby confirm that the Group's and the bank's annual financial statements for the period 1 January to 31 December 2022, have been, to the best of our knowledge, prepared in accordance with applicable accounting standards and that the information in the financial statements provides a true and fair view of the Group's and the bank's assets, liabilities, financial position and results as a whole.

We also hereby declare that the annual report provides a true and fair view of the financial performance and position of the Group and the bank, as well as a description of the principal risks and uncertainties facing the Group and the bank.

Ålesund, 1 March 2023

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Leif-Arne Langøy
CHAIR OF THE BOARD

Henrik Grung
DEPUTY CHAIR

Jill Aasen

Signy Starheim

Kåre Øyvind Vassdal

Therese Monsås Langset

Bjørn Følstad

Marie Rekdal Hide

Trond Lars Nydal
CEO



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To the General Meeting of Sparebanken Møre

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sparebanken Møre, which comprise:

- the financial statements of the parent company Sparebanken Møre (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Sparebanken Møre and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have

Offices in:



obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 21 March 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit loss on lending and guarantees within the business operating segment

Reference is made to Note 2 Risk Management, Note 5 Loans distributed by customer groups, Note 10 credit-impaired commitments and the board's annual report, section credit risk.

Description of audit matter	Our audit approach
<p>The group's total expected credit loss on loans and guarantees that are not credit-impaired amounts to MNOK 143 as of 31/12/2022.</p> <p>Expected credit loss on loans and guarantees that are credit-impaired amounts to MNOK 198 as of 31/12/2022</p> <p>For lending and guarantees, IFRS 9 requires the group to calculate expected credit loss for the next 12 months for loans that do not have a large increase in credit risk (step 1), and expected credit loss over the entire term of the loan for loans that have significantly increased credit risk (step 2). The group uses models for calculating expected credit losses in step 1 and 2. The modeling is complex and includes large amounts of data. At the same time calculation uses and the management exercises discretion, especially related to the following parameters;</p> <ul style="list-style-type: none"> ○ Probability of Default (PD), ○ Loss given default (LGD), ○ Exposure at default (EAD), ○ Definition of significant increase in credit risk ○ Weighting of different forward-looking scenarios <p>As an IRB bank, Sparebanken Møre has developed its own models for determining PD, LGD and EAD. Based on these approved IRB models, the group has developed a separate model for calculating expected credit loss (ECL). For loans and guarantees where there is a significant increase in credit risk and where there are indications that the commitment is credit impaired (step 3), the group makes an individual assessment of the expected credit loss over the entire term of the commitment.</p>	<p>We have formed an understanding of the group's definitions, methods and control activities for recognition and measurement of expected credit losses and checked whether they are in line with the standard's requirements. We have, among other things</p> <ul style="list-style-type: none"> ○ Assessed whether the group's validation of IRB models and ECL models has been carried out in a professionally sound manner, ○ Assessed and tested whether the group's documentation of the model for calculating expected losses is in accordance with IFRS 9, ○ Assessed whether the ECL model's results are a good prediction of the expected losses that the group ultimately notes, ○ Tested the completeness and accuracy of the data base in the ECL Model, ○ Assessed weighting of different scenarios and the sensitivity of different weightings, ○ Rechecked the ECL model's mathematical accuracy. <p>In our work with assessment of validations and model documentation related to ECL step 1 and 2, we have used our specialist.</p> <p>In order to challenge the management's discretionary assessments based on the calculations of expected credit loss for step 1 and 2, we have, among other things</p>



<p>Determining the expect credit loss involves a large degree of discretion on the part of management. Key point in management's assessments are:</p> <ul style="list-style-type: none"> ○ Identification of credit-impaired engagements, ○ Prerequisites for the determination of expected cash flows, including the valuation of collateral. <p>Based on the size of gross lending, inherent credit risk, the size of writedowns and the estimates that form the basis of management's assessments, we consider expected credit loss to be a central aspect of the audit.</p>	<ul style="list-style-type: none"> ○ Assessed and tested the management's control with the model's calculations, ○ Carried out analyzes of key key figures, ○ Assessed model-calculated expected credit losses against comparable banks, <p>We have formed an understanding of how the group identifies and follows up engagements that are credit impaired (Step 3)</p> <p>For a selection of credit-impaired engagements, we have recalculated the expected loss, as well as assessed the management's assumptions for expected cash flows against external valuations. In order to challenge the bank on whether there should have been other engagements under individual loss assessment, we have, based on publicly available information, formed our own view as to whether there are indications that engagements in the business portfolio are credit impaired. We assessed whether note information relating to IFRS 9 and ECL was sufficient according to the requirements of IFRS 7.</p>
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2. It-systemer og applikasjonskontroller

Reference is made to Note 30 Leases and rental agreements and Directors Report section Other significant agreements.

Description of audit matter	Our Audit Approach
<p>Sparebanken Møre is dependent on the bank's IT infrastructure working as intended. The bank uses a standard core system delivered and operated by an external service provider. Good management and control of the IT systems is of essential importance to ensure accurate, complete and reliable financial reporting.</p> <p>Furthermore, the IT systems support regulatory compliance with reporting to the authorities, which is central to the bank as a licensed business. Among other things, the system calculates interest on borrowing and lending (so-called application controls) and the bank's internal control systems are based on system-generated reports</p> <p>Based on the IT system's importance to the bank's operation, we have identified this area as a central aspect of our audit.</p>	<p>In connection with our audit, we have gained an understanding of the control environment ant tested that selected general IT controls function as intended and support important application controls.</p> <p>In our controls, we have mainly focused on access management. An independent auditor at the service provider has assessed and tested internal controls relating to the IT systems at the external service provider. We have obtained an attestation statement (ISAE 3402) from an independent auditor auditor to assess whether the service provider has satisfactory internal control in areas of significant importance to Sparebanken Møre. We have assessed the auditor's competence and objectivity, and we reviewed the reports to assess possible deviations and consequences for our audit.</p> <p>We have asked the service provider's independent auditor to test a selection of standard reports and key functionalities in the core system to assess:</p>

	<ul style="list-style-type: none"> ○ Whether selected standard reports from the system contain all relevant data, and ○ Whether the key functionalities, including controls relating to interest calculations, annuities and fees work as expected. <p>We have asked the management about their evaluation and follow-up of the independent auditor's report at the service providers to ensure that any findings are appropriately followed up. In our work to understand the control environment, test controls and review the reports, we have used our IT audit specialists.</p>
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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that



an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Sparebanken Møre we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZX5PU005-2022-12-31-no , have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 1 March 2023
KPMG AS

Svein Arthur Lyngroth
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.





Responsibility and sustainability

Responsibility and sustainability

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A driving force for sustainable development

In the next few years, both Norway and the international community face a significant transition if we are to achieve the climate targets for 2030 and 2050. As a regional savings bank, we have the power to influence, both through our banking operations and through the projects we get involved in. This presents us with responsibilities and opportunities that we take very seriously.

Sparebanken Møre was established in 1985 by the merger of a number of local savings banks. The oldest bank that was part of this merger was Herrøe og Røvde Sparebank, which was founded in 1843.

Ever since the first banks saw the light of day, they have played an important social role in their various local communities. The same is true today.

The savings bank model contains within itself both the strength and power to contribute to sustainable social development. Sparebanken Møre has also committed itself to being a driving force in this work through the bank's vision of being the leading driving force for entrepreneurial zeal in Nordvestlandet. Every day.

The vision entails us taking a leading role in developing our region. Through knowledge, engagement and returning a significant contribution back to the community, we shall create value for the benefit of people, business and society.

As a regional actor in Nordvestlandet, we are committed to sustainability, growth and development in the communities of which the bank is a part, and this will be our area of focus. We will also look at the bank's sustainability work from a national and global perspective.

An integral part of the strategy

Sustainability is a priority focus area in the bank's corporate strategy for the period 2023-2026. The overarching objective is for **Sparebanken Møre to be a driving force for sustainable development**. The objective has been firmed up through special action plans and measures in all of the bank's unit/divisions. We will place demands on ourselves, customers and suppliers, we have significant funds set aside to build a stronger region, and we both initiate and participate in a number of partnerships aiming to make Nordvestlandet more sustainable. Apart from benefiting the local, national and global communities, a collective effort and a systematic approach will also produce new business opportunities and better framework conditions for the bank.

Sparebanken Møre will continue this work at full steam in 2023, both inside the bank and outside. We will do our bit for our shared future by being a driving force for sustainable development in Nordvestlandet.

Reporting standards

The bank reports on its work on sustainability and corporate social responsibility (CSR) every year in connection with the annual report in line with section 3-3(c) in the Accounting Act. This stipulates requirements regarding human rights, labour rights and social conditions, the external environment and combating corruption in business strategies, day-to-day operations and in relation to stakeholders.

In order to ensure it takes a systematic and structured approach, the bank reports in line with the GRI standard 2021. This also means reporting the Group's CO₂ emissions in accordance with the Greenhouse Gas Protocol Initiative (GHG Protocol).

The bank signed up to the UNEP FI Principles for Responsible Banking (PRB) in 2019 and reports its annual status in relation to the six principles as part of its annual report.

We also report in line with the Task Force on Climate-related Financial Disclosures (TCFD).

Sparebanken Møre will also follow the prevailing practices in the market and relevant recommendations. The reported information must be accurate, balanced, understandable, comparable, timely and reliable. The bank's sustainability reporting is included in its annual report. It will also function as a stand-alone document that is published on the bank's website.

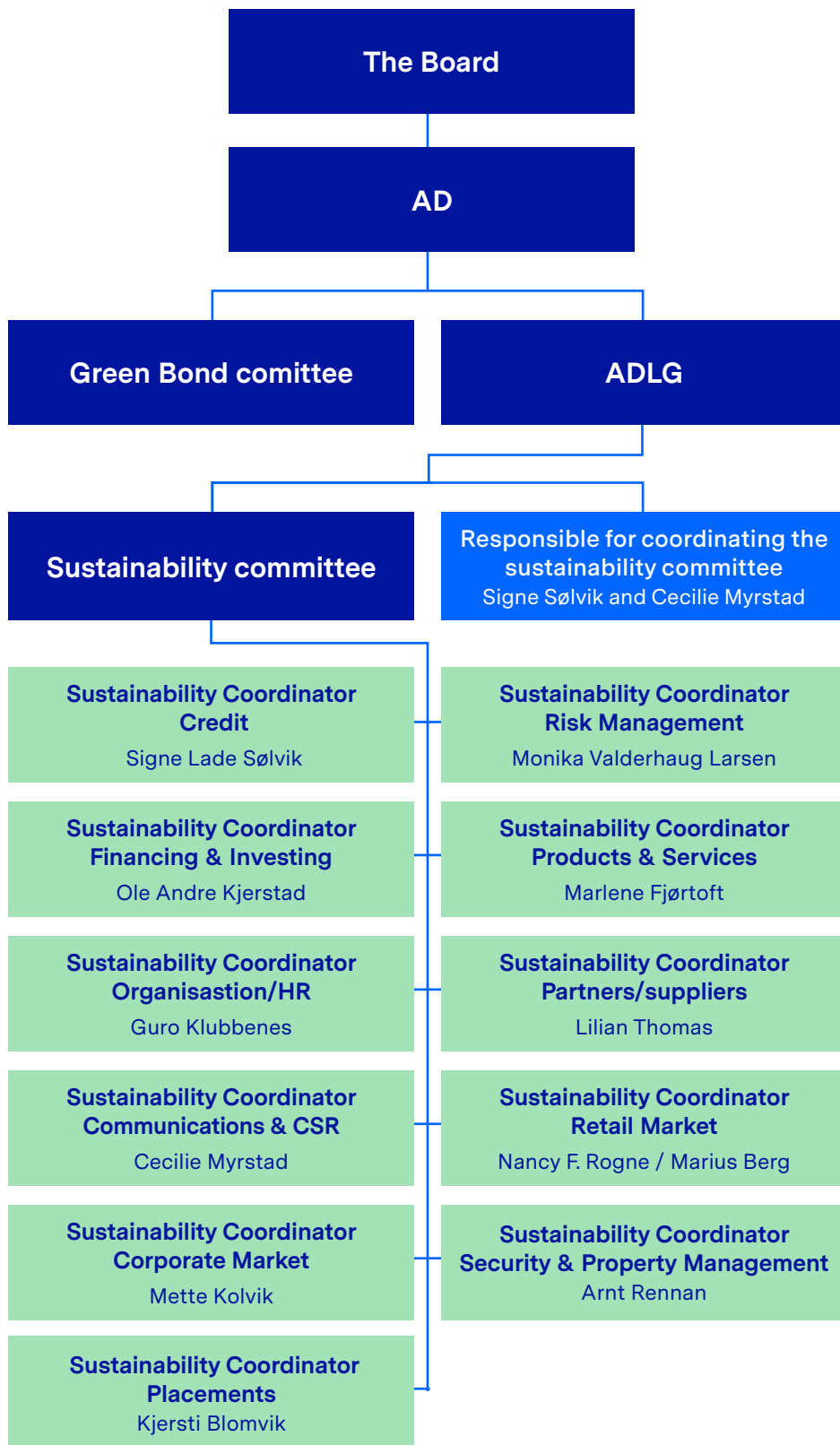
Organisation of the work

The Board is responsible for establishing guidelines and strategies for the bank's sustainability work, and the CEO is responsible for implementing the strategies.

In 2020, the bank established a dedicated sustainability committee, which consists of sustainability coordinators who represent various areas in the bank. The committee is responsible for the preparation and follow-up of the bank's sustainability strategy and reporting to the executive management group. The committee will with its multidisciplinary organisation contribute to disseminating sustainability to all employees. Minor changes were made to the composition of the committee during the year. A special department for sustainability will also be established from 1 February 2023, organisationally placed under the Risk Management & Compliance Section. The sustainability committee will be continued and chaired by the head of sustainability.

In connection with the establishment of a green framework for the issuance of bonds, a green bond committee has also been established that will ensure the follow-up of, and compliance with, the framework.

Responsibilities



Stakeholder engagement and materiality analysis

Sparebanken Møre has chosen UN Sustainable Development Goal 17 Partnerships for the Goals as a key priority area for its work on sustainability.



We have a broad and complex group of stakeholders and believe that all of the groups are increasingly interested in how the bank addresses its social mission and how we can achieve the goals together.

Our main stakeholders:

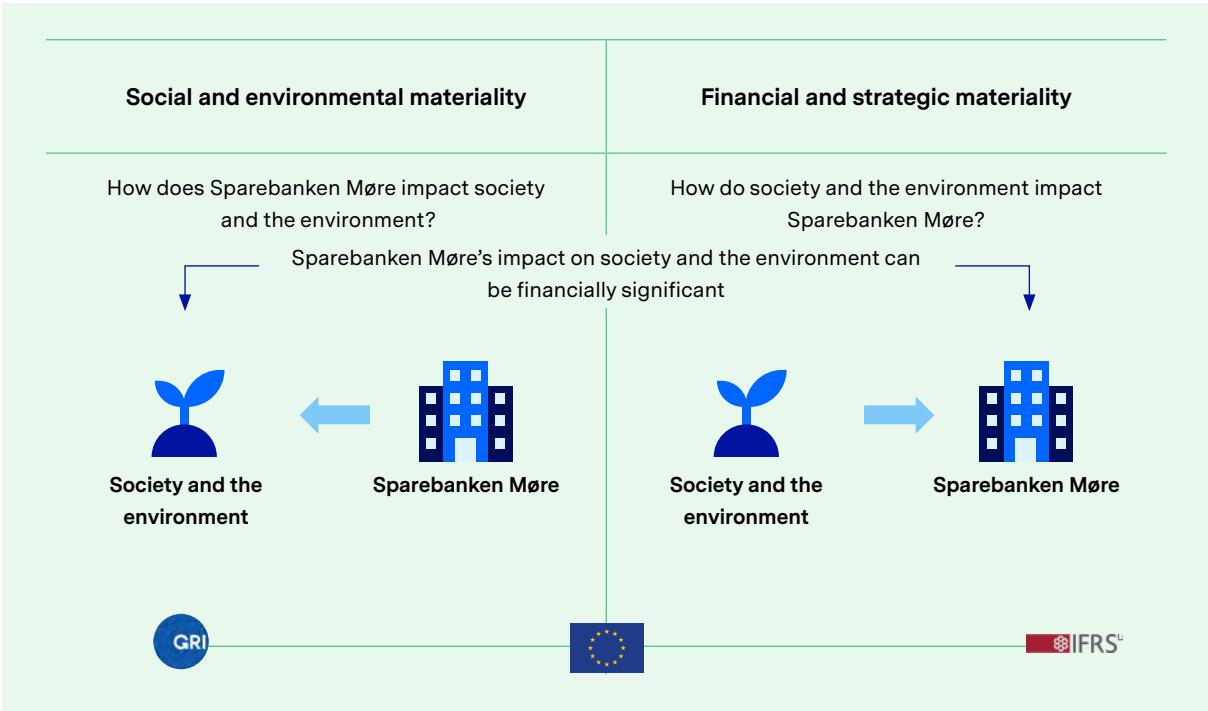


Materiality analysis

A new materiality analysis was carried out in 2022 in order to identify sustainability topics in which the bank is deemed to have a high degree of impact on society, the environment and the economy.

The analysis shows how the bank can reinforce its positive impacts and where it can reduce its negative impacts. This year, the analysis was expanded to include a focus on double materiality. This means that we have looked both at how the bank impacts society and the environment and at how society and the environment impacts Sparebanken Møre in terms of risks and opportunities. This will be required by the EU’s upcoming Corporate Sustainability Reporting Directive (CSRD) and is therefore included here in order to prepare the bank for the reporting directive that will come into force in a few years. A graphic presentation of double materiality is presented below.

Double materiality



Methodology for materiality analyses:

The material topics were chosen by a process that involved ranking a list of topics related to Sparebanken Møre’s actual and potential impact on society and the environment. The list of topics also included topics that focus on how Sparebanken Møre is impacted by society and the environment. These two dimensions were included in order to cover the concept of dual materiality, as mentioned above, which requires the bank to consider not only how we impact society and the environment around us, but also how the bank is impacted financially and strategically.

The ranking was conducted by the bank’s sustainability committee and the consulting firm Position Green Advisory. It was based on in-depth interviews with five participants who represent the bank’s stakeholders (academia, the capital market, customers, industry and interest organisations, and partners). The results of their rankings were collated and the topics ranked highest represent the bank’s materials topics. The material topics are anchored in and adopted by the bank’s executive management group.

Based on an overall assessment, the following topics were defined as the most important ones for Sparebanken Møre’s sustainability work:

Social and environmental materiality GRI 		
<p>The environment</p>	<p>Social conditions</p>	<p>Finance and governance</p>
<ul style="list-style-type: none"> • Greenhouse gas emissions 	<ul style="list-style-type: none"> • Impact on local communities and business development – helps to create strong, attractive living local communities 	<ul style="list-style-type: none"> • Internal ESG expertise and sharing expertise with customers • Responsible lending and advice

Finansiell og strategisk vesentlighet		
<p>The environment</p>	<p>Social conditions</p>	<p>Finance and governance</p>
<ul style="list-style-type: none"> • Climate risk 	<ul style="list-style-type: none"> • Change in demand for loans 	<ul style="list-style-type: none"> • Stricter regulatory requirements for participants in the banking and financial services industry

The topics under social and environmental materiality must be reported on based on the GRI standard. Double materiality is not a requirement in the GRI, although it also recommends taking account of impacts

and risks and opportunities. The topics under Financial and strategic materiality are, therefore, not reported on based on GRI directly, but are discussed in the sustainability report as material topics.

Stakeholder engagement in 2022

Engagement with our stakeholders is a high priority in Sparebanken Møre and during 2022 we were in contact with our stakeholders in various ways. A schematic summary of the main features of the stakeholder engagement is provided below (not exhaustive):

Stakeholder	Engagement/ meeting place	Material topics for stakeholder	Relevant measures
Customers	<ul style="list-style-type: none"> Customer meetings/ customer contact Contact with customer service Social media Event 	<ul style="list-style-type: none"> Nearby, tempo and local knowledge User-friendly products and services Expertise and restructuring Contribution to business development Engagement linked to how sustainability impacts the individual industry 	<ul style="list-style-type: none"> Establishment/further development of digital and self-service solutions Invited to and gave business and advisory talks Close follow-up and financial advice due to market changes, higher interest rates and higher cost of living Strengthened customer service with establishment of Næringsbasen unit Arranged sustainability conferences Participation in Growth Guarantee Scheme Implementation of Næringsteft Launched sustainability portal on sbm.no Sustainability is part of sector analyses ESG scoring in corporate credit work
Capital market, rating agencies and analysts	<ul style="list-style-type: none"> Market announcements and interim reports General Meeting Other events under in- ternal or external direc- tion 	<ul style="list-style-type: none"> Financial results Open and ethical conduct Competitive return Sustainability in Sparebanken Møre 	<ul style="list-style-type: none"> Focus on close monitoring, transparency and equal treatment ESG information was further expanded and made available in the bank's channels Annual updating of ESG rating Investor meetings in connection with bond issues Implementation of quarterly presentations
Suppliers	<ul style="list-style-type: none"> Regular follow-up meet- ings Training event/webinar 	<ul style="list-style-type: none"> Open and ethical conduct Requirements for suppliers Expertise and restructuring Sustainability, principles, choices of materials, transport, climate 	<ul style="list-style-type: none"> More partner meetings throughout the year, where sustainability is one of several topics on the agenda Sustainability included as an assessment criterion for purchases Due diligence in line with the Transparency Act Established guidelines for sustainability in supply chain

Stakeholder	Engagement/ meeting place	Material topics for stakeholder	Relevant measures
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Partners	Project meetings Training event/webinar	<ul style="list-style-type: none"> Support for research into sustainability topics Contribution to business development Support for local communities Open and ethical conduct Expertise and adapting to sustainability EU Green Deal and Taxonomy Sustainable finance 	<ul style="list-style-type: none"> Support for more research projects with Møreforskning and NTNU TEFT Lab Partnership on seminars and conferences where sustainability is a recurring topic, including GATH, The Next Wave, sustainability conference, etc. Participation and professional contributions in various network working groups and forums, such as business associations and knowledge parks in the county Close partnership with partners in implementation of NæringsTEFT
Competitors	Sharing experiences and knowledge through participation in multi-disciplinary reference groups, in under direction of Finance Norway and the Norwegian Savings Bank Association	<ul style="list-style-type: none"> Expertise and transition Sustainable business models Sustainability reporting 	<ul style="list-style-type: none"> Partnership on development work Sharing experiences and opportunities linked to various sustainability commitments/initiatives Joint sustainability conference with Nordea
Authorities	Participation in various boards and committees	<ul style="list-style-type: none"> Risk assessments from a sustainability perspective Responsible lending Anti-money laundering work Preventing corruption and financial crime Good corporate governance Stable and secure IT solutions Privacy and information security Implementation of the EU's sustainability regulations 	<ul style="list-style-type: none"> Incorporation of ESG factors into the credit work. Obtaining of valid forms of identification and ongoing updating of customers Reporting in line with requirements and expectations Implementation of ICT action plan Implementation of ESG factors in internal overarching guidelines and framework Meetings with the police in connection with fraud cases

Stakeholder	Engagement/ meeting place	Material topics for stakeholder	Relevant measures
Clubs and organisations (support through funds for good causes)	Participation in the events and board meetings of some Contact with the local branch	<ul style="list-style-type: none"> • Support for local communities • Expertise and transition • Exclusion • Gender equality and diversity • Sustainability in sponsorship agreements 	<ul style="list-style-type: none"> • Support for clubs and organisations • Awarding of grants to talented young people in Nordvestlandet • Various environmental measures, including for granulate traps linked to artificial grass pitches • Strengthened boost for women's sport
Research and academia	Event participation Board positions, study programme committees, guest lectures	<ul style="list-style-type: none"> • Expertise and transition • Support for research • Sustainable business models 	<ul style="list-style-type: none"> • Study programme board NTNU • Guest lectures at university and university colleges • Major contributor to research activities • Main partner for Youth Entrepreneurship Møre og Romsdal (Ungt Entreprenørskap) • Support for youth and student companies • Active contributor to activities in the TEFT-lab • Summer internship TEFT Lab
Industry and special interest organisations	Event participation Participation in network/reference groups	<ul style="list-style-type: none"> • Open and ethical conduct • Expertise and transition • Sustainability risk • Sustainable finance 	<ul style="list-style-type: none"> • Participation in a reference group for sustainability and climate groups under the auspices of Finance Norway • Participant in the UN Future Lab • Regular meetings with NHO Møre og Romsdal • Close collaboration with business associations in the county. • Board member of Molde Business Forum
Media	Ongoing engagement through digital and in-person meetings	<ul style="list-style-type: none"> • Open and ethical conduct • Expertise and restructuring 	<ul style="list-style-type: none"> • Focus on openness, accessibility, precise information and fast response • Tips on relevant cases • Facilitation of relevant information

Our commitments

The bank has signed up to several national and global sustainability initiatives, objectives and frameworks, all of which provide guidelines for the bank's work within sustainability.

UN Sustainable Development Goals

Sparebanken Møre supports all 17 of the UN Sustainable Development Goals (SDGs). Based on insight work, stakeholder engagement and findings from a previously conducted materiality analysis (2020), we have chosen five SDGs (SDG profiles) that we believe the bank has a real opportunity to have an influence

on. We have also identified SDGs 3, 4, 5, 13 and 14 as targets that we also want to focus on through the multiple roles we play as an employer, social actor, investor, lender, facilitator, and provider of financial services. We will work on reinforcing positive impacts and reducing negative impacts within these SDGs.

Our main SDGs



Complementary targets





SDG 8: Decent work and economic growth

As a regional savings bank and the largest financial environment between Bergen and Trondheim, Sparebanken Møre is an important source of financial information and financial services for both people and businesses in Nordvestlandet. We take a systematic approach to entrepreneurship and innovation in order to reinforce value creation and employment in our region, and contribute towards activities that strengthen this.

SDG 9: Industry, innovation and infrastructure

In order for Nordvestlandet to be an attractive region in the future, it is important that we work actively to build solid infrastructure, promote inclusive and sustainable industrialisation, and contribute to innovation. Sparebanken Møre wants to be both a driving force for, and a supporter of, such activities.

SDG 11: Sustainable cities and communities

Since its inception in 1843, Sparebanken Møre has contributed to making cities and communities inclusive, safe, resilient and sustainable. This is vital for quality of life, innovation, population growth and value creation. Society needs strong local communities to develop and Sparebanken Møre must be a supporter of local communities going forward as well.

SDG 12: Responsible consumption and production

In order to contribute to sustainable regional development, the public sector, the business sector and individuals must change their consumption. As a society, we currently consume more than is environmentally sustainable. Sparebanken Møre wants to help reverse this by increasing knowledge and awareness, setting requirements for and providing advice to customers and suppliers, contributing to research in the area, and taking steps in our own organisation.

SDG 17: Partnerships for the goals

Good strong partnerships are needed in order to achieve the SDGs. The authorities, business and local communities must work together to achieve sustainable development. As a major regional player, Sparebanken Møre can make a difference. We want to encourage partnerships and help connect knowledge and relationships across disciplines and industries by creating and supporting various forums.



Finance Norway 'Roadmap for Green Competitiveness in the Financial Sector'

Finance Norway has developed the 'Roadmap for Green Competitiveness in the Financial Sector'. This expresses the following vision: "The financial sector of 2030 is profitable and sustainable. We lend, manage and insure with the climate in mind, so creating value and contributing to green competitiveness."

Sparebanken Møre supports the roadmap and will contribute to the work to achieve both national and global sustainability goals. Finance Norway also has working and reference groups related to sustainability and climate risk. Sparebanken Møre took part in these throughout 2022.

The EU's Sustainable Finance Action Plan

The EU has prepared an action plan for sustainable development in which the EU's taxonomy is one of ten instruments. In order to contribute to the target of 'net zero' greenhouse gas emissions by 2050, Sparebanken Møre will adapt to and follow up the expectations and requirements that follow from this with respect to our stakeholders. We have assumed the role of driving force in our market area.

The EU's Sustainable Finance Action Plan reflects the fact that the financial services sector's role in the development of society will have to change in order to support the global sustainability agenda. Sparebanken Møre can and will be an important stakeholder when it comes to supporting and facilitating the sustainable development of society. This entails the incorporation of climate and environmental considerations as well as social considerations, respect for human rights and economic responsibility in business activities.

UN Principles for Responsible Banking (PRB)

The UN Environment Programme (UNEP) has a partnership with the financial services sector called the United Nations Environment Programme – Finance Initiative (UNEP FI). The programme consists of six principles that are aimed at making the banking industry capable of assuming a leadership role in achieving the UN Sustainable Development Goals and fulfilling the Paris Agreement.

Sparebanken Møre signed up to the UNEP FI Principles for Responsible Banking in October 2019. This entails a commitment to implement and carry out measures that support the six principles in the period up to 2023. The reporting is conducted in connection with the annual sustainability reporting in the annual report.

UN Guidelines for Business and Human Rights/ OECD Guidelines for Multinational Enterprises

The guidelines are about the responsibility that businesses are expected to assume on behalf of people, society and the environment that are impacted by their activities. The government expects all Norwegian companies to comply with the UN Guidelines for Business

and Human Rights (UNGP) and OECD Guidelines for Multinational Enterprises (OECD Guidelines). Sparebanken Møre is Corporate to comply with the guidelines, including through the bank's 'Code of Conduct and CSR Policy'.

Eco-Lighthouse

Sparebanken Møre was Eco-Lighthouse certified in 2022. The bank has started preparing for certification of the branches, which will be carried out during 2023.

This Eco-Lighthouse certification is part of the continuing effort to be a driving force for sustainable development. The certification confirms that the bank is helping to mitigate its environmental impact and stimulate a positive transition.

Sparebanken Møre's goals are to cut its own CO2 emissions by 25 per cent in the period 2019-2025 and for the bank to become a climate neutral enterprise in line with the UN initiative Climate Neutral Now. Sparebanken Møre has already implemented some CO2 cutting measures. Becoming an Eco-Lighthouse will give the bank a system that increases the bank's probability of also achieving its net zero goal by the end of 2050.

Green Bond Framework

In 2022, the bank issued its second covered bond (EUR 250 million) under the green bond framework. A senior non-preferred bond (NOK 1,000 million) has also been issued. The green framework encompasses both Sparebanken Møre and its wholly owned subsidiary Møre Boligkreditt AS. Funds in the green framework are used to finance and/or refinance loans linked to energy efficient homes and commercial buildings, renewable energy, as well as loans to environmental-

ly efficient and circular economy adapted products and services, and processes in the aquaculture industry. Swedbank helped to draw up the framework, Multiconsult submitted its technical report, and the framework has been independently assessed by Sustainability. Please refer to the information published about the green bond framework on the bank's website (sbm.no/esg).

Strategic targets

Based on the bank’s goal of being a driving force for sustainable development, SDGs 8, 9, 11, 12 and 17, and important identified topics, Sparebanken Møre has the following strategic goals for the strategy period:



Us:

- We will reduce our greenhouse gas emissions (CO2) by at least 25 per cent in the period 2019 to 2025.
- Sparebanken Møre has a long-term ambition of having at least 40 per cent of each gender at all levels of the bank.
- Sustainability is an integral part of all innovation and development processes.
- We emphasise openness and transparency in our communication.



Society:

- Sustainability must be a fixed assessment criterion for the distribution of dividend funds for local communities.
- Sustainability is included as a separate point in all sponsorship agreements.
- We take the initiative regarding, and support, good sustainability projects in Nordvestlandet.
- We actively contribute to reducing financial

Customers and suppliers:

- We offer retail and corporate customers a range of sustainable products and services.
- Employees have the expertise to advise customers on sustainable options that contribute to restructuring and potential new business opportunities.
- An ESG assessment is conducted at least once a year for corporate customers with credit exposure above NOK 8 million. The development must be measured annually.
- All of our suppliers must periodically submit an ESG supplier statement.



The strategic targets cover areas within the environment (Environmental), society (Social) and governing factors (Governance). New targets are established

each year that are designed to help the bank achieve the strategic goals.

Important topics

As a consequence of the materiality analysis that was conducted, (see separate chapter ‘Materiality analysis’ for a description of the process) our chosen SDGs and long-term strategy, eight topics have been defined as particularly important for both the bank and our stakeholders.

The most important topics are:

- ✓ Impact on business development (GRI)
- ✓ Supporter of the local community (GRI)
- ✓ ESG expertise and sharing expertise with customers (GRI)
- ✓ Responsible lending and advice (GRI)
- ✓ Greenhouse gas emissions (GRI)
- ✓ Change in demand for loans
- ✓ Stricter regulatory requirements for participants in the banking and financial services industry
- ✓ Climate risk (TCFD) 2022

The descriptions of the first five topics reported on in line with GRI contain information on:

- Why the topic is important
- Measures implemented in 2022
- Planned measures going forward
- Measurement and evaluation
- Responsible unit(s)
- Key governing documents
- GRI disclosures

Material topics that have not been carried over from the previous report:

- Requirements for suppliers
- Gender equality and diversity
- Open and ethical conduct
- Financial results
- Preventing corruption and financial crime

No longer referring to topics as material topics does not mean that Sparebanken Møre no longer believes that these topics are important. These topics are important and are on the bank’s agenda at all times. As far as the bank’s work on equality and diversity is concerned, reference is made to our duty to act and report.

Impact on business development

The development of local communities and the business community in Nordvestlandet is important for both value creation and employment.

Sparebanken Møre collaborates with and provides support for good causes. In this way we can help create strong, attractive living local communities and contribute to business development in Nordvestlandet.

We have an impact through, among other things, our lending activities and advice, accelerator programmes, participation in the Growth Guarantee Scheme, services like the sustainability portal, and collaborations with business associations, research and academia.

Nordvestlandet has a competitive business sector and many of the companies are leaders within their industries. The bank's corporate advisers are locals and have specialised in individual industries. We have done this to understand their needs and to be able to be active sparring partners in a company's development. At the same time, the bank wants to contribute by creating arenas where companies in different industries and specialist environments can meet. This provides motivation and a basis for developing innovation and cooperation.

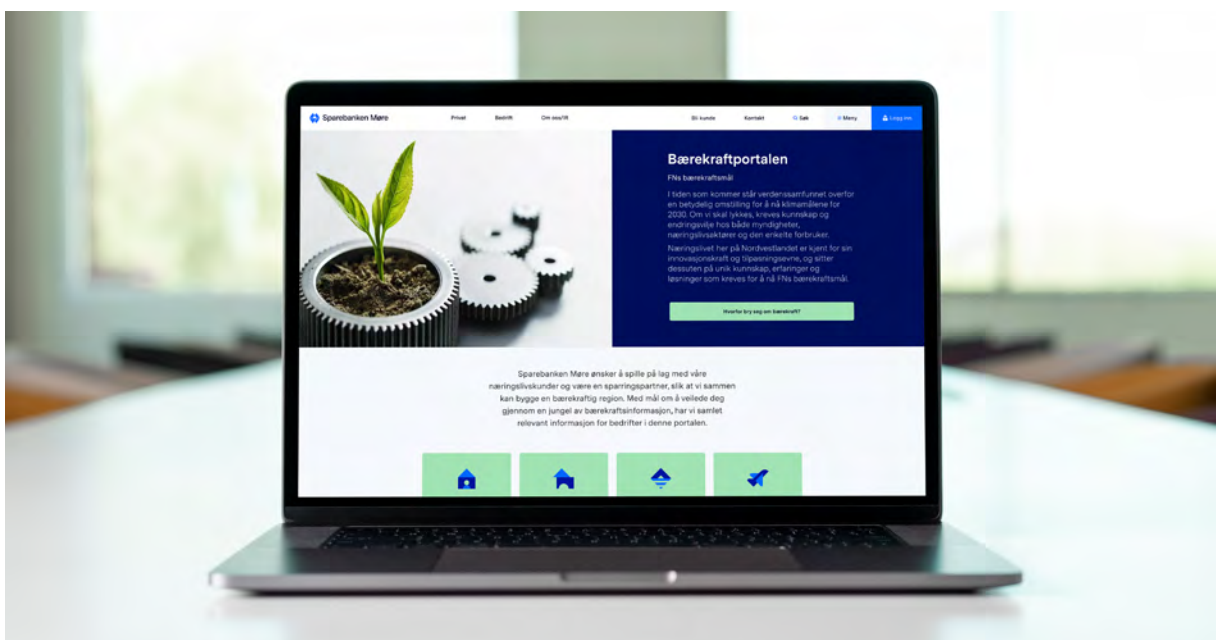
Measures implemented in 2022

Sparebanken Møre has around 6,365 active corporate customers spread across three geographical units and five different

branches. In 2022, our 43 corporate advisers and 16 Næringsbasen advisers arranged and conducted meetings with around 3,600 customers. This comes in addition to the daily follow-up via business advisers and Næringsbasen.

Sustainability and ESG were topics in our business conversations with customers in 2022. An advisory guide has been prepared for business advisers. The guide is designed to boost advisers' confidence in their role as sparring partners for customers so that they can act as a driving force for sustainable development.

We launched the sustainability portal on sbm.no in 2022. This is a practical aid for all businesses regardless of whether or not they are customers of the bank. The portal provides companies with advice and tips



on how to work with sustainability. The portal is divided by sector and when first established covered the real estate, entrepreneur, retail, travel and agriculture sectors. Within each sector, users can find the SDGs chosen by industry organisations, practical tips and advice on certifications. The portal was developed further in its first 6 months and launched the fisheries and manufacturing sectors. The portal is available to anyone and can be accessed via the bank's website; sbm.no/bedrift.

The portal was launched in January 2022. A total of 794 enterprises and stakeholders had used the sustainability portal by the end of the year. We note that the trend as far as use is concerned is an upwards one, and it was most frequently used in the last quarter of the year.

Innovation Norway's Growth Guarantee Scheme

Innovation Norway has been testing the Growth Guarantee Scheme in collaboration with selected banks since 2017. Sparebanken Møre was admitted to the programme in 2018, and at that time received a budget of NOK 50 million that was earmarked for growth companies in an early phase in Nordvestlandet. In 2020, Sparebanken Møre's grant was increased by NOK 125 million. Some 39 companies have been granted loans in Sparebanken Møre via the guaranteed growth scheme since 2018.

Næringsteft – programme for entrepreneurs

Another important job the bank has is to contribute to the creation of new companies. Through the Næringsteft programme, the bank is mobilising broadly to motivate spin-offs and create viable new companies. Implementation of the sixth round of Næringsteft started in 2022 with 50 participants. A total of 599 companies have taken part in the programme since its inception in 2017. This has helped create new jobs through the establishment of more companies in Nordvestlandet.

Næringsteft is a skills journey and competition organised by Sparebanken Møre for early phase companies. We provide these entrepreneurs with access to mentors from academia, public funding agencies and established business and investor environments. In this way, they are provided with opportunities to develop with greater energy and speed than they might have been able to on their own.

Generally, sustainability must be an integral part of the business ideas behind the companies taking part in Næringsteft.

Næringsteft's purpose is to contribute to the breadth

of innovation in Nordvestlandet. We also take a systematic approach to this in representation among mentors, speakers and juries.

Forums

Business-related forums are important for inspiring innovation, cooperation and sustainable restructuring. Forums become highly relevant when they are targeted at individual industries. Sparebanken Møre was a partner in 17 business-related conferences and forums in 2022.

Global Aquaculture Tech Hub (GATH) became a new partner in 2022. GATH's goal is to establish a collaboration for private and public actors with activities within aquaculture. It aims to create an international expert hub for aquaculture that focuses on market-oriented innovation and making the region globally attractive.

Sustainability was on the agenda at the industry conferences in 2022, and the focus was on how they are impacted and opportunities in the green transition. Sparebanken Møre contributed speakers to several of the conferences.

The sustainability conference, 'Sustainability in practice for enterprises' was arranged for the first time in 2022 in a collaboration between Sparebanken Møre, Wattn, Nordea and NTNU. The conference was well received with 120 participants attending in person in Ålesund and around 150 participating digitally.

During the year, we were also very active in three conferences and one management forum aimed at women in work and management. These were events such as 'Kvinner midt i' in Kristiansund, 'Lederforum for kvinner' and 'Rekk opp handa jenter' in Molde, and 'Damene Først' in Ålesund. This is a collaboration with business associations in the region.

As the county's largest financial institution, Sparebanken Møre is committed to Nordvestlandet being an attractive place to live and work for everyone, regardless of gender. Women remain underrepresented in management positions and, therefore, we believe that forums are important. At these forums, the focus is on women's perspectives on life, leadership and business, as well as networking.

The bank is also involved in 'CoWork på Sunnmøre' in collaboration with the Chamber of Commerce, PIR, Avento, Sparebank 1 SMN and PwC. Those who work and live outside Sunnmøre are invited to a 2-day working event where you can work on your own work, mingle and get to know the opportunities the region has

to offer. The hope is to attract people with expertise who have moved away back to our region.

Cooperation

In 2022, we extended our collaboration with NCE iKuben in Molde. NCE iKuben is an interdisciplinary industry cluster and a national centre of expertise. The cluster focuses on sustainable exports and improving the competitiveness and innovation capacity of cluster companies in global markets. It includes 55 entities within production, technology, academia, research and the public sector that all participate in the cluster’s activities.

Project ‘Medvind’ is a collaboration between Brisk Kompetansesenter, Ålesund Football Club and the bank. The goal of the project, which is in its second year, is to help young people who need it to enter work. Excluded young adults get work experience places with Ålesund Football Club, with professional follow-up from Brisk Kompetansesenter. Eight new young people started the programme in 2022 and a total of 19 young people actively participated in the programme in 2022. The Medvind programme has achieved very good results after 1.5 years of operations when it comes to its main goal of getting young people into work or education. No fewer than 62 per cent have gone on to a job or education.

The bank also contributed to and supported the establishment of Dale Oen Academy in 2022. The academy will be established in Stafsethneset in Ålesund and will open its doors in August 2023. The goal of the academy is to prevent young people dropping out of school and to give those who feel excluded belief in themselves. The academy was first established in 2017 and has campuses in Oslo, Bergen and Øygarden outside Bergen. The academy can point to very good results, with nine out of ten starting school after a year at Dale Oen Academy. In addition to the value this represents for the individual, it also represents a significant socioeconomic benefit for society.

Planned measures

The Næringsteft programme will continue, and the sixth round will end in March 2023. At that time, the three finalists and ultimate winner of NOK 1 million will be announced. A new round of Næringsteft is scheduled to start in autumn 2023.

In 2023, the bank will expand the sustainability portal on sbm.no with information for clubs and associations. We want to offer more targeted information as well as advice and tips on how clubs and associations can take a practical approach to sustainability. The

goal is to make it easier for clubs and associations to implement good measures in their sustainability work.

We will continue our work on contributions to forums and conferences. In line with SDG 17, contributions to forums and conferences are important for the development of the region and for sharing expertise and networking both within and across industries. Support and cooperation on these conferences are important and the plan is to hold them in 2023.

The Sustainability Conference 2.0 will be held in the first half-year 2023. The main topics for the conference will be the Transparency Act, value chains and diversity. The conference will be arranged as a collaboration between Sparebanken Møre, Wattn, Nordea and NTNU.

The good strong collaboration with the business associations will be continued and expanded to include more joint activities in 2023.

The Growth Guarantee Scheme has proved to be a good support scheme for growth companies. We are aiming to continue this scheme in collaboration with Innovation Norway for a new period. The scheme has been extended through the first half-year 2023.

Measurement and evaluation

Our events attract a lot of interest and participants. We also always evaluate them and take the feedback from participants and partners into consideration in our subsequent work. Our activities are aimed at contributing to business development in the region. More knowledge about sustainability, innovation and restructuring capacity have therefore been important elements.

Responsible unit(s)

The Corporate Banking Division, Communications and Group Support Section,

Governing documents

- Møre 2026 (corporate strategy)
- Guidelines for the use of dividend funds for local communities
- Credit Risk Strategy

GRI disclosures

3-1, 3-2, 3-3, 203-1, 203-2



Supporter of the local community

Sparebanken Møre has been deeply involved in building attractive and sustainable local communities for many years. In addition to the bank's sponsorship agreements with hundreds of clubs in the region, Sparebanken Møre provides support for projects in the region, large and small, through its distribution of dividend funds for local communities.

The dividend funds for local communities are made possible by the bank's ownership structure. Sparebanken Møre has two groups of owners, equity certificate holders and local communities, and the bank's dividend policy stipulates that the groups should be treated equally. Since the local communities in Møre og Romsdal own about 50 per cent of Sparebanken Møre, half of the bank's profits are returned to the re-

gion through dividend funds for local communities for good causes. As a result, the bank is a significant contributor to good initiatives within culture, sports, the local environment, infrastructure, skills and business development in Nordvestlandet. The bank has chosen to divide the dividend funds for local communities into the following concepts: TEFT funds, TEFT grants and Næringsteft.

Measures implemented in 2022

Sponsorships

Sparebanken Møre is a major sponsor in Nordvestlandet and has agreements with around 120 partners, large and small, within sports and culture in our market area. All new sponsorship agreements that are signed include a section devoted to sustainability in which we emphasise sustainable financial management, measures for diversity and gender equality, and cutting greenhouse gas and environmentally harmful emissions in our follow-up. We have found that there are differences in skills and commitment with respect to the area, especially at a time when the majority have faced challenges as a result of Covid-19.

TEFT funds

Clubs and organisations in Møre og Romsdal can apply for TEFT funds for good causes. The bank receives around 1,200 applications a year asking for support for good causes in our region. This makes the bank an important supporter of the development of sustainable local communities, in line with SDG 11. In addition to this, many of the projects involve initiatives related to good health and quality of life, equal opportunities, good education, less inequality and exclusion.

The applications cover a wide range of goals and include support for local outdoor measures such as building and improving hiking trails, constructing temporary forest shelters for hikers made of natural materials and other measures aimed at improving hiking destinations in the region. Sports clubs apply for support for maintaining facilities or constructing new ones and buying equipment, as well as support for hosting events. Cultural organisations generally apply for support to put on events and to purchase instruments, costumes and so on. The bank has previously supported organisations involved in various forms of relief work in the county, and the bank has formalised several such larger partnerships with the Church City Mission, the Norwegian Red Cross Search and Rescue Corps, and the Church's SOS. We did so to help those who have been left behind and to support those who focus on mental health and exclusion. Several major sustainability projects were signed in 2020 that will also continue in the future, which is why they are also mentioned in this report for 2022.

EXAMPLES OF SUSTAINABILITY PROJECTS THAT SPAREBANKEN MØRE IS INVOLVED IN:

Project support for humanitarian organisations that work in the region

The Salvation Army's 'Shelters', Kirkens SOS, Mental Health Carers Norway, Funksjonshemmede Barns Familieforening, Ålesund Municipality's facilitated e-sport project, Suppebilen, Hospital Clowns, various help groups, local Norwegian Red Cross chapters and similar organisations.

Reducing rubber granulate waste from artificial grass pitches

New regulations were introduced in 2021 for artificial grass pitches to prevent rubber granules being transported from the artificial grass pitches into the environment. Sparebanken Møre supports up to 80 per cent of the costs involved in carrying out the necessary measures for artificial grass pitches owned by clubs with which the bank has a cooperation agreement. This project was continued in 2022. The bank also provides support for the eco-friendly redevelopment of old artificial grass pitches. The projects are carried out in collaboration with Sunnmøre Fotballkrets and Nordmøre og Romsdal Fotballkrets, which are responsible for quality assurance and following up the measures.

Sparebanken Møre is a partner of United Future Lab Norway

The lab has been established in Ålesund and is the second future lab for developing sustainable cities and local communities in line with the UN's United for Smart and Sustainable Cities (U4SSC) programme. United Future Lab Norway has partners in a number of different industries and from different parts of Norway. The goal is for the lab to function as an ecosystem for green transition. Sparebanken Møre sits on the future committee with nine other partners and is involved in several projects in collaboration with other partners in the lab.

Strengthening our promise to women's sports in the county

Sparebanken Møre has for several years collaborated with sports associations on specific projects with women's sports. The good collaborations and dialogues were continued, developed and boosted in 2022. Several new agreements and projects were signed where women's sports have received a significant financial boost and investment. A new agreement with Molde Fotballklubb doubled the bank's contribution for women. The bank has entered into new long-term agreements with the clubs AaFK Fortuna and Vol- da Handball that, in addition to providing a significant financial boost, will contribute to providing a long-term basis on which the clubs can run their sports.

SunnmørsAkademiet has been established. This is a new initiative for all players on boy's and girl's football teams in Sunnmøre Fotballkrets. The project is a collaboration between Sunnmøre Fotballkrets, Aalesund Football Club, AaFK Fortuna, Hødd and Sparebanken Møre. Measures have been implemented in football regions, grassroots clubs and elite clubs, all of which help to even out differences. These measures fulfil both SDG 5 regarding gender equality and SDG 10 regarding reduced inequalities.

Collaboration with academia and research

TEFT-lab

TEFT-lab is a research project with the Norwegian University of Science and Technology (NTNU) in Ålesund and a hub for research and development within service innovation, entrepreneurship, finances and technology. Here, the opportunities the technological transition is presenting are being researched and the



bank is taking an active part in education, research, innovation and dissemination in the intersection between economics and technology. In summer 2022, we arranged a TEFT summer internship programme in collaboration with NTNU in Ålesund with seven different projects involving a focus on sustainability. A total of 15 students were involved in the various projects.

Teaching personal finances and entrepreneurship As Young Entrepreneurship Møre og Romsdal's main partner, we are helping to improve the personal finances skills of pupils in both primary and secondary schools. Every school year, nearly 3,000 pupils receive training through the 'Economy and Career Choices' and 'Boss of Your Life' programmes. Around 50 authorised financial advisers contribute to the teaching in schools.

Sparebanken Møre also participates as a supervisor and jury in the entrepreneurship programmes of Young Entrepreneurship.

Greater interest in science

Through supporting the establishment of the Newton Room and several creator workshops, as well as the First Lego League – the world's largest technology tournament for children, we want to contribute to the joy of learning and scientific expertise. We also regularly visit schools to give talks on both economics and macroeconomics.

Næringsteft

Næringsteft is a skills journey and competition for entrepreneurs aimed at contributing to a greater diversity of entrepreneurs and growth companies in the region. Some 50 teams of entrepreneurs took part in 2022. Otherwise, see the supplementary information about Næringsteft in the section on 'Impact on business development'.

TEFT grants

Talented young people are good role models and through TEFT grants we give young people an opportunity to pursue their talent within the categories of sports, culture and an open class. In 2022, the grants were for NOK 50,000 and 16 young people were awarded a total of NOK 800,000. In our experience, the scholarships are very important for the recipients' development, and we maintain a close dialogue with, among others, the football, athletics and skiing milieus in the county as part of the work of the jury. The recipients themselves express delight in being seen and say that this motivates them to do work beyond the scholarship. Since its inception in 2007, more than 397 talented locals have received TEFT grants. Previous recipients include Sigrid Raabe, Karsten Warholm and Sebastian Foss Solevåg.

Planned measures

Sparebanken Møre plans to continue a number of the measures mentioned above, and also constantly reviews new measures directly related to priority sustainability goals. We also give weight to projects in which multiple stakeholders are working together to achieve the goals. We have started a project designed to improve skills within the area of sustainability for teams/organisations in collaboration with regions and associations. This work will be firmed up and continued in 2023. We will also take a closer look at projects and measures linked to social conditions in our region and collaborate with professional stakeholders for long-term and lasting results.

Responsible unit(s)

The Communications and Group Support Unit in the Communications and CSR Department is responsible for strategy, follow-up and reporting.

Measurement and evaluation

Sustainability is a topic in meetings with the bank's sponsorship recipients and at least one meeting is held each year. Reports on dividend funds for local communities are submitted to the executive management group and the Board twice a year. As far as dividend funds for local communities are concerned, we have allocated all grants in line with the new categories from the Norwegian Savings Banks Association. All of the projects awarded funds are subject to evaluation, both underway and prior to any extension of support. A close dialogue is maintained with the larger projects and Sparebanken Møre also participates itself in several of the projects.

Key governing documents

- Møre 2026 (corporate strategy)
- Guidelines for the use of dividend funds for local communities
- Code of Conduct and CSR Policy
- Procedures for sponsorship work

GRI disclosure

3-1, 3-2, 3-3, 413-1, 413-2



ESG expertise and sharing expertise with customers

ESG expertise should help raise internal awareness of sustainability and build ESG expertise across the bank in order to become a better sparring partner for corporate and retail customers.

External impact through sharing expertise with customers and through advice helps customers gain knowledge about both challenges and opportunities in relation to climate risk and sustainability.

Measures implemented i 2022

All employees

In the last 2 years, a training programme focusing on basic knowledge about sustainability and anti-money laundering has been implemented for all employees. There have been e-learning courses on the EU Taxonomy and climate-related risk, and morning meetings looking at the status of the bank's sustainability work, reviewing the bank's sustainability portal, climate risk assessments and information about Eco-Lighthouse certification. Training in the Transparency Act is car-

ried out as e-learning for the bank's business advisers, those with technical roles within credit, the sustainability committee and the bank's professionals with supplier responsibilities. The deadline for completion was set as January 2023.

New employees take part in workshops focusing on the topic of sustainability as part of their onboarding course when they join the bank.

All of the bank's employees have completed training in the anti-money laundering regulations using our training app. This annual skills training is mandatory for all employees of the Group. Workshops were also conducted on internal anti-money laundering policy and working methods for all the bank's advisers and selected specialists.

Retail Banking Division

In 2021, in collaboration with BDO, we broadcast a series of webinars that introduced what should be included in advice on sustainability in the retail market. We have developed this further in 2022 and energy class labelling of housing was a key topic. Case training was conducted that focused on what should be included in advice on sustainability in the retail market, as was training on advising customers in different life situations and with different needs. The case was subsequently reviewed in a digital joint meeting for all advisers where the floor was opened to questions. Enova was also a key topic in this with a review of the opportunities it provides. Recordings were made of this review that can be used for those who need a refresher and for new employees. During the year, a separate joint meeting was also held for advisers that looked at the topics of energy class labels and green mortgages.

The retail market organised an advisory forum where all the advisers gathered for a whole day with different topics on the agenda. During the year, sustainability was one of the topics at the forum, where there was also group work on sustainability.

Advisers in customer facing positions are authorised within various technical areas defined by FinAut. For the retail market, this means non-life insurance, personal insurance, credit and investment. Each authorisation is maintained through annual updating and ESG forms a key part of these updates. The bank's authorised advisers took updating training in 2022. We have several new authorised advisers within each area. In total for the bank, 73 new authorisations were completed in 2022, including new employees with authorisation from before.

We also use an internal chatbot to make finding internal information easier. In 2022, as a means of supporting our advisers, the chatbot learned about, among other things, energy class labels and green loans.

The bank works with Young Entrepreneurship Møre og Romsdal on various programmes in schools. Two of the programmes focus directly on personal finances and our advisers are supervisors and teachers in these programmes. Also see the description under topics 'Local communities'. These programmes allow us to teach young people about personal finances, which helps to raise awareness of the financial consequences of the choices they make and increase their understanding of their personal finances. In the long term, this could have a positive impact on this generation's personal finances due to their greater understanding of budgeting, the effect of interest rates and financial consequences.

Corporate Banking Division

Several training measures were implemented to improve business advisers' ESG skills. ESG analyses were developed for the credit process in 2021 along with accompanying training. ESG analyses, physical risk and transitional risk were topics in the training provided via webinars with the assistance of BDO. Case training in groups across sectors formed a key part of the training.

In 2022, we developed an advisory guide for business advisers. The advisory guide provides guidance on the bank's ESG and climate risk analyses. The goals are to help improve quality and increase objectivity as much as possible in the analyses. The guide provides advice on what is expected for a high score on each question and assessment point, and what should result in a weak score for the same question/assessment point. The advisory guide was launched and reviewed with the advisers in a business forum.

Development of the sustainability portal was completed, and it was launched in 2022. Advisers and managers in the sectors were involved in developing the portal, which also gave them an opportunity to learn more about it. Training in the portal was provided via Teams meetings where its purpose and contents were reviewed with all of the advisers.

The Transparency Act came into force on 1 July 2022. In connection with this, the bank has prepared a training course designed for business advisers in Spama. The course was implemented in 2022 and extended to the end of January 2023.

The sustainability portal is also used directly in meetings with corporate customers. It has also proved to be a good tool in business conversations where advisers can share knowledge with customers. In this way, the bank can help customers learn about what is expected and challenges and opportunities related to climate risk and sustainability. The bank has produced an information film about the sustainability portal for companies and stakeholders.

Executive management group and Board of Directors

Stricter regulatory requirements and more complex legislation have created a need for more expertise within ESG, including for the Group's executive management group and board members.

Reviewing the bank's sustainability strategy forms part of the onboarding course for new board members in the bank. Annual training in the anti-money laundering regulations is also mandatory for the Group's board members.

Planned measures

All employees

Anti-money laundering and sustainability will remain in focus going forward through morning meetings and other training measures. A Ducky climate competition will be arranged for all of the bank's employees. The ESG expertise app is being evaluated in order to raise awareness of the bank's sustainability strategy and what it means for our everyday work.

Training in the anti-money laundering regulations using an expert app will be continued. Specific training measures have been implemented within the area of anti-money laundering tailored to the roles and expertise required for the various roles. A specific anti-money laundering training schedule has been drawn up to meet this need.

Via digital pre-boarding, new employees will receive a brief introduction into what sustainability will mean for them when they join the bank, and a more thorough review with a workshop when they start work.

Retail Banking Division

It is important that the bank further develops advisers' expertise in sustainability, so they can provide our customers with good advice on healthy personal finances in the short and long term, as well as advise on sustainable choices in connection with, for example, renovation or changing homes. Our contact with customers provides us with great opportunities to share our knowledge and encourage them to move in the right direction. All of the bank's customers have a personal adviser, which lowers the threshold for getting in touch. Through close follow-up, advisers can contribute knowledge about the area and tailor their good advice for each customer.

A specific action plan will be developed for 2023 with measures for further improving our expertise in sustainability for the retail market. This year, this will again include digital meetings for all and case training, and we will build on what we have learned so far so we can talk to customers specifically about this area to an even greater extent than before.

We use an advisory tool, MEETING lab, in our advice sessions with our customers. In 2023, this will be enhanced to improve its user-friendliness and update the content such that it is even more focused on sustainability and total personal finances. This will make using the tool more seamless and sustainable, and make the customers conscious and unconscious needs a more natural part of meetings with their adviser.

Further teaching will also be provided in 'Boss of Your Life' and 'Personal Finances and Career Choices' in 2023 in order to continue helping improve young people's skills in personal finances in the region. The teaching plan for the year will be finalised at the start of 2023.

Corporate Banking Division

In 2023, the Corporate Market Division will establish a sustainability group composed of advisers from each sector and geographic department. We want our advisers to be familiar with important goals and framework parameters within their sector and thus able to provide proactive advice to their customers. The group will be tasked with discussing topics with the aim of improving expertise internally and prioritising training measures for the future.

The bank has developed and will launch green loans for real estate in January 2023. In connection with this, it is planning to provide training on the various purposes for lending and on which KPIs must be used as a means of qualifying for green loans. Energy efficiency will also be on the agenda, as will support schemes for business in connection with preparing green activities for the business sector.

The expansion of the sustainability portal for clubs and associations is scheduled for completion in 2023 (see the topic 'Impact on business development'). Clubs and associations have numerous members and provide good opportunities for having a positive impact. We are, therefore, developing clubs and associations as a separate sector in the sustainability portal. This is being done in collaboration with two students from NTNU in Ålesund. The plan is to update the portal with clubs and associations during the first half-year 2023. The portal will be an important tool for all of the bank's advisers.

Executive management group and Board of Directors

To ensure that the Board and executive management group are adequately qualified, comprehensive requirements for introductory and continued education courses in the guidelines from the EBA and ESMA have been introduced. These requirements will be linked to measures when the scale of this is known.

The onboarding course for new board members will include sustainability next year as well. Annual training in the anti-money laundering regulations is also mandatory for the Group's board members.

Measurement and evaluation

The skills work is highlighted and measured using the Møre Academy's annual wheel. This is a practical monitoring tool for planning, implementing and documenting skills measures. The skills work is also measured through authorisations achieved and completed skills updates and e-learning courses, and other skills measures. Other mandatory courses are followed up by the Møre Academy and reports are produced on the completion of key skills measures.

Relevant expertise in ESG is shared with companies via the sustainability portal. This is measured by number of clicks and time spent on the website. A total of 794 enterprises and stakeholder used the sustainability portal in 2022.

Responsible unit(s) in the bank

The skills work is steered by the Møre Academy's steering group through decisions on the annual skills plan and follow-up in steering group meetings consisting of members of the bank's sections and departments. The Compliance Department conducts a review and reports to FinAut annually with respect to the authorisation process and required updates. The CEO's executive management group and the bank's Board of Directors evaluate and approve the skills budget and strategy within organisational development.

Governing documents

Governing documents are the bank's general strategy documents and annual training plans, including the training budget.

Sustainable Development Goals

Sparebanken Møre wants to be an attractive employer with competent employees. One important goal is to achieve motivated employees with the right skills to meet their customers' varying and future needs. The UN's SDG 4 'Quality education' is therefore an important target to which we want to link measures and action. At the same time, SDG 17 'Partnerships for the goals' is important in connection with collaboration with academia and stakeholders, such as Young Entrepreneurship.

GRI Index

3-1, 3-2, 3-3, 404-1, SBM-N1

Estimated time spent on ESG training per employee, based on the programme type and target group:

Transparency Act: 45 minutes (employees with supplier responsibilities, employees in the Corporate Market Division, in the credit department, members of the sustainability committee)

Anti-money laundering skills app: 103 minutes (all employees)

Anti-Money Laundry: 58 minutes (Retail Banking Division), 80 minutes (Corporate Banking Division)

Sustainability case training (Retail Banking Division): 60 minutes

Sustainability workshop for new employees: 50 minutes

Responsible lending and advice

Sparebanken Møre's loan portfolio is made up of approximately 70 per cent retail customers and 30 per cent corporate customers.



Lending to customers is the bank's core activity. Our long-term profitability depends on our customers making responsible choices. As a lender, we have the influence to contribute to sustainable initiatives and solutions. For customers, good advice on sustainability could also lead to security, trust, better terms and conditions and greater individual effort in the transition work.

Responsible lending and advice for the corporate market

The corporate portfolio is broadly composed within the trade/service industry, industry, marine, real estate and offshore/supply industry sectors. Although the corporate portfolio only accounts for 30 per cent of the bank's total loan portfolio, it is in relation to corporate customers that the bank can have the greatest influence with respect to society and the environment.

The bank can have an impact by setting clear criteria for what it will finance and what it will not finance, as well as through requirements it sets for customers. This can be done by, for example, analysing customers' sustainability and climate risks when processing applications for loans and advances, as well as when following up existing customers. The bank can also have an impact by offering products and initiatives that encourage a green transition, as well as by setting requirements for documentation of the energy efficiency and/or greenhouse gas emissions.

A number of companies the bank has made loans to have operations that will have an impact on the envi-

ronment. The bank's provision of credit gives it an indirect opportunity to impact the external environment.

The bank's credit risk strategy stresses that customers' creditworthiness should be viewed from a long-term perspective. Sparebanken Møre must conduct itself in accordance with high ethical standards and shall not be associated with activities, customers or industries of dubious repute.

In line with the bank's credit policy, financing will not be provided to customers:

- involved in the development, testing, production, storage or transport of controversial weapons, or the production of components exclusively designed for controversial weapons. This includes landmines, cluster munitions, nuclear weapons and biological and chemical weapons.
- involved in pornography and tobacco.
- with significant activities aimed at extracting energy from fossil fuel: coal, shale oil and tar sands
- with a significant proportion of their activities and income linked to cryptocurrencies
- that we have reason to believe do not comply with the bank's Code of Conduct or that in some other manner operate activities that conflict with general perceptions of good ethical conduct
- that have acted dishonestly in their dealings with the bank or that are known to have acted dishonestly in their dealings with other stakeholders or where it is known that the company or owners have been involved in criminal activities

- that operate in violation of public acts, regulations and mandatory environmental requirements

Measures implemented in 2022

- Completed our second year of ESG scoring for customers with a commitment of more than NOK 8 million – the development is being measured
- Launched the sustainability portal, which is available via sbm.no
- Produced a dedicated sustainability guide, which will provide the bank's customer advisers with additional support in their sustainability assessments during the credit process
- More customer advisers and other employees have spoken about sustainability in various conferences/ arenas
- Organised various events, see the topic 'ESG expertise and sharing expertise with customers'
- Participated in a user group organised by Finance Norway that is looking at how to calculate CO₂ emissions in banks' lending and investment portfolios
- Mapping of the bank's physical risk in the commercial property portfolio (see TCFD reporting for details)
- Developed loan product for commercial properties that is strongly linked to the Taxonomy criteria (ready for implementation in the first quarter of 2023)

Products and activities with a social profile

- Growth Guarantee Scheme (for more details see the topic 'Impact on business development')
- Government guaranteed loans (Covid-19) – total granted loans since start of the scheme NOK 193 million to 27 customers. Granted under the scheme in 2022, NOK 33.9 million, distributed to 7 customers.
- Products and activities with environmental benefits
- Specific loan products for commercial properties have been developed and will be implemented/ launched in the first quarter of 2023. The products are linked to the energy efficiency of commercial properties (criteria for loans are linked to criteria in the Taxonomy).

Sustainability in the credit process

In line with the established guidelines, the following ESG assessments are carried out as part of the credit process:

- ESG scoring of customers with a commitment of more than NOK 8 million. The scoring is carried out using a specific analysis tool that consists of a series of assessment questions within the three

parameters of ESG. The results from the analysis provide a score that indicates a low, moderate or high risk. The assessment must be carried out in a close dialogue with the customers.

- While all of the dimensions are included, the bulk of the assessment is nevertheless to do with the climate and environment. Analyses and assessments must be documented and included in the basis for making decisions when granting credit or conducting annual reviews of credit commitments. This means that the customers are scored at least annually. The scoring is followed up and reported on at a portfolio level in the bank's portfolio management system.
- In addition to the above, an analysis of the associated climate risk (including physical and transitional risk) must be produced for credit cases. Here, an assessment is made of how the customer/ sector will be impacted by physical and transitional risk, and how this in turn could impact the customers' costs and income (and the customers' ability to service debt), as well as the value of objects the bank has security in (e.g. properties and fixed assets). It must also discuss how the customer impacts the environment in relation to the customer's operations and business model.
- For example, contamination of the ground, water and air, as well as the use of non-biodegradable materials/packaging.
- The owners/board of directors must also be assessed from a sustainability perspective with respect to AML, compliance, transparency, equality, diversity, circular economics, code of conduct, etc.
- In 2022, 374 customers underwent ESG scoring (this represents 99 per cent of customers with a commitment of more than NOK 8 million)

Planned measures

- We will continue our training measures both for our employees and for our customers in 2023
- Final implementation of a loan product designed for commercial properties that will implement or have implemented energy efficiency measures
- Further developing the sustainability portal with, for example, an expansion for clubs and associations.
- Set more specific key performance indicators (KPIs) with respect to the bank's corporate market portfolio, particularly goals for greenhouse gas emissions. Good measurement methods also have to be established for these emissions.
- Categorise the bank's corporate market portfolio in line with the Taxonomy Regulation
- ESG score results must be analysed further

and more, and more specific, measures must be established for customers.

- The bank's corporate market portfolio requires further analysis in relation to climate risk. We need to better understand and preferably quantify the climate risk in the portfolio. We continue to work on various measures in an attempt to quantify and measure this risk.
- Develop and establish more products and services for the corporate market.

Measurement and evaluation

Sparebanken Møre's customers with an account manager must be followed up with a chat at least once a year. Other customers receive help and advice as needed through the bank's branch network and customer service. In addition, those commitments exposed to more risk are followed up extra closely.

The bank also helped individual customers in 2022 who experienced problems due to Covid-19. In addition, customers in some sectors that were particularly hard hit by the war in Ukraine and sanctions against Russia were followed up closely.

Based on ESG scores and the work done in connection with credit processes in the corporate market, in 2023 we will examine the results in more depth and also look further at what action should be taken in both the short and long term.

The most important governing documents for responsible lending are the credit strategy and credit manual. The credit risk strategy is revised annually. The target frameworks in the strategy and status of credit risk must will be monitored, including through the bank's monthly risk reports. The credit manual is subject to constant updating/revision.

Responsible unit(s)

Risk Management and Compliance Section.

Key governing documents

- The bank's overall strategy document Møre 2026
- Sustainability strategy
- Credit Risk Strategy
- Credit manual
- Risk reports

GRI disclosures

3-1, 3-2, 3-3, FS7, FS8

Responsible lending and advice for the retail market

In the retail market, the goal is for the bank to be a driving force for sustainable development. This will be achieved by, for example, good customer advice and being a driving force behind our customers making good, sustainable choices.

Sparebanken Møre is open to all types of customers within defined market areas and will not discriminate against customers based on age, gender, nationality, religion or marital status.

The Retail Banking Division is focused on improving its expertise in sustainability for the benefit of customers, society and the bank through the provision of good customer advice and engagement in sustainability. The bank will work to ensure that sustainability forms a natural part of the dialogue with the customer. We have to provide customers with good advice that helps them make good, sustainable choices, whether it concerns upgrading homes or investing their funds.

The Retail Banking Division should encourage local trade, use dividend funds for local communities in a smart and sustainable manner, provide training and make customers, school pupils and the rest of society more responsible. Ensuring that customers have a good overview and control of their spending is also an important task for the bank.

The bank can exert influence via, for example:

- Customer meetings. The customer or customers in focus with personalised advice. We have an opportunity to positively impact the customer's personal finances and encourage the customer to make more sustainable choices by pointing out good
- solutions and support schemes (e.g. Enova).
- Personal advisers. Having a personal adviser makes the bank more accessible to the customer via direct phone numbers and email. Our 26 branches are located across the county, which is a big benefit for both the bank and customers. It is easy to contact us, we know the customer and we can quickly come up with good solutions together.
- In schools through our collaboration with Young Entrepreneurship
- At customer events or other open events at which we are taking part. Our participation helps to increase knowledge about personal finances and makes it easier to get good advice on making sustainable choices.
- Articles from local bank managers in local

newspapers and general participation in local newspapers, radio and TV broadcasts.

- Content articles on relevant topics are published at engasjert.sbm.no. Examples of articles/topics in 2022 included: avoiding scams, future powers of attorney, macro reports, clearing up plastics, BankID, accounts for minors and insurance.
- Offer green products and services

Customers in the Retail Banking Division also have a personal adviser who follows them up every year with general advice. Our advisers in the Retail Banking Division are authorised for the entire range of services (i.e. within investments and savings, non-life insurance, personal insurance and credit). For the customer, this means that an adviser can help them based on a comprehensive perspective.

Measures implemented in 2022

- We have further developed our advisers' expertise so that they can provide good customer advice and sustainable engagement (also see specific material topic 'ESG expertise and sharing expertise with customers')
- We have developed a customer case for advisers to give them experience in talking to customers about sustainability
- The topic of sustainability has been integrated into the bank's meeting lab (presentation materials for use in customer meetings)

The credit rating process

The bank saw strong growth in lending volumes. The bank is well aware that strong volume growth must not come at the expense of credit quality and risk. Good credit rating activities and good advice are top priorities and benefit both customers and the bank. Due diligence assessments are also carried out for all new customer relationships in line with the applicable requirements for compliance with internal guidelines and the 'Act relating to measures to combat money laundering and terrorist financing'. Assessing the risk of money laundering is also an integral part of the credit granting processes in the bank. The bank has and will maintain an extra focus on the effects of higher interest rates and higher unemployment in credit ratings going forward.

Products and activities with a social profile

The bank offers customers several products and services with a social profile:

- Student loan (consumer loan for study purposes at a lower price)
- First home mortgage

- Møre young mortgage (cheaper mortgages for customers aged 18-33)
- Justify: digital legal services, quality assured by lawyers (cohabitee contract, future power of attorney, will).

Development in lending volumes for these products:

- Møre Ung mortgage 2021: NOK 8,887 million
- Møre Ung mortgage 2022: NOK 9,265 million
- Increase of NOK 378 million
- First home mortgage 2021: NOK 2,042 million
- First home mortgage 2022: NOK 2,580 million
- Increase of NOK 538 million
- Student loan 2021: NOK 3.2 million
- Student loan 2022: NOK 1.8 million

At year end 2022, the total figures for this portfolio were just under NOK 12 billion, or around 24 per cent of the Retail Banking Division's total lending.

Lending regulations

According to the regulation (applicable for 2022), banks could deviate by 10 per cent for customers outside Oslo and 8 per cent for customers in Oslo. The bank has internal guidelines for the use of deviations, and these include prioritising young customers and buying primary homes. In 2021, 45 per cent of the deviations were used for customers aged 18-34. For 2022, this share was 43 per cent.

Products and activities with environmental benefits

The bank offers two types of loans designed to boost retail customer transition rates:

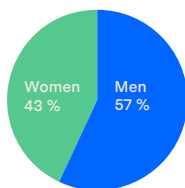
- Homes with energy ratings 'A' and 'B'
- Purchase of zero-emission vehicles (not hybrid)

The total volume of mortgages for homes with an energy class of A or B was NOK 997 million at the end of 2022 (2021: NOK 254 million). The total volume of loans for zero emission cars was NOK 71 million at the end of 2022 (2021: NOK 15 million). Higher volumes are expected going forward, due to both greater adviser expertise and greater awareness on the part of customers.

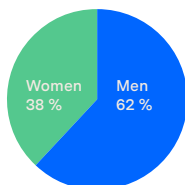
Further training has been provided in sustainability with an emphasis on sustainable advice, including expertise on energy labelling and energy reports. A team meeting was conducted for all advisers with an emphasis on energy labelling, as well as case training in all departments with an emphasis on energy labelling and what is included in sustainable advice provision. The case and topic were then reviewed for everyone in a specific session for all. This is also commented on under the significant topic 'ESG expertise and sharing expertise with customers'.

Savings

Distribution between genders of total savings agreements in funds (based on volume saved):



Distribution between genders of total holdings in funds (based on volume in holdings):



This distribution is quite similar in the 18-34 age group and for those older than 34.

Planned measures

- Sustainability should continue to form a natural part of the dialogue with customers, and this should be reinforced.
- Further skills training (see separate material topic 'ESG expertise and sharing expertise with customers')
- Develop guidelines for sustainability in the credit process.
- Further developing Meeting Lab to make it even more targeted at sustainable topics that will be important for customers.
- Set specific targets for the development of the product portfolio.
- The Retail Banking Division should still encourage local trade, use dividend funds for local communities in a smart and sustainable manner, provide training and make customers, school pupils and the rest of society more responsible. Ensuring that customers have a good overview and control of their spending will remain an important task for the bank. This demand has now strengthened further in a market with higher interest rates, higher costs and higher expected unemployment.
- Continue to teach in 'Boss of Your Life' and 'Personal Finances and Career Choices' in schools (Young Entrepreneurship).
- Continue to invite the customer's partner/cohabitee/spouse to meetings. It is important to invite and offer both parties advice.
- Carry out customer events/open events across the county with material topics.

- Carry out the Adviser Forum (advisers meeting) with a focus on invitations to customer meetings and the quality of advice meetings.

Measurement and evaluation

Around 50,000 retail customers have been assigned a personal adviser in Sparebanken Møre, and these must be followed by up an interview with an account manager at least once a year. Other customers receive help and advice as needed through the bank's branch network and customer service. In addition, those commitments exposed to more risk are followed up extra closely.

The bank maintains an overview of the volume of mortgages given for homes with an energy class of A or B, as well as loans for zero emission cars. We also maintain an overview of the volume of loans for social products as indicated above. The bank has yet to set specific targets for volumes in the coming period.

We also have a means of measuring the number of customers invited to customer meetings. The bank will develop a means of measuring how many customer meetings are actually held.

The bank also performed some follow-up of the customer portfolio in 2022 due to Covid-19. Customer follow-up was also important in a market with higher interest rates and higher costs.

The most important governing documents for responsible lending are the credit strategy and credit manual. The credit risk strategy is revised annually. The target frameworks in the strategy and status of credit risk must will be monitored, including through the bank's monthly risk reports. The credit manual is subject to constant updating/revision.

Responsible unit(s)

Risk Management and Compliance Section.

Key governing documents

- The bank's overall strategy document Møre 2026
- Sustainability strategy
- Credit Risk Strategy
- Credit manual
- Risk reports

GRI disclosure

3-1, 3-2, 3-3, FS7, FS8

Greenhouse gas emissions

As a financial services group, Sparebanken Møre has an active relationship with environmental and climate challenges. The Group's overarching goal for its sustainability work is to 'be a driving force behind sustainable development'. The Group is committed to contributing to the transition work society needs to do to achieve Norway's climate goals as set out in the Paris Agreement. Sparebanken Møre's goal is to reduce its greenhouse gas emissions (CO₂) by at least 25 per cent in the period 2019-2025. We will also stipulate requirements for customers, suppliers and partners. This will allow us to help achieve the expressed climate goals, both directly and indirectly.

In order to reduce environmental impact, we both use and invest in technology, including in order to reduce the need for travel. Employees must have the skills necessary to make eco-friendly choices and encourage our stakeholders to do the same.

Measures implemented in 2022

Sparebanken Møre prepares energy and climate accounts based on the international standard 'A Corporate Accounting and Reporting Standard' developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The climate report shows tonnes of CO₂ that are direct and indirect emissions related to the Group, and provide information about greenhouse gas emissions from, for example, from travel, waste management and energy consumption. The bank has established specific targets for cutting greenhouse gas emissions from its own operations. An important part of this work has been Eco-Lighthouse certified, which was put in place in the fourth quarter of 2022.

ESG analyses are also carried out in our corporate market portfolio. This is an important tool for identifying and reducing climate risk in the existing portfolio, and for mapping which sectors and projects contrib-

ute to transition and new earning opportunities. Please see the discussion of this under the topic "Responsible lending and advice for the corporate market".

The climate report for 2022 shows a 29 per cent increase from 2021 to 2022. This was mostly due to travel activities after Covid-19. The Group's emissions totalled 174.8 tonnes of CO₂ equivalents (tCO₂e) in 2022. In comparison, the Group's emissions amounted to 302 tCO₂e in 2019 (baseline), which was the last 'normal' year before Covid-19. Compared with 2019, the Group saw a drop of 42 per cent in tCO₂e. The bank reduced its emissions within Scope 2 from 2021 to 2022.

Greenhouse gas emissions were distributed as follows in 2022:

Distribution of greenhouse gas emissions in 2022

Scope 1, direct emissions:	4,3 tCO ₂ e (2,5 %)
Scope 2, indirect emissions:	69,7 tCO ₂ e (39,9 %)
Scope 3, other indirect emissions own emissions:	100,8 tCO ₂ e (57,7 %)

Comparison based on 2019:

Category	2019	2022	Change
Scope 1 emissions	5.2	4.3	17 %
Scope 2 emissions	119.3	69.7	42 %
Scope 3 emissions	177.3	99.8	44 %
Total emissions (Scope 1 + 2 + 3)	301.8	173.8	42 %

Comments:

- We have waste figures from head office and the branch in Spjelkavik, although not from the other branches. This is because waste management is part of the common overheads according to the leases and therefore managed by the landlords. The overheads are distributed according to a distribution key based on the proportion of exclusive area. The various refuse collectors/ municipalities also register the weight of waste to different extents.
- Electricity consumption in Midsund and Digernes is not included in the calculations since the premises lack their own electricity meters.
- Emissions linked to the production of bank cards and credit cards are not included in the climate report.

For more details, see the complete climate report appended at the end of the sustainability report.

Planned measures

In 2023, the branches will also be Eco-Lighthouse certified.

Our work on the ESG analyses of our corporate market portfolio have taught us even more about our portfolio. In 2023, we will evaluate this and specify measures/objectives for individual sectors. We also want to set clearer ESG requirements for our suppliers and ensure that the work addresses the requirements of the Transparency Act and the Act on the Disclosure of Sustainability Information in the Financial Services Sector and a Framework for Sustainable Investments.

In 2023, we will also conduct a commuter survey among the bank’s employees to analyse what measures could have an effect in this context. The survey should have been conducted in 2022 but has been postponed until 2023.

Working from home and the use of digital platforms have helped increase our employees’ flexibility, knowledge about and experience of digital meetings. While in-person meetings are preferable in a number of contexts, this experience has helped to reduce travel activity both within the county and nationally/internationally.

When branches are upgraded, there is a focus on reuse and eco-friendly material choices in line with SDG 12 regarding responsible consumption and production and SDG 13 regarding climate action.

In 2023, we will start replacing bank cards and Mastercard cards with cards made from recycled plastic. This will result in significant greenhouse gas emissions savings since the new cards are manufactured from 95 per cent recycled plastic.

Responsible unit(s)

Finance Department, Security Department and Property Management and HR Department, and are responsible for the bank’s climate report.

The bank’s sustainability committee has a joint responsibility to prepare concrete action plans to cut the bank’s CO₂ emissions. The various measures must state the responsible department.

Measurement and evaluation

The climate accounts for 2022 were established in line with the Greenhouse Gas Protocol Initiative. Since 2022 was also partly affected by Covid-19 restrictions, we have used 2019 as the benchmark year when assessing measures that might help further reduce emissions.

Key governing documents

- Code of Conduct and CSR Policy
- Overarching sustainability strategy

GRI disclosure

3-1, 3-2, 3-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7.

Change in demand for loans

Political, market-related and social changes, including higher prices and inflation, may result in changes in the personal finances and company finances of Sparebanken Møre's customers. This may in turn affect growth rates and demand for loans.

Impact on the change in demand for loans in the corporate market



Historical inflationary relationships probably underestimate inflation in today's very special circumstances. Inflation is now far higher than would be expected based on the established relationships between inflation, capacity utilisation and unemployment.

The high inflation was due to special circumstances during the pandemic such as high demand for goods due to the lockdowns of the service sector, substantial subsidies for households, as well as very high energy prices. In Norway, we have limited access to data that allows us to predict with sufficient precision how inflation will develop in such as special situation.

There is also reason to believe that expectations regarding inflation and costs have increased. It is quite possible that households and companies believe that inflation has become more entrenched. This points to higher pay growth. It could also be argued that high inflation within particular groups of goods could then more easily spread to other groups of goods. This also points in the direction of higher inflation compared with historical contexts where expectations of inflation have largely been anchored around the inflation target.

In light of this, there is some uncertainty about how high inflation will be and how long it will remain high. Historic inflation relationships underestimate price impulses in 2020-2023 compared with current inflation relationships. Norges Bank is forecasting a CPI of around 5.8 per cent for 2023.

The government also expects weaker economic

growth in the Norwegian economy in 2023 and estimates that the mainland economy will grow by only 1.7 per cent in 2023. The Confederation of Norwegian Enterprise (NHO), Statistics Norway and Norges Bank are all warning that a downturn is on the way due to high inflation, sharp interest rate hikes and a downturn in the global economy.

This will impact consumers and businesses, both nationally and regionally. In our region, demand for lending in the business sector was good in 2022. The bank can point to high lending growth in the corporate market of more than 12 per cent in 2022. We saw solid growth, particularly within the fisheries, real estate and maritime industries.

We expect lending growth to be weaker in 2023. We are seeing residential construction projects being put on hold. Both a higher level of costs and falls in house prices on a national basis mean that there is uncertainty regarding the demand for housing. There have also been political signals regarding unfavourable tax increases for some industries. This has resulted in several projects in our region being put on hold.

At the same time, the green transition will result in substantial investment costs in the future. The UN's Intergovernmental Panel on Climate Change estimates that the investment required in renewables will be 1-2 per cent of global GDP.

Part of the bank's lending growth in 2022 was due to renewables projects. This demand will probably continue in 2023.

The green transition will present new opportunities for a number of industries, including construction, manufacturing, maritime industries and the financial services industry. Overall, the green transition will contribute to an increase in demand for credit in the long term.

Impact on the change in demand for loans in the retail market

We live in an era of major changes, political, market-related and social. This turbulence has resulted in higher prices and inflation, which may in turn change the personal finances of Sparebanken Møre's customers. This could impact the bank's lending growth, and here we will take a closer look at this and any impacts it may have for the bank.

2022 was characterised by higher inflation than in the year before and prices have been rising on several fronts. SIFO's reference budget points to higher living costs. There is also an energy crisis and electricity prices have risen considerably. The bank's largest market area is in Nordvestlandet. Up until the end of 2022, the region had been less affected by higher electricity prices than Southern Norway. This is starting to change, and electricity prices have also risen in Central Norway. Electricity prices, combined with higher prices for other goods and higher interest rates, mean that consumers' personal finances are now being squeezed harder than before.

This does not seem to have affected our customers to any great extent thus far. The number of payment delays clearly increased slightly in the last months of 2022 compared with the year before, but it was not a sharp increase. Prices are expected to remain high or rise during the course of 2023, and applications for payment delays may therefore increase somewhat during the coming year. Our customers have a regular adviser who provides ongoing follow-up over time. This follow-up can help customers make good financial choices, plan their finances better and prepare, for example, for higher living costs.

House prices are edging downwards, and this is expected to continue in 2023. The consequences of this could be that it takes longer to move home than usual due to greater uncertainty about the sales value of homes. Higher interest rates are resulting in more expensive bridging loan periods. In the worst case scenario, if prices continue to fall fewer people might move homes and this in turn may cause a further drop in house prices. It is important that the bank continues to take account of material risks through responsible advice and lending practices.

Sparebanken Møre is a savings bank with a business model that we believe provides advantages in terms of growth. This can be seen from the bank's recent growth. In 2022, the retail market saw good deposit and lending growth with growth results well above target in both areas. We are capturing market share from larger banks that do not offer the same degree of personalised advice for customers. We are local and build on our proximity to the customer. We have 26 bricks and mortar branches spread across the county and therefore also know the surrounding areas, local businesses and our customers well.

The bank expects and has been preparing for somewhat lower credit growth in 2023, although this is not viewed as a threat to lending growth in the short term given our business model. Statistics Norway says that in the short term, a moderate downturn in the economy is expected compared with the growth in 2022. Unemployment remains low, although it is expected to edge up over the next year. The forecasts at the end of the year also indicate that the policy rate will continue to rise, although that will turn around towards the end of 2023 when calculations show that interest rates could perhaps be lowered again. The forecasts are more uncertain than normal.

Mortgage rates are clearly an important factor as they have a major impact on loan customers' personal finances. In these turbulent times, there is reason to believe that more people will look for an adviser to talk to, and, therefore, we believe that we will continue to see lending growth in the longer term as well.

In our opinion, the green transition will not have a negative impact on the demand for credit. The scope of the green transition continues to broaden, and customers cannot avoid it. In the future, banks and customers will have good opportunities to work together to protect both their own interests and those of their communities. In the short term, the bank will have to try and increase the expertise of employees in this area in order to be able to understand what customers need. If a home is going to be upgraded, the bank must have the requisite knowledge to provide advice on sustainable choices. Over time, this will become a key area that employees must have insight into so that capital can be directed to projects that help achieve the climate targets. Political pressure and support from the authorities will probably result in more business opportunities in the green transition, including in the retail market. We are therefore optimistic about the impact this will have on the bank in the short and long term.

Stricter regulatory requirements for participants in the banking and financial services industry

New regulations in 2022	Main points in the regulations	Consequences for Sparebanken
Transparency Act	See description in separate topic 'Our approach to the Transparency Act'	See description in separate topic 'Our approach to the Transparency Act'
<p>NFRD</p> <p>The EU's Non-Financial Reporting Directive (reporting on corporate social responsibility)</p>	<p>The implementation of NFRD entails more extensive reporting requirements in the area of sustainability.</p> <p>The amendments to the Accounting Act enact the EU's 'double materiality mindset' in Norwegian law. This means that one has to report on both how the institution impacts society and the environment in terms of sustainability and how various sustainability factors and risks are expected to impact the institution.</p>	<p>Entered into force with amendments to section 3-3(c) of the Accounting Act.</p> <p>Applies from the reporting year 2022.</p>
Future regulatory changes	Main points in the regulations	Consequences for Sparebanken
New Financial Contracts Act	<p>Entered into force on 01.01.2023.</p> <p>Key considerations behind the Act are stronger consumer protection, preventing debt problems, regulating a number of services and bringing together regulation such that the customer can refer to the same Act to find all their rights and obligations.</p>	<p>The bank's obligation to reject, advise and inform will be further tightened. Greater consumer protection.</p> <p>The Act makes it easier for the bank to communicate with customers electronically.</p>
Sustainable Finance Act	<p>The Act implements the EU's Taxonomy Regulation and Disclosure Regulation.</p> <p>Adopted in the EEA, introduced in Norway from 01.01.2023</p>	<p>Taxonomy Regulation: For the bank, this entails a duty to report and publish information on the scope of economic activities and investments regarded as sustainable based on the definition in the Taxonomy Regulation. The EU Taxonomy will not apply to banks with fewer than 500 employees at this time. More enterprises are expected to become subject to the Taxonomy when the EU's new Corporate Sustainability Reporting Directive (CSRD) comes into force in the EU on 01.01.2025</p> <p>The Sustainable Finance Disclosure Regulation (SFDR): The Regulation requires institutions in the financial sector that perform portfolio management as part of their activities ('financial market participants') and financial advisers to disclose how sustainability risk considerations are integrated into their risk assessments and investment advice.</p>

Changes to CRR/CRD	Main points in the regulations	Consequences for Sparebanken
<p>CSRD (Corporate Sustainability Reporting Directive):</p> <p>new reporting directive for reporting sustainability information</p>	<p>More reporting requirements for the area of sustainability. CSRD will replace NFRD (Non-Financial Reporting Directive).</p> <p>Requirements for audits/certification of the bank's sustainability reporting.</p> <p>It will apply to all large institutions (250 employees< ++) and all institutions with listed securities.</p> <p>Requirement to use European Sustainability Reporting Standards (ESRS)</p> <p>Requirement for electronic/machine readable information</p>	<p>01.01.2026 (for the reporting year 2025)</p>
<p>ICAAP SREP Pillar 3</p>	<p>ESG must be included in banks' Internal Capital Adequacy Assessment Process (ICAAP) and in the authorities' Supervisory Review and Evaluation Process (SREP)</p> <p>Pillar 3 reporting – requirement stipulating that information disclosed on capital and risk factors must also include ESG risk</p> <p>Pillar 1 – adjustment of banks' capital requirements due to environmental and social factors in the form of green capital requirement discounts (alternatively capital premiums for environmentally harmful activities)</p> <p>Inclusion of ESG risk in the bank's internal risk management and supervisory activities (Pillar 2)</p>	
<p>MIFID II</p>	<p>The amendments to the delegated MiFID II Directive came into force in January 2023 and require:</p> <ul style="list-style-type: none"> • that customers receive information about sustainability preferences, such that one clarifies the difference between products with and without sustainability properties • the collection of information about customers' preferences with respect to investing in sustainable products and preferences between different sustainable products • that one assesses and identifies the products that meet customers' sustainability preferences • that one ensures that employees are adequately trained in sustainability and keep track of customers' sustainability preferences 	<p>The new guidelines contain more stringent requirements for mapping customers' sustainability preferences and for helping them make informed investment decisions. For example, the process for new customers must be updated to meet the new requirements</p>

Climate risk (TCFD) 2022

Sparebanken Møre's climate risk work

Sparebanken Møre's climate risk report has been produced in line with the framework issued by the Task Force on Climate-related Financial Disclosures (TCFD), with a particular focus on the recommendations of Finance Norway. Sparebanken Møre bases its work on sustainability, including climate-related issues, on all of the dimensions included in the concept of ESG. This is mentioned in several places in the report. Where climate-related assessments are conducted as separate, independent pieces of work, this is elaborated on in the text. The bank also uses ESG and sustainability as two equal terms.

Governance

Describe the Board's oversight of climate-related risks and opportunities

The Board of Sparebanken Møre ensures that the Group carries out a comprehensive strategy process every year that defines its objectives, strategies and risk profile. The current strategic plan, 'Møre 2026', was approved by the Board in December 2022. This defines five strategic focus areas, of which one is that Sparebanken Møre shall be a driving force for sustainable development. The Board receives regular status updates.

The Board has also adopted a series of different strategies and governing documents that are designed to provide a basis for good and effective internal risk management. ESG factors have been incorporated into the documents to ensure that sustainability considerations are closely integrated into the bank's operations and value creation. A separate sustainability strategy has been drawn up and is used as a basis for both making strategic decisions and ongoing operational work. This states that Sparebanken Møre will report in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

A separate skills plan has been established for the Board that covers the area of sustainability in general and climate risk in particular.

ESG risk/climate risk is included in the bank's quarterly risk reports that are presented to the Board. Furthermore, the Board's risk committee receives status up-

dates in presentations by the bank's sustainability committee. ESG factors are also included as part of the basis for considering a number of individual matters that are presented for consideration by the Board.

Describe management's role in assessing and managing climate-related risks and opportunities

The bank's executive management group drive the annual strategy process and ensure that a comprehensive plan is produced to present to the Board. The executive management group follows up our strategic goal of being a driving force behind sustainable development. The executive management group ensures that departmental plans are drawn up that reflect the contributions of the different units, and that employee and manager agreements are drawn up with specific actions at an individual level.

The bank's management of ESG risks and opportunities is regularly discussed by the executive management group in connection with the ongoing follow-up of the bank's strategy. Relevant governing documents and sustainability strategies are also discussed and considered by the executive management group before being presented to the Board.

ESG factors are also included as part of the basis for considering a number of individual matters that are considered by the bank's executive management group.

The bank's sustainability committee provides the executive management group with updates on the status of sustainability measures implemented in different parts of the organisation. The committee consists of members from different areas of the bank who have special responsibility for implementing measures within their respective areas.

For more information about the organisation of the work on sustainability, see the 'Organisation of the work' section in the report.

Quarterly risk reports are produced that include ESG risk/climate risk, and the reports are reviewed by the executive management group.

Strategy

Describe the climate-related risks and opportunities the bank has identified over the short, medium, and long term

Sparebanken Møre has surveyed and assessed climate-related threats and opportunities over the short, medium and long-term.

In order to identify climate-related risks and opportunities, the bank has assessed how physical risk and

transitional risk will affect the bank's work in the retail and corporate markets, with a particular focus on credit risk, as well as the bank's management of market, liquidity and operational risk/reputational risk. Overall, the bank believes that transitional risk will have a greater impact than physical risk in the short to medium term.

The time horizons used by the bank were set based on the bank's strategy period, as well as national and international targets set for climate cuts.

Phases used	Time horizon	Reason for choice of time horizon
Short term	1-5 years	The time horizon is in line with the bank's strategy period
Medium term	5-10 years	The time horizon is in line with the period set for Norway's goal of reducing greenhouse gas emissions by 50-55 per cent by 2030.
Long term	10-30 years	The time horizon is in line with the period set for the Paris Agreement's goal of zero emissions by 2050.

Physical climate risk

Loans to retail customers account for almost 70 per cent of the bank's loan portfolio and are mainly loans secured by mortgaged properties. Loans for commercial property account for more than 10 per cent of the bank's total loan portfolio and the sector is the bank's biggest borrower. As far as physical risk for residential buildings and commercial properties is concerned, we have access to data via Eiendomsverdi. Based on this, we have chosen to map the climate risk for residential and commercial buildings secured by mortgages in the bank. The bank will use this survey to carry out further work on identifying climate risk in its loan portfolio.

The bank uses climate risk data from Eiendomsverdi, which identifies which Norwegian properties are exposed to physical risk due to changes in sea level, flooding, quick clay and various types of landslides. Eiendomsverdi retrieves data from publicly available sources such as the Norwegian Mapping Authority, the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian Geotechnical Institute (NGI).

Various scenarios have been prepared for sea level, flood zones and landslides with different recurrence intervals. Where a number of years is stated in the risk area maps, this indicates how often buildings in these zones are impacted by the relevant risk. For example,

the probability of being hit by a 200-year storm surge in any given year is 0.5 per cent. Precautionary areas indicate potential risks and do not necessarily constitute a genuine risk.

Although parts of the portfolio are exposed to physical climate risk, this is primarily related to insurance risk since buildings impacted by natural disasters will be covered by the Norwegian Natural Perils Pool. If there is a high probability of damage recurring, it will still only impact the value of buildings in an exposed area.

Climate-related risks and opportunities in the Retail Banking Division

Physical risk

We have collated climate risk data from Eiendomsverdi to obtain an overview of the proportion of homes mortgaged to the bank that are exposed to physical climate risk.

The analyses show that the risks associated with sea level/storm surges and landslides are the most frequent risks for homes mortgaged to the bank. However, the proportion of homes in areas at risk is low. 0.25 per cent of homes mortgaged to the bank are at risk

of a 200-year storm surge. This proportion increases to 0.5 per cent in 2090. 1 per cent of the homes are in 'Rockslide/landslide/avalanche risk area 1,000 years'. The risk for homes in the portfolio is considered low in the short, medium and long term.

Transitional risk

The transitional risk identified in the retail market portfolio is assessed as low. Reputational risk could arise in the short and medium term in connection with advice. Sustainability and climate risk are constantly evolving topics, new knowledge is always being developed and this entails a risk of the bank's advice, in retrospect, proving to be deficient. In the medium term, valuations of homes in the bank's credit work could be exposed to risk due to a pivot in demand towards more energy-efficient housing. New EU rules may require Norwegian homeowners to carry out major energy upgrades on their homes. The goal is for all homes, both new and existing, to be net zero by 2050¹. This could result in higher costs for homeowners.

A risk of poorer customer debt servicing and saving capacity might also arise if the business sector in the market area is unable to adequately transition to a low emission economy.

Opportunities

The bank expects physical risk and transitional risk to influence the financial choices made by the bank's retail customers. This will present the bank with new opportunities with respect to advice and products, including green loans and the further integration of sustainability as an element of advice for customers, for example advice on energy saving measures linked to renovating and purchasing homes.

Climate-related risks and opportunities in the Corporate Banking Division

Physical risk

We have collated climate risk data from Eiendomsverdi to obtain an overview of the proportion of commercial buildings mortgaged to the bank that are exposed to physical climate risk.

The risks associated with sea level/storm surges, landslides/avalanches and unstable rock are the most frequent risks for commercial properties mortgaged to the bank. Today, 3.3 per cent of the properties mortgaged to banks are within a 200-year storm surge area. Given the rise in sea level expected by

2090, the proportion in 200-year areas will increase to 7.3 per cent. For the purposes of comparison, please see Norges Bank's mapping of physical climate risk for the 11 largest banks in Norway.² Its calculations show that about 1.8 per cent of banks' property holdings are within a 200-year storm surge area, which increases to 5.5 per cent in 2090. Precautionary areas for flooding show areas of potential risk, and account for 15.1 per cent of objects mortgaged in Sparebanken Møre. Norges Bank has calculated that 21 per cent of collateral in the 11 largest banks is located within such areas. There are considerable differences between banks in Norway. Banks with a majority of their loans in Norway naturally have little exposure to 200-year storm surges. Banks' loans for commercial property in key cities in coastal areas may on the other hand, have more collateral in properties that are exposed to such risk. Sparebanken Møre also has mortgaged objects that are exposed to risk from unstable rock (Åkernes). The cracking in the rock massif has been under continuous surveillance since the 1990s. The rockslide danger from Åkernes imposes restrictions on what construction measures are permitted in the exposed area.

The physical risk associated with commercial properties is considered low in the short term. In the medium and long term, some areas may be more exposed to acute or chronic physical climate risk. However, even if a property is in a risk area, this does not have to constitute a risk as long as the necessary precautions have been taken to avoid damage. The proportion of properties exposed to risk, combined with a low probability of the incident occurring, means that physical risk for commercial properties mortgaged in the bank is generally considered low.

Other sectors:

For the shipbuilding industry, physical climate risk could arise in the medium term due to locations exposed to weather. Physical risk has also been identified in the fisheries sector linked to increased migration, disease and reduced fish stocks in the long term.

Transitional risk

In general for the bank's corporate market portfolio, transitional risk has been identified that is assessed as low to moderate in the short term and moderate in the medium and long term. The bank expects most industries in the bank's portfolio to face this transitional risk. The scale of the risk will depend on activities, sector and company size. Among other things, the bank believes that SMEs face particular transitional risk due to scarce resources and less opportunity to improve skills.

1) <https://www.huseierne.no/nyheter/nye-krav-om-energieffektivisering-av-boliger---desember-2022/>

2) https://www.norges-bank.no/contentassets/244023305b474ca4a7fc4f82d766b46f/staff-memo-7-2021_no.pdf?v=12/17/2021133156&ft=.pdf

Customer groups subject to the EU Taxonomy are expected to face transitional risk to the extent that they fail to adequately adapt their business concepts to take account of new requirements and expectations. For customers in industries that are not subject to the Taxonomy, a certain degree of transitional risk can be expected due to new requirements that may be imposed on both customers and banks.

Stricter energy efficiency requirements have been identified as a short-term risk for real estate, followed in the medium term by a risk of greater price differentiation between climate friendly buildings and others. There is also a risk that the Norwegian regulations with which the sector must comply will not be updated fast enough for the available transition solutions to be used.

In general, risk is expected within offshore, fisheries and other transport due to higher CO2 taxes in the short and medium term. For fisheries, risks due to stricter requirements concerning MSC certification and catching methods have been identified in the short term. In the medium term, increased risks associated with trawling as problematic catching method have been identified due to its negative impact on the climate. For offshore, risks have been identified due to reduced or more expensive oil/gas activities in the short and medium term. This industry also faces a risk of limited access to capital for transition. For the shipbuilding industry, transitional risk has been identified in the medium term due to new requirements or changes in demand.

In general, some transitional risk is expected in most sectors linked to more stringent requirements and expectations concerning transition to a circular economy in the various industries.

Opportunities

The bank anticipates that its corporate customers will have to take action in relation to physical risk and transitional risk. This will present the bank with opportunities within both products and advice, although this is also expected to vary in relation to activities, sector and size. As a contribution to customer advice services the bank has developed a sustainability portal for business. This will be developed on an ongoing basis. In the first quarter of 2023, the bank will establish a loan product designed for commercial properties that will implement or have implemented energy efficiency measures.

The bank also sees opportunities in the fisheries sector. Current trends indicate that we will probably see a shift in food habits from meat consumption to increased demand for fish in the medium term. This

could result in growth in the sector and a greater need for the bank's products and services. For energy customers, the bank expects growth in offshore wind and other innovative energy solutions. Monitoring these changes will be important and could provide a basis for developing new products and services designed especially for the aforementioned customer groups.

Market risk

Low physical climate risk has been identified in the short, medium and long term, ref. the table in the section 'Describe the resilience of the bank's strategy, taking into consideration different climate-related scenarios, including a 2 degree C scenario'. Transitional risk has been identified in relation to potentially weaker returns on the bank's investments in the liquidity portfolio if the bank does not take adequate account of climate-related criteria when making investment decisions. The transitional risk is assessed as higher in the short term than in the medium and long term. This is explained by the fact that there is no clear and established ESG labelling of bonds at the moment and because it will take time to establish expertise and procedures for identifying ESG risk. Similarly, opportunities have been identified if the bank takes account of climate criteria in an especially appropriate manner.

Funding risk

Low physical climate risk for liquidity in the short, medium and long term has been identified, ref. the table in the section 'Describe the resilience of the bank's strategy, taking into consideration different climate-related scenarios, including a 2 degree C scenario'. The identified transitional risk for liquidity is assessed as relatively low in the short, medium and long term. Some risk has been identified linked to changed requirements for refinancing by issuing green bonds, which could weaken the bank's access to liquidity and/or result in higher costs. Transitional risk resulting from inadequate assessments of climate risk in the bank and/or poor climate management by customers has also been identified. Both of these could result in higher reputational risk and weaker and more expensive access to liquidity.

Similarly, opportunities have been identified for the bank to further develop and adapt its requirements for green bonds and at the same time improve access to green objects as collateral for these, and in this way secure or strengthen green refinancing. Opportunities have also been identified for better liquidity or lower liquidity premiums based on adequate internal assessments and managing climate risk.

Operational risk

The identified climate risk associated with the bank's operations is assessed as low since the vast majority of the bank's operations are secured through climate-stable IT deliveries and flexible customer services and operations by the bank, independent of physical premises. The same applies to transitional risk. The bank expects low risk due to its generally low greenhouse gas emissions and its systematic work on further reducing these.

Describe the impact of climate-related risks and opportunities on the bank's businesses, strategy, and financial planning.

Sparebanken Møre's identified climate risks and opportunities have affected the bank in a number of ways. In order to reduce the climate-related risk in the bank's credit work, the bank has developed and implemented ESG assessments in its credit process for corporate customers. This includes explicit assessments of the extent to which credit customers may be impacted by physical risk and transitional risk. Assessments are conducted of all corporate customers with exposures above a stipulated threshold and are updated in annual reviews of credit exposures and when assessing new credit needs. In the retail customer market, the bank offers green mortgages and car loans, and has introduced sustainability as a specific topic in the advice the bank provides to customers.

The bank has defined sustainable development as a strategic area. This includes developing green products and ESG assessments in the credit process, as well as setting climate targets for our own operations.

The bank sets general environmental requirements for its suppliers.

The bank continues to work on the process of incorporating sustainability as a risk factor into all relevant risk strategies such as market and counterparty risk, liquidity risk, operational risk and credit risk. The bank has identified qualitative impacts from climate risk and opportunities for the bank's financial variables such as income, costs, assets and capital.

Describe the resilience of the bank's strategy, taking into consideration different climate-related scenarios, including a 2°C scenario

In 2021, Sparebanken Møre conducted qualitative assessments of two scenarios and their impact on various areas of the bank. The scenarios were based on the work of the Network for Greening the Financial System (NGFS), where one looks at the effects of high physical risk and assumes that temperatures rise by 2°C or more. The other scenario assumes high transitional risk due to strict regulations to prevent higher temperatures. In using these, the bank wants to look more closely at the assumed extremes in the scenarios.

The qualitative assessments are based on how resilient the bank's operations, strategy and financial planning would be in the event of the changes postulated in the scenarios. The bank has also assessed where weaknesses can be expected, and this will provide a basis for further assessments of the need for measures. The findings from the bank's analyses are provided in the table below and were updated with changes in 2022.

Scenarios	Areas	Existing measures that ensure the bank's operations, strategy and financial planning are resilient.	Potential weaknesses that could weaken the resilience of the bank's operations, strategy and financial planning.
High physical risk	Retail market	The bank has conducted analyses to identify any geographic areas that are particularly exposed to physical risk and the potential consequences for the bank's collateral. The bank provides advice on sustainable finances that includes physical risk. The bank carries out training initiatives to ensure a basic understanding of the importance of physical risk in the credit process. Read more in the chapter on 'Internal ESG expertise and sharing expertise with customers'.	The bank has not set targets for cutting greenhouse gas emissions or requirements for energy rating for its residential mortgage or car financing portfolios. The bank must further improve its expertise on the significance of physical risk in customer relationships.

Scenarios	Areas	Existing measures that ensure the bank's operations, strategy and financial planning are resilient.	Potential weaknesses that could weaken the resilience of the bank's operations, strategy and financial planning.
High physical risk	The corporate market	<p>The bank has conducted analyses to identify any geographic areas that are particularly exposed to physical risk and the potential consequences for the bank's collateral. The bank conducts ESG assessments in its credit processes where the significance of physical risk is explicitly assessed. The assessment takes place in a close dialogue with the customers. The bank's strategic goal is to continue to develop these assessments. In the first quarter of 2023, the bank will establish a loan product designed for commercial properties that will implement or have implemented energy efficiency measures. The bank carries out training initiatives to ensure a basic understanding of the importance of physical risk in the credit process. Read more in the chapter on 'Internal ESG expertise and sharing expertise with customers'.</p>	<p>Assessments of physical risk are not currently reflected in the bank's risk pricing within credit. The bank has not set a target for cutting greenhouse gas emissions in its loan portfolio.</p>
High transitional risk	Retail market	<p>The bank's current provision of green loans takes account of the transition to low emission cars and energy-efficient homes. The bank provides advice on sustainable finances that includes transitional risk.</p>	<p>The bank has not carried out analyses of transitional risk in the mortgage portfolio. The bank has not set targets for cutting greenhouse gas emissions or requirements for energy rating for its residential mortgage portfolio.</p>
High transitional risk	The corporate market	<p>The bank conducts ESG assessments in its credit processes where the significance of physical risk is explicitly assessed. The assessment takes place in a close dialogue with the customers. The bank's strategic goal is to continue to develop these assessments. In the first quarter of 2023, the bank will establish a loan product designed for commercial properties that will implement or have implemented energy efficiency measures. The bank carries out training initiatives to ensure a basic understanding of the importance of transitional risk in the credit process. Read more in the chapter on 'Internal ESG expertise and sharing expertise with customers'.</p>	<p>Assessments of transitional risk are not currently reflected in the bank's risk pricing within credit. The bank has not set a target for cutting greenhouse gas emissions in its loan portfolio. The bank has not introduced mandatory covenants on reporting greenhouse gas emissions and action plans so that customers have to cut emissions.</p>

Scenarios	Areas	Existing measures that ensure the bank's operations, strategy and financial planning are resilient.	Potential weaknesses that could weaken the resilience of the bank's operations, strategy and financial planning.
High physical risk or high transitional risk	Market risk, liquidity risk and operational risk	<p>The bank's risk strategies within these areas articulate an expectation that ESG-related risk will be included in assessments and decisions. This also includes assessments of physical risk and transitional risk.</p> <p>ESG assessments have been incorporated into relevant strategies that cover market and liquid risk. These strategies define a goal of the bank maintaining an ESG rating of less than 20 (low risk) from Sustainalytics. When selecting counterparties, ESG ratios must be mapped and, in the event of equal properties, the counterparty or investment with the best ESG rating must be selected. The bank also has a goal of ensuring that the liquidity portfolio has a weighted ESG rating of less than 20 from Sustainalytics, or an equivalent method where Sustainalytics is not available.</p> <p>The bank is talking to third parties about delivering ESG data for all investments and will seek to systemise and apply this source data for ongoing measurements, monitoring and reporting of the ESG status of the bank's overall investments.</p> <p>The bank currently issues green bonds under a green framework. Further development of this green framework and laying of the ground for sustainable customer products could strengthen the bank's access to capital and reduce the costs of market funding.</p> <p>We want to reduce our greenhouse gas emissions (CO2) by at least 25 per cent in the period 2019 to 2025.</p> <p>The bank's head office was Eco-Lighthouse certified in 2022. Local branches will be certified during the course of 2023.</p>	<p>The bank needs to further increase its comprehensive and general focus on sustainability. The bank continues to work on systematising and automating the collection and storage of climate-relevant base data to improve its insights into its own risk situation.</p>

The bank's scenario assessments have identified strengths and potential weaknesses in the bank's strategy and operations. The bank will continue its analyses in 2023 and define appropriate goals and measures based on its assessments.

Risk Management

Describe the bank's processes for identifying and assessing climate-related risks

Sparebanken Møre complies with the TCFD framework in order to comprehensively identify climate-related risk. Besides this, the bank has multiple processes for identifying and assessing climate-related risk. The bank has developed a tool for assessing ESG risk, including climate risk, in the credit process for corporate customers. In this work, relevant climate-related risk factors are identified and assessed through the project's discussions with internal and external experts.

Identifying and assessing ESG and climate risk forms part of the bank's ICAAP. Explicit ESG and climate assessments are also conducted in the bank's development of services and products. Furthermore, the bank reports on ESG risk, including climate risk, on a quarterly basis in its risk reports. We continue to work on the process of implementing ESG risk in relevant risk strategies based on the ECB guidelines for comprehensive risk management.³⁾

The bank generally includes climate risk assessments in its ESG assessments. The bank particularly focuses on climate risk in the ESG assessments in the credit process for corporate customers. In this assessment, climate risk will be weighted higher than the other ESG factors. The bank will also particularly focus on climate risk when it further develops its risk management based on the aforementioned ECB guidelines. Besides this, the bank regards climate risk as one of several risk factors in its strategic work.

The bank is subject to several new guidelines and requirements, which, among other things, will increase the requirements regarding the bank's risk management. Also see the overview in the chapter on regulatory changes. Read more in the chapter 'Stricter regulatory requirements for participants in the banking and financial services industry'.

Describe the bank's processes for managing climate-related risks

Sparebanken Møre has several processes for mitigating, adjusting, accepting or controlling climate-related risk. As mentioned, the bank conducts an ESG and

climate risk assessment at a customer level for corporate customers for new loans, which is followed up by annual reassessments. High ESG risk lending is escalated in credit decisions and requires special assessments and follow-up. The assessments were introduced in the first half of 2021 and the bank conducted them for 99 per cent of all cases/credit customer in 2022. The survey will be used as a basis for further developing its risk management.

Physical risk and transitional risk are assessed for all new loan applications. Read more in the chapter 'Responsible lending and advice for the corporate market'.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the bank's overall risk management

The bank has complied with the TCFD framework for the comprehensive identification and assessment of climate-related risk. Sustainability will be integrated into all of the bank's relevant risk strategy areas. Climate risk is on the sustainability committee's agenda, which ensures the comprehensive management of this risk in the various areas in the bank. From 2023, we will also have a dedicated sustainability manager in the Risk Management and Compliance Section, who will help ensure there is an increased focus and sustainability expertise in relevant disciplines and departments.

Metrics and targets

Disclose the metrics used by the bank to assess climate-related risks and opportunities in line with its strategy and risk management process

Corporate customers

The bank measures climate-related risks and opportunities through its ESG assessments and climate risk analyses in the credit process for corporate customers. Advisers assess each customer individually. The assessments cover physical risk and transitional risk

³⁾<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.en.pdf>

linked to the customer's debt servicing capacity, collateral and projects.

A score is calculated based on the assessments and the customer is assigned a risk class. The assessments are updated when new credit cases are created. The assessment of the individual risk factors, overall score and risk class are stored in databases and used as a basis for portfolio assessments. The bank monitors developments in ESG risk in the corporate portfolio and will work out specific goals and management parameters in the future.

Retail customers

Sparebanken Møre offers green mortgages and car loans, and regularly monitors sales volumes. At present, no specific targets have been set for the proportion of green mortgages and car loans. Read more in the chapter 'Responsible lending and advice for the retail market'.

In 2022, we calculated CO₂ emissions in the mortgage portfolio (ref. section 'Greenhouse gas emissions – retail market' in the TCFD report), which provides a baseline for measuring changes in the future.

Our operations

The bank measures our own greenhouse gas emissions in line with the GHG Protocol. The bank has been implementing these measures since 2019, and the figure for 2022 shows an increase in tCO₂e of 28 per cent compared with the previous year, mainly due to increased travel activity. However, compared with the baseline year of 2019, the decrease was 42 per cent. The bank's head office was Eco-Lighthouse certified in 2022. Local branches will be certified during the course of 2023.

The bank reports our own greenhouse gas emissions (GHG emissions). The analysis is based on the international standard developed by the Greenhouse Gas Protocol Initiative. The calculation was performed by CE-MA Sys. Read more in the chapter 'Energy and Climate Report 2022'.

Scope 3 – indirect emissions

Sparebanken Møre has measured and reported its greenhouse gas emissions in line with the GHG Protocol since 2019. This mainly applies to emissions in accordance with Scope 1 + 2 and upstream Scope 3

emissions from purchased goods and services. For banks, indirect emissions will mainly come from the loan portfolio (downstream Scope 3) and will account for the majority of the total emissions to the industry, where the estimate is between 95-99 per cent.

Sparebanken Møre follows the principles for reporting Scope 3 emissions based on available data and data quality, although it recognises that this is an area where it is still difficult to collect reliable and consistent data. In 2023, Finance Norway will issue an industry standard CO₂ for measuring in the lending and investment portfolio. This will provide the bank with guidelines for how measurements should be carried out, as well as help banks set relevant targets for reducing their climate footprint in the period up to 2050. The bank will continue to work on improving data quality and methods for calculating emissions, with a particular focus on Scope 3 emissions.

Reporting on Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, and the related risks.

Greenhouse gas emissions – retail market

Loans to retail customers account for almost 70 per cent of the bank's loan portfolio, where most of the loans are secured by mortgaged properties. Multiconsult helped the bank calculate emissions for its residential mortgage portfolio.

Holiday homes and properties registered as additional mortgages are excluded from the analysis since no historical energy requirements are associated with this type of home.

For details about how the climate footprint of the residential mortgage portfolio is calculated, please see the report produced by Multiconsult.⁴⁾

The buildings in the bank's mortgage portfolio consume 938 GWh of energy each year. Adjusted for the proportion of the total value of the homes funded by the bank, this represents an energy demand for the portfolio of 505 GWh.

Total emissions in the mortgage portfolio are estimated in the table

4) <https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/>

Scenario	CO ₂ -factor	Annual emissions in tCO ₂ e for the mortgage portfolio	tCO ₂ e per NOK million of lending
European Energy Mix	250 g/kWh	97,840 tCO ₂ e	1.95
Norwegian Energy Mix	10 g/kWh	7,625 tCO ₂ e	0.15

Table: Emissions in tCO₂e from the mortgage portfolio (adjusted for the proportion of the last known value of the homes funded by the bank).

Measuring the climate footprint of the mortgage portfolio is the first step towards achieving an ambition over time of reducing the climate footprint from the homes we finance. Emissions figures can in turn be used as a basis for setting targets for the mortgage portfolio in relation to, for example, the proportion of homes with energy classes A or B.

The EU wants all buildings, including homes, to be net zero by the end of 2050. New EU rules could require Norwegian homeowners to carry out major energy upgrades on their homes.⁵⁾ This will in turn result in a focus on the energy class of homes, where both homeowners and the banks that finance them will have an

incentive to improve these.

Greenhouse gas emissions – corporate market

This year, the bank also measured emissions in the corporate portfolio using carbon-related credit exposure in

Carbon-related credit exposure

in relation to Statistics Norway's equivalents. The results of these measurements are shown in the table below.

Industry	Total lending to industry in Norway (NOK millions)	Total emissions to air (tCO ₂ e thousands)	Emission intensity: tCO ₂ e per NOK million of lending	Sparebanken Møre's Corporate portfolio – share of total lending in Norway	Sparebanken Møre's Corporate portfolio - calculated emissions (tCO ₂ e thousands)
Agriculture and forestry	65 245	5054	77.46	1.01 %	51.28
Aquaculture and fishing	94 348	929	9.85	5.02 %	46.60
Mining and extraction	12 930	13 822	1 068.99	0.02 %	2.14
Manufacturing*	103 394	7 323	70.83	1.96 %	143.49
Electricity, gas, steam and hot water supply	60 212	1 719	28.55	1.69 %	29.01
Water supply, sewerage and waste management	7 033	1 301	184.99	0.58 %	7.58
Building and construction**	211 652	2 170	10.25	0.55 %	12.03
Wholesale and retail trade, repair of motor vehicles	93 878	1 096	11.67	1.02 %	11.13
Ocean transport and transport via pipelines	56 530	15 060	266.41	1.90 %	286.65
Other transport and storage	60 646	5 193	85.63	3.42 %	177.68
Accommodation and food service activities	21 554	102	4.73	1.66 %	1.69
Real estate activities	77 5672	91	0.12	1.15 %	1.05
Other service activities	48 519	354	7.30	0.30 %	1.05

Table 1 Carbon-related credit exposure by industry. Source: Statistics Norway table 08116, table 09288

* The oil refining, chemical and pharmaceutical industry is not included since the bank has no lending to this industry.

** Construction project development and other building and construction activities are grouped into a single category.

5) <https://www.huseierne.no/nyheter/nye-krav-om-energieffektivisering-av-boliger---desember-2022/>

Methods: The calculations are based on Sparebanken Møre's share of the total lending by Norwegian banks and financial institutions to different industries. These calculations show that the bank is most exposed to climate emissions from the industries 'Manufacturing', 'Ocean transport and transport via pipelines' and 'Other transport and storage'. The calculated greenhouse gas emissions from these industries account for around 79 per cent of the total emissions in Sparebanken Møre's corporate portfolio. The bank's lending to these industries accounts for around 20 per cent of the bank's total lending to corporate customers (22 per cent year before). Total estimated emissions are 771,380 tCO₂e, a decrease of 5 per cent compared with the corresponding calculation last year.

Limitations of the method: The model is based on calculated total emissions for a given composition of a number of underlying industries within an industry class. The bank may be either underrepresented or overrepresented in some underlying categories of industries. The model does not take account of such variations. Nor does the model take account of any regional differences in emission intensity in the industry in general or individual differences between companies in an industry. The equivalents used express an average for the whole of Norway and may differ from average emission intensities in the bank's region. The method and data used are also encumbered with some uncertainty since the correlation between lending and greenhouse gas emissions can vary. If loans are used for specific emission reducing measures, the model does not take account of this. The model uses the total activities in the industry in its calculations. Therefore, the method makes it difficult to compare banks' actual carbon exposure. The model only provides an estimate of Sparebanken Møre's carbon-related credit exposure. The bank will continue to work on improving data quality and calculation methods.

Describe the targets used by the bank to manage climate-related risks and opportunities and performance against targets

The bank plans to develop key target figures to strengthen its management of climate-related risks and opportunities in line with Finance Norway's guidance on KPI during 2023. At the end of 2022, the status of the area was as follows:

- The bank's own emissions have been reduced by 42 per cent compared with 2019 (target: 25 per cent reduction in the period 2019-2025). Sparebanken Møre will purchase climate allowances in 2023 in order to become climate neutral in line with the UN Climate Neutral Now initiative.
- Of all the corporate exposures for which ESG analyses should be conducted, goal attainment as at 1.12.2022 was 99 per cent.
- An EUR 250 million green bond was issued in 2022.
- The bank is planning to define the proportion of the loan portfolio that is in line with the EU's taxonomy for sustainable activities in 2023. The plan was to carry out this work in 2022, but it has been postponed until 2023 due to the delayed implementation of the Taxonomy in the EEA. A further analysis of the bank's loan portfolio will also be conducted in relation to transitional risk and physical risk.

Reporting in line with the duty of action and disclosure

Part 1: Gender equality status

We work for equality and against discrimination on the basis of gender, pregnancy, maternity or adoption leave, care duties, ethnicity, religion, beliefs, disability, sexual orientation, gender identity and gender expression, and combinations of these factors.

Of the total 385 employees in the bank at the end of 2022, 218 were women (56.6 per cent) and 167 were men (43.4 per cent). The table below shows the gender ratio per position level, stated as percentages:

Gender ratios per position level	Women	Men
Level 1	0.0 %	100.0 %
Level 2	12.5 %	87.5 %
Level 3	46.7 %	53.3 %
Level 4	47.7 %	52.3 %
Level 5	69.9 %	30.1 %
Level 6	53.8 %	46.2 %
Percentage on the bank's Board of Directors	50.0 %	50.0 %

The position levels are based on the divisions used in the corporate agreement between the employer and the bank's employee representatives.

The table below shows women's pay as a percentage of men's pay in a 100 per cent position at different position level

	Fixed salary	Cash benefits	Benefits in kind
Level 1	NA	NA	NA
Level 2	99.3 %	105.4 %	136.1 %
Level 3	101.8 %	98.4 %	91.7 %
Level 4	90.7 %	89.7 %	105.2 %
Level 5	91.0 %	90.6 %	99.8 %
Level 6	88.5 %	87.5 %	73.6 %
Total	84.6 %	82.3 %	91.1 %

Cash benefits include bonus payments, car schemes, equity certificate benefits and one-off supplements. Benefits in kind include personal insurance, mobile phones, free newspapers/magazines and staff interest rates on loans.

The table below shows sickness absence certified by a doctor and the use of parental leave in per cent.

	Sick leave (%)	Parental leave (%)
Menn	1.24 %	1.67 %
Women	3.61 %	2.11 %
Total	2.59 %	1.92 %

The table below shows recruitment by contract type for the parent bank and Møremegling.

	Permanent full-time employee		Temporary employees		Permanent part-time employee		Total permanent employees	
	Women	Men	Women	Men	Women	Men	Women	Men
Parent bank	195	165	23	2	218	167	2	2
Møremegling	5	11	2	0	7	11	0	2

Permanent employees include any on leave and sick leave.

Involuntary part-time work was surveyed in 2020 and in 2022 by sending emails to everyone working in

part-time positions. None of the respondents stated that they work part-time involuntarily.

Part 2: Our work for equality and against discrimination

Principles, procedures and standards for equality and against discrimination

Sparebanken Møre has in its own guidelines committed itself to ensuring that the organisation operates in accordance with the applicable rules and legislation relating to equality, diversity and anti-discrimination at all times. These guidelines also set out how the bank will be a driving force for equality, diversity and anti-discrimination within its own operations, as well as in respect of customers, suppliers and other partners.

In addition to the 'Guidelines for equality, diversity and anti-discrimination', employees' terms and conditions are regulated by the main agreement between Finance Norway and the Finance Sector Union of Norway, the corporate agreement between management and employee representatives, the personnel handbook, the 'Guidelines for the remuneration scheme in Sparebanken Møre', the 'Guidelines for the remuneration scheme for executive persons in Sparebanken Møre', the 'Instructions for the Recruitment Committee', the 'Code of Conduct and CSR Policy' and the annual 'Sustainability Strategy'.

Our approach to ensuring equality and preventing discrimination in practice

In practice, measures designed to ensure equality and prevent discrimination are followed up by the HR Department, in cooperation with the bank's employee representatives. Among other things, a mapping tool developed by the Equality and Discrimination Ombudsman is used to survey the risk of discrimination and barriers to equality within recruitment, pay and working conditions, promotion, development opportunities, adaptations or the possibility of combining work and family life. The HR Department analyses the findings, assesses the causes of the identified risks and decides on measures in cooperation with employee representatives. Significant changes to rights that affect employees must be approved by the executive management group and employee representatives, and possibly be approved by the bank's Board.

Sparebanken Møre also has a number of internal committees that in practice help to ensure equality and prevent discrimination in relation to the bank's employees. The remuneration committee is elected by and from among the Board's members and is intended to contribute to thorough and independent consideration of matters relating to the remuneration of personnel. A Recruitment Committee has been established in line with the main agreement between Finance Nor-

way and the Finance Sector Union of Norway and deals with pay and working conditions upon recruitment and assesses employees' pay conditions on an annual basis. Both of the above committees must take account of gender equality, diversity and non-discrimination in relation to pay and working conditions.

Sparebanken Møre also has a working environment committee, which is responsible for ensuring that the bank's working environment provides the conditions for healthy and meaningful work for employees, for adaptations in the employment relationship based on the individual employee's circumstances and life situation, as well as ensuring safe employment conditions and equal treatment in the workplace.

Below are some measures that have been integrated into day-to-day operations, measures that were implemented in 2022 as a result of an actual situation and risk surveys, as well as a few measures planned for 2023.

Working environment

Annual working environment surveys are conducted. These survey the working environment, commitment, management, communication and risk culture. They also include specific questions focusing on bullying and harassment. The working environment survey from 2022 shows an increase in both employee satisfaction and loyalty compared with 2021. Since last year's survey, restrictions on in-person meetings and gatherings have been lifted and several in-person employee and management development meetings have been arranged, specific career pages have been established on the bank's intranet, and a comprehensive action plan has been implemented based on feedback from last year's working environment survey. The question asking whether 'my opinions are listened to' was one of the ones where the score improved the most in this year's working environment survey. The survey shows that there is still potential for improvement in relation to, for example, the physical working environment, pay and teamwork across the organisation, and appropriate measures have been initiated that will be implemented in 2023.

Recruitment

Sparebanken Møre has designed and employs a recruitment process based on a DNV certified model. The HR Department is in the driver's seat in all recruitment processes, although others involved are briefed on topics such as prohibited questions and implicit bias. They are also informed that all interview candidates should be asked the same questions, which should ensure the fairest and most objective assessment possible of candidates.

Highlighting the fact that the bank wishes to be a diverse organisation, including through the use of an inviting and inclusive tone, has been a priority in all job adverts. We emphasise that we are looking for employees with different backgrounds, experience, qualities and perspectives, and that we believe this results in better solutions for our customers. Both male and female contact people are listed on the bank's career pages as standard, and we have made deliberate use of the media in an attempt to reach out to more groups of applicants.

In 2022, the bank increased its participation in recruitment arenas and events with the aim of reaching out to a wider range of candidates. We have been active in social media, sharing both job opportunities and stories that underscore the good, inclusive working environment in the bank. Presentations have been given to the bank's managers on the potential inherent in more diverse recruitment. There was a record number of recruitment processes in 2022 and the new employees' backgrounds are viewed as more varied than before. For the past 2 years, we have been working to implement the principle that each level of the organisation should have at least 40 per cent representation of each gender, which is gradually leading to a more even gender balance at most levels. Therefore, the implemented measures related to more diverse recruitment, as well as the principle of 40 per cent of each gender at each level, will be continued in 2023.

Pay and working conditions

Remuneration in Sparebanken Møre should contribute to the Group achieving its targets and should encourage appropriate conduct.

Furthermore, the levels of remuneration should act as a means of good management and control in relation to the Group's risk, should discourage unwanted risk-taking and should contribute to the avoidance of conflicts of interest.

The pay of Sparebanken Møre's employees is determined by individual agreements, collective bargaining (collective agreements) or administrative decisions.

The components that can be included in remuneration in Sparebanken Møre are fixed salary, variable one-off supplements based on delivery and performance, bonuses, pension schemes, personnel insurance, including health insurance, staff discounted loans and other common benefits.

Employees who are on parental leave for a minimum of 5 months have a collective agreement-stipulated right to a pay rise of at least one level upon returning. The

purpose of this provision is to ensure that employees who are on parental leave for a long time do not get left behind as far as pay is concerned, and to motivate people to take longer periods of leave. In 2022, Sparebanken Møre changed the criteria for paying bonuses such that, for example, all absence due to pregnancy, childbirth and breastfeeding, including statutory parental leave, absence pursuant to the Working Environment Act in connection with prenatal care, pregnancy leave, care leave after childbirth, maternity leave and breastfeeding leave, are included in the basis for bonuses.

The bank's annual pay review process is intended to minimise the pay gap between women and men. In the last few years, dedicated funds have been set aside for equalising larger pay differences in pay negotiations, a measure that will be continued in 2023. A major project was also initiated using external suppliers in order to benchmark pay to ensure internal fairness and external competitiveness.

Promotion and development opportunities

Sparebanken Møre is dependent on our employees developing their skills to meet the needs of the future. At least one annual employee interview is held in which skills and development are part of the standard interview script. The working environment survey showed that 93 per cent of those surveyed had employee performance and development interviews in 2022.

In principle, all positions are advertised internally in addition to any external adverts. An internal career portal has also been established in which employees have an opportunity to present their career wishes. Sparebanken Møre has its own skills department that arranged a number of courses and training measures in 2022 for the bank's employees within our priority skills areas: disciplines and authorisations, digital skills, personal qualities, networking, cooperation and frameworks. All employees can also apply for support for further education.

The bank's remuneration committee conducts annual reviews of substitutes and potential successors for executive persons. The principle is that lists of successors and substitutes for executive persons must include at least 40 per cent of each gender. Despite the aforementioned measures, the distribution with regard to gender and level in the organisation remains skewed, with a larger proportion of men at the senior levels. Therefore, new initiatives will be considered in 2023 with the aim of improving the gender balance at senior levels of the organisation as well.

Facilitation and balancing work and family life

Sparebanken Møre is working to be an inclusive work-

place for employees in all age groups and phases of life. The bank has signed up to the Inclusive Working Life (IW) scheme and as an IW enterprise, the goal is to continuously work to improve the working environment, prevent and reduce absence due to illness and prevent exclusion and dropout from the labour market. Workstations and duties must be adapted when health or other causes dictate it.

Sparebanken Møre has an agreement with the occupational health service, which includes, among other things, medical check-ups, access to the occupational medical clinic and follow-up of/adaptations for employees who are on sick leave, or who are at risk of ending up on sick leave. The occupational health services provider reports any proposed improvements with respect to the working situation/ergonomics every year.

As a supplement to the occupational health service, employees have access to psychological assistance and health/treatment insurance. Other benefits include own corporate sports teams, support scheme for gym subscriptions, personal insurance, flexitime options and company holiday cabins/apartments that employees with families can use.

In 2021, a trial working from home scheme was introduced that allowed people to work from home for up to 1 day per week. An evaluation form was sent out at the end of the trial period and the feedback from the organisation was generally very positive. In consul-

tation with employee representatives, working from home was introduced as a permanent scheme in 2022.

A new survey on working from home is planned for 2023. A survey of the head office will also be carried out to look at whether the workplace is adequately adapted for wheelchair users and people with visual impairments.

Whistleblowing

Sparebanken Møre aims to facilitate an open culture of free speech. A good climate for free speech is important for the working environment, the well-being of individuals and in achieving the best possible operations. It is important that illegal and unacceptable situations, as well as other adverse situations, are uncovered and followed up on as early as possible. Sparebanken Møre focuses on making employees feel confident that addressing adverse situations is a natural element of an individual's responsibilities in the workplace.

Sparebanken Møre's whistleblowing procedures are designed to facilitate secure and proper whistleblowing. In addition to internal whistleblowing recipients, an external report reception function has been established via an agreement with a law firm. All whistleblowing cases can also be discussed with the bank's occupational health service. The whistleblowing procedures are available to employees via the intranet and all employees receive regular training in the whistleblowing procedures via e-learning courses.



Transparency Act

The Transparency Act is the short name for the 'Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions'. The Act was passed by the Storting in June 2021 and entered into force on 01.07.2022. It contains three main duties:

- **To carry out due diligence** in accordance with the OECD Guidelines for Multinational Enterprises. This involves surveying the actual and potential risk of having negative impacts on human rights and decent working conditions in one's operations and in supply chains or at business partners
- **To publish an account** of due diligence
- **A duty to disclose** that allows anyone to request information regarding how the enterprise addresses actual and potential negative impacts.

Sparebanken Møre is an alliance-free, independent savings bank and free to choose the partners it wants. The Group's products and services shall, in total, be competitive, sustainable and contribute to the Group's profitability. This gives it the flexibility to choose to operate and develop services for itself, or together with partners where this is considered to be the most appropriate. Today, Sparebanken Møre has around 150 partners and suppliers, large and small.

The bank's approach to the Transparency Act

Embed accountability in policies and management systems

The plan for the work on the Transparency Act was endorsed and adopted by the bank's executive management group and the Board of Directors in June 2022. During the year, we worked on identifying any need to amend and adjust governing documents in the bank to ensure:

- That risks related to human rights and decent working conditions are managed
- Responsibility for managing risk is allocated to someone
- Responsibility for conducting due diligence and publishing reports in accordance with the Transparency Act is allocated to someone

The bank has already established a management system that addresses or will be expanded to comply with the requirements of the Transparency Act:

- Management system for ICT with procedures for monitoring suppliers
- Criteria for selecting and assessing partners (partner strategy)
- Code of Conduct and CSR Policy
- Guidelines for equality, diversity and anti-discrimination

In connection with this work, we have also established 'Guidelines for sustainability in the supply chain' and 'Procedure for the right to information – The Transparency Act'.

Carrying out the due diligence process

The bank has started conducting risk assessments aimed at: identifying any risk of breaches of decent working conditions and human rights in our operations and with respect to partners and suppliers.

We prioritised starting with partners and suppliers based on an overall assessment of where the risk is highest.

With regard to its own activities, the bank is subject to the activity and reporting duties, and we have concluded that there are no new risks beyond what has been reported in line with these activity and reporting duties. Therefore, please refer to the reporting on activity and reporting duties appended to the sustainability report for more information related to our activities.

The bank's partners and suppliers have been divided into different categories based on type of delivery. The six categories are:

- Product
- System and Services
- Own funds and external capital
- Competence and network partners
- Property and maintenance
- Marketing materials and consumables

First, an overall assessment was carried out at the category level to determine where the risk was highest. We then considered factors including industry, type of service/delivery/product, geography and type of business. Based on the overall risk assessment, we ranked the various categories by priority and conducted assessments of individual suppliers.

Findings

In the opinion of the bank, the risk among our suppliers and partners is generally low. They largely operate in a transparent and regulated labour market in Norway. To the extent that they use subcontractors that operate in other labour markets, we found that suppliers have clear guidelines for protecting human rights and decent working conditions.

Some suppliers have been assessed as presenting a certain degree of risk with respect to having a negative impact on human rights and decent working conditions. However, it is worth mentioning that in these cases this is usually due to a lack of available information on guidelines, policies and other governing documents that describe the supplier’s approach to human rights and decent working conditions.

Due diligence going forward

We will collect additional information from suppliers who have not published sufficient documentation. If a supplier is unable to respond satisfactorily, we have to initiate a dialogue with them, ensure that the necessary measures are implemented and monitor their implementation and results.

Once we have completed work on the highest priority supplier categories, we will move on to the next category.

The findings and implemented measures will be documented and published in a statement by the deadline of 30.06.2023.

Expertise

The bank arranged an e-learning course on the Transparency Act via Spama. The course was made available to and taken by advisers in the Corporate Banking Division, all members of the bank’s sustainability committee, everyone with responsibility for suppliers and everyone in the Credit Department.

The bank will also provide the necessary training on the new and amended policies and procedures.

Right to information

The right to information has applied since the Act entered into force on 01.07.2022. This means that the bank must be able to accept written requests for information, allocate resources to process requests, and respond to requests within the 3-week time limit. The ‘Procedure for the right to information – The Transparency Act’ was drawn up in connection with this.

The bank enables everyone who wants to to contact us via forms on our website. The Compliance Department receives and coordinates enquiries with relevant professional environments in the bank and ensures a response is provided within the time limit.

All of the bank’s employees have been informed about the new procedure and where any enquiries should be made.

Publish statement

An important part of the Transparency Act’s main duties is to publish a statement of the due diligence. According to the Act, this statement must at least include:

- a general description of the enterprise’s structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions
- information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence
- information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures

The account must be publicly available on the [bank’s website in the sustainability library](#) by the deadline specified in the Act.

Attachments/index

- [214](#) GRI-index
- [221](#) TCFD index
- [222](#) PRB Self Assessment 2022
- [235](#) Energy & Climate Report 2022

GRI-index

The Global Reporting Initiative (GRI) is the leading standard for sustainability reporting. The GRI guidelines consist of principles, guidance and performance indicators that can be used by companies to measure

and report on financial, environmental and social conditions. Sparebanken Møre has reported in line with the GRI Standard since 2020. More information about GRI can be found on [globalreporting.org](https://www.globalreporting.org)

General information

GRI-indicator	Description	Sustainable development Goal (SDG)	Sparebanken Møre – reporting 2022	Comments/direct reporting
1. The organisation and its reporting practices				
2-1	Organisational details		Sparebanken Møre. The head office is in Kipervikgata 6, Ålesund. The bank only operates in Norway. Annual report: Organisation and management structure. Implementation and reporting on corporate governance. Note 1 'General information'.	
2-2	Entities included in the organisation's sustainability reporting		Annual Report – Report and results – 'Board of Directors' Report' and the section 'Nature of the business' Annual report: 'Implementation and reporting on corporate governance', Note 1 'General information' and Note 29 'Subsidiaries'.	
2-3	Reporting period, frequency and contact point		2022, annually. Publication date 30.03.2023. Contact person: cecilie.myrstad@sbm.no	
2-4	Restatements of information		No changes.	
2-5	External assurance		Verified by KPMG, the bank's external auditor. See the auditor's report and independent certification statement on the sustainability report for 2022.	
2. Activities and workers				
2-6	Activities, value chain and other business relationships		Annual Report – Operations, including 'Implementation and reporting on corporate governance'. Note 4 and Note 5. Annual Report – Report and results – 'Board of Directors' Report' and the sections 'Nature of the business', 'Strategy and goals' and 'Business model'. Furthermore, there were no material changes to the company's activities, products, services and supply chain during the reporting period.	

GRI-indicator	Description	Sustainable development Goal (SDG)	Sparebanken Møre – reporting 2022	Comments/direct reporting
2-7	Employees	SDG 5, 8, 10	Annual report – Sustainability and corporate social responsibility – ‘Reporting in line with the duty of action and disclosure’, and Note 18. ‘Pay’.	The number of employees (headcount) is reported under the activity and reporting duties. FTEs are reported under Note 18 Pay. Reporting as at 31.12.2022. No material changes during the reporting period. All of the bank’s employees as at 31.12.2022 are based in Møre og Romsdal.
2-8	Workers who are not employees	SDG 5, 8, 10	Annual report – Sustainability and corporate social responsibility – ‘Reporting in line with the duty of action and disclosure’.	The Group has a few workers who are not employees, including five interns from NTNU (headcount). No material changes in the reporting period. The bank uses several subcontractors who perform different types of work for the bank. The bank does not maintain a reporting overview of how many workers this currently entails.
3. Governance				
2-9	Governance structure and composition		Annual Report, ‘Organisation and management structure’, ‘Corporate governance report’ Annual Report – Sustainability and corporate social responsibility – ‘Organisation of the work’. Annual Report – Report and results – ‘Board of Directors’ Report’ and section ‘Strategy and goals’. Code of Conduct, CSR Policy and guidelines for conflicts of interest: https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/	
2-10	Nomination and selection of the highest governance body		Annual Report – ‘Corporate governance report’ – chapters 7 and 8.	
2-11	Chair of the highest governance body		Annual Report – Operations – ‘The Board of Directors’.	
2-12	Role of the highest governance body in overseeing the management of impacts		Annual Report – Operations – ‘Corporate governance report’, including chapter 2 ‘Operations’.	
2-13	Delegation of responsibility for managing impacts		Annual Report – Operations – ‘Corporate governance report’ Annual Report – Sustainability and corporate social responsibility – ‘A driving force for sustainable development’, and ‘Strategic targets’	The bank’s work on sustainability was organised by the Board of Directors. As at 01.02.2023, the bank has established a separate Sustainability Department organised under the Risk Management and Compliance Section.

GRI-indicator	Description	Sustainable development Goal (SDG)	Sparebanken Møre – reporting 2022	Comments/direct reporting
2-14	Role of the highest governance body in sustainability reporting		Annual Report – Report and results – ‘Board of Directors’ Report’	The Board of Directors approves the sustainability report together with other annual financial reporting. Overall Annual Report.
2-15	Conflicts of interest		Code of Conduct, CSR Policy and guidelines for conflicts of interest: https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/	
2-16	Communication of critical concerns		Annual Report – Sustainability and corporate social responsibility – ‘Reporting in line with the duty of action and disclosure’. The bank’s procedures for whistleblowing and processing complaints have been posted on the bank’s website: , https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/	The bank’s Board of Directors is informed of all complaints via quarterly reporting from Compliance, regardless of whether they are critical or not. There was no need to report whistleblowing or critical concerns during the reporting period.
2-17	Collective knowledge of the highest governance body		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’, ‘ESG expertise and sharing expertise with customers’, ‘Climate risk (TCFD)’, ‘Corporate governance report’ and ‘The Board’s oversight of climate-related risks and opportunities’. Annual Report – Operations – ‘The Board of Directors’. Annual Report – Operations – ‘Implementation and reporting on corporate governance’ – chapter 8 and reference to suitability assessment of board members.	96.5 per cent of employees are covered by collective bargaining agreements
2-18	Evaluation of the performance of the highest governance body		Annual Report – Operations – ‘Corporate governance report’, chapter 9 ‘The work of the Board’	Evaluated annually. Results are presented to the Nomination Committee.
2-19	Remuneration policies		Annual Report – Operations – ‘Corporate governance report’, chapter 7, 11 and 12. ‘Guidelines for the remuneration scheme in Sparebanken Møre’ ‘Report on salary and other remuneration of executive persons in 2022’	Report on salary and other remuneration of executive persons is approved every year. Guidelines and the report for 2022 has been posted on the bank’s website: https://www.sbm.no/investor-relations/ars--og-delarsrapporter/2022-ars-og-delarsrapporter/
2-20	Process to determine remuneration		Is decided by the general meeting. Annual Report – Operations – ‘Corporate governance report’, chapter 9, 11 and 12. ‘Guidelines for the remuneration scheme in Sparebanken Møre’ ‘Report on salary and other remuneration of executive persons in 2022’	Guidelines and the report are available from the bank’s website: https://www.sbm.no/investor-relations/ars--og-delarsrapporter/2022-ars-og-delarsrapporter/
2-21	Annual total compensation ratio			The bank does not currently report this.

GRI-indicator	Description	Sustainable development Goal (SDG)	Sparebanken Møre – reporting 2022	Comments/direct reporting
4. Strategiutforming og -utførelse				
2-22	Statement on sustainable development strategy		<p>Å Annual Report - Leader</p> <p>Annual Report – Board of Directors’ Report</p> <p>Annual Report – Sustainability and corporate social responsibility – ‘A driving force for sustainable development’, ‘Materiality analysis’, ‘Material topics’, and ‘The bank’s management of the Transparency Act’.</p> <p>Code of Conduct, CSR Policy and Sustainability Strategy. These are publicly available on the bank’s website: https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/</p>	
2-23	Policy commitments	SDG 8 and 16	<p>Annual Report – Corporate governance report, especially chapter 10 ‘Risk management and internal control’.</p> <p>Annual report – Sustainability and corporate social responsibility – ‘A driving force for sustainable development’, ‘Materiality analysis’, ‘Material topics’ and ‘The bank’s management of the Transparency Act’.</p> <p>Code of Conduct, CSR Policy and Sustainability Strategy. These are publicly available on the bank’s website together with several guidelines that are available in the bank’s sustainability library: https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/</p>	
2-24	Embedding policy commitments		<p>Annual Report – Corporate governance report, especially chapter 10 ‘Risk management and internal control’.</p> <p>Annual report – Sustainability and corporate social responsibility – ‘Material topics’, ‘Impact on business development’, ‘Supporter of the local community’, and ‘Transparency Act’.</p> <p>Annual report – Sustainability and corporate social responsibility – ‘Stakeholder engagement’.</p> <p>The bank’s sustainability profile and sustainability strategy: https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/</p>	
2-25	Processes to remediate negative impacts		<p>Annual report – Sustainability and corporate social responsibility – ‘Stakeholder engagement’, ‘Materiality analysis’ and ‘Material topics’.</p> <p>A complaints procedure is accessible via the bank’s website. Every complaint is dealt with as it is received. The bank assesses the need to improve individual processes at least once a year, based on complaints received.</p>	

GRI-indicator	Description	Sustainable development Goal (SDG)	Sparebanken Møre – reporting 2022	Comments/direct reporting
2-26	Mechanisms for seeking advice and raising concerns		Annual report – Sustainability and corporate social responsibility – ‘Reporting in line with the duty of action and disclosure’. See the bank’s ‘Code of Conduct and CSR Policy’ and procedures for whistleblowing, which are available in the bank’s sustainability library: https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/	
2-27	Compliance with laws and regulations	SDG 13.3, 16.6	Annual Report, Board of Directors’ Report, Compliance risk’ Annual Report, Corporate governance report, section 10, ‘Risk management and internal control’.	The bank constantly strives to ensure compliance with laws and regulations.
2-28	Membership associations		Finance Norway. Annual Report – Sustainability and corporate social responsibility – ‘Our commitments’.	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	SDG 17	Annual report – Sustainability and corporate social responsibility – ‘Stakeholder engagement’.	
2-30	Collective bargaining agreements	SDG 8	100 per cent of employees are covered by collective bargaining agreements.	
GRI 3				
3-1	Process to determine material topics		Annual report – Sustainability and corporate social responsibility – ‘Materiality analysis’ and ‘Material topics’	
3-2	List of material topics			
3-3	Management of material topics			

Specific disclosures

GRI-indicator	Description	Sustainable development Goal (SDG)	Sparebanken Møre – reporting 2022	Comments/direct reporting
FINANCE AND GOVERNANCE				
Responsible lending and advice				
3-3	Management of material topics	SDG 8, 9, 12, 13, 14 and 17	Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Responsible lending and advice’	
FS7	The monetary value of products and services designed to deliver a specific social benefit for each business line by purpose.		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Responsible lending and advice’	
FS8	The monetary value of products and services designed to deliver a specific social benefit for each business line by purpose.		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Responsible lending and advice’	
Impact on business development (indirect financial impact)				
3-3	Management of material topics	SDG 8, 9, 13, 17	Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Impact on business development’	
203-1	Infrastructure investments and services supported		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Impact on business development’	
203-2	Significant indirect economic impacts		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Impact on business development’	
ENVIRONMENT				
Greenhouse gas emissions				
3-3	Management of material topics	SDG 12, 13, 14, 17	Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Greenhouse gas emissions’	
305-1	Direct (Scope 1) GHG emissions		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘Greenhouse gas emissions’ - Appendix ‘Energy and Climate Report’.	Emissions shown in the climate report and Scope 3 only include the bank’s own emissions.
305-2	Energy indirect (Scope 2) GHG emissions			
305-3	Other indirect (Scope 3) GHG emissions			
305-4	GHG emissions intensity		Annual Report – Sustainability and corporate social responsibility – ‘Climate risk (TCFD)’	
305-5	Reduction of GHG emissions			
305-6	Emissions of ozone-depleting substances (ODS)		Not significant.	Not specifically measured. The banking industry is not considered to have significant

GRI-indicator	Description	Sustainable development Goal (SDG)	Sparebanken Møre – reporting 2022	Comments/ direct reporting
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		Not significant.	Not specifically measured. The banking industry is not considered to have significant
SOCIETY				
Supporter of the local community				
3-3	Management of material topics	SDG 3, 4, 5, 6, 9, 11, 13, 14, 17	Annual Report – Sustainability and corporate social responsibility - ‘Material topics’ – ‘Supporter of the local community’	
413-1	Operations with local community engagement, impact assessments, and development programmes		Annual Report – Sustainability and corporate social responsibility - ‘Material topics’ – ‘Supporter of the local community’	
413-2	Operations with significant actual and potential negative impacts on local communities		Annual Report – Sustainability and corporate social responsibility - ‘Material topics’ – ‘Supporter of the local community’	
ESG expertise and sharing expertise with customers				
3-3	Management of material topics	SDG 4, 11, 12, 13, 14, 17	Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘ESG expertise and sharing expertise with customers’	
404-1	Average hours of training per year per employee		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘ESG expertise and sharing expertise with customers’	
SBM-N1	Description of measures/ training initiatives that have been implemented for all employees, specifically for retail market advisers and corporate advisers, customers, and for the executive management group and the Board.		Annual Report – Sustainability and corporate social responsibility – ‘Material topics’ and ‘ESG expertise and sharing expertise with customers’	

TCFD index 2022

This index shows where in the report you will find responses to the recommendations in the TCFD framework.

Area	Description	Cross reference to where the information is available in the report
Governance		
a)	Describe the board's oversight of climate-related risks and opportunities.	TCFD report – Governance section, part 1
b)	Describe management's role in assessing and managing climate-related risks and opportunities.	TCFD report – Governance section, part 2
Strategy		
a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	TCFD report – Strategy, section part 1
b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	TCFD report – Strategy section, part 2
c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario.	TCFD report – Strategy section, part 3
Risk Management		
a)	Describe the organisation's processes for identifying and assessing climate-related risks.	TCFD report – Risk management section, part 1
b)	Describe the organisation's processes for managing climate-related risks.	TCFD report – Risk management section, part 2
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	TCFD report – Risk management section, part 3
Metrics and targets		
a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	TCFD report – Metrics and targets section, part 1
b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	TCFD report – metrics and targets section, part 2
c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	TCFD report – metrics and targets section, part 3

PRB reporting and self assessment for Sparebanken Møre 2022

The table sets out the reporting and self-assessment requirements for signatories of the Principles of Responsible Banking. This is where we provide our response and self-assessment in relation to the principles and provide reference and links to where in our existing reporting and publicly available documents.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Sparebanken Møre is an independent, listed financial services group, which consists of the Parent Bank, the mortgage company Møre Boligkreditt AS, the estate agency Møre Eiendomsmegling AS, and the property company Sparebankeiendom AS.

Today Sparebanken Møre is the leading financial services group in Nordvestlandet with 27 branches in Møre og Romsdal. Its head office is in Ålesund. Over many years, the Bank has built up a large expert environment in relation to the retail and corporate markets, as well as the equity, interest rate and currency markets. Together with its subsidiary Møre Eiendomsmegling AS, Sparebanken Møre is a full-service bank for retail customers, businesses and the public sector in Nordvestlandet.

Sparebanken Møre offers a full range of financial services within the following areas: Financing, Deposits and investments, Wealth management, Financial advice, Money-transfer services, Currency and interest rate trading, Insurance and Estate agency.

Sparebanken Møre has a lending portfolio which is distributed approx. 70 per cent to retail customers and 30 per cent to the corporate customers. The business portfolio is broadly differentiated within the trade/service, industry, marine, property and offshore/supply industries. Although the corporate portfolio only makes up 30 per cent of the bank's total lending portfolio, it is towards the corporate customers that the bank will have the greatest influence regarding environment and society.

Links and references

Annual report 2022
- Board of Directors' Report

- paragraph: ["Area of operation and markets"](#)

["Corporate governance"](#)

["organisaston and management"](#)

["strategy and targets"](#)

["Implementation and reporting on corporate governance"](#)

["Operations"](#)

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
- No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: "Åpenhetsloven"
- None of the above

Response

Sustainability is one of the five strategic priorities in Sparebanken Møre long term strategy. The overarching objective for our sustainability work for this strategy period is "Sparebanken Møre will be a driving force behind sustainable development". The objective has been firming up through special action plans and measures in all the Bank's sections/ divisions. The work is still in its early years and there will be a high level of activity within the area throughout the strategy period. Our strategic goals in the area are linked to the UN SDG to be part of the solution in reaching the Paris Climate agreement and working with the principles for responsible banking.

Guidelines for ESG in the supply chain (in norwegian)
Guidelines for responsible investments (in norwegian)
Guidelines for equality, diversity and non-discrimination (in norwegian)
Guidelines for ethics and social responsibility (Code of Conduct)

Links and references

Annual Report
– Responsibility and Sustainability, paragraph "[Responsible lending and advice](#)", "[Our commitments](#)" and "[Strategic targets](#)"

Our policy and guidelines are available from our website sbm.no/esg

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

- a) **Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

1 That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

2 Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

Response

The finalizing of our overall impact analysis is delayed, and will be carried out in 2023, not 2022 as originally planned. The delay is due to changes made in the organization and available resources.

We conducted our initial materiality analysis in 2020. In 2022, a new materiality analysis has been carried out to uncover sustainability themes where it is assessed that the bank has a high degree of impact on the environment, society and the economy. The analysis shows where the bank can strengthen its positive impact, and where it can reduce its negative impact. In 2022 the analysis has been expanded to also include a focus on double materiality, which means that we have looked at both how the bank affects the environment and society as well as how the environment and society affect Sparebanken Møre in terms of risks and opportunities. Our analysis includes both business activities as well as our role in society. An important part for us being a savingsbank. Our sustainability strategy is coherent with the findings in both materiality analysis, and thus there are no changes in the chosen SDGs at this point.

Sparebanken Møre has a lending portfolio which is distributed approx. 70 per cent to private customers and 30 per cent to the business market. The business portfolio is broadly differentiated within the trade/service, industry, marine, property and offshore/supply industries. Although the business portfolio only makes up 30 per cent of the bank's total lending portfolio, it is towards the business customers that the bank will have the greatest influence regarding environment and society. Through 2022 we have conducted an impact analysis of the retail portfolio, and used SSB numbers to analyse the impact of our corporate portfolio. Both of these analysis will

Finally, we need to consider if any part of our portfolio needs further deep dives to clarify our possible impact. This is an ongoing process that needs our constant attention.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Material topics"](#)

Annual Report
– Responsibility and Sustainability, paragraph ["Climat risk - TCFD"](#)

Impact report – available in our sustainability library on sbm.no/ESG

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries ³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

Sparebanken Møre has a lending portfolio which is distributed approx. 70 per cent to private customers and 30 per cent to the business market. The business portfolio is broadly differentiated within the trade/service, industry, marine, property and offshore/supply industries. Although the business portfolio only makes up 30 per cent of the bank's total lending portfolio, it is towards the business customers that the bank will have the greatest influence regarding environment and society. Through 2022 we have conducted an impact analysis of the retail portfolio, and used SSB numbers to analyse the impact of our corporate portfolio.

Finally, we need to consider if any part of our portfolio needs further deep dives to clarify our possible impact. This is an ongoing process that needs our constant attention.

In line with our reporting on climate risk (TCFD), we have carried out various scenario analysis. Furthermore we have mapped the emissions of the various industries in the business portfolio of the bank. Emissions in the business portfolio is conducted using carbon-related credit exposure in accordance with Norwegian Statistical Institute equivalents.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Climat risk - TCFD"](#)

Impact report – available in our sustainability library on sbm.no/ESG

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/ regions in which your bank and/or your clients operate? ⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Response

As a result of the materiality analysis carried out, our chosen sustainability targets and long-term strategy, 8 themes have been defined which are particularly important for both the bank and our stakeholders. The most important topics are

- Impact on business development
- Supporting player for the local community
- ESG expertise and expertise sharing with customers
- Responsible lending and advice
- Greenhouse gas emissions
- Climate risk
- Change in lending demand
- Regulatory requirements for players in the banking and finance industry

The first five are themes where Sparebanken Møre has a high degree of influence, whilst the three last ones are themes where the bank is influenced by climate and society.

Significant themes that are not carried over from the previous reporting:

- Requirements for suppliers
- Equality and diversity
- Open and ethical business conduct
- Financial results
- Prevent corruption and financial crime

The fact that the topics are no longer referred to as important topics does not mean that Sparebanken Møre believes that these topics are unimportant. These topics are important and something the bank has on the agenda at all times.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Material topics"](#)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ⁵? Please disclose.

Response

The work with the materiality analysis so far helped us identify a total of ten SDGs, of which five are defined as main goals for Sparebanken Møre. Based on our SDGs and our latest materiality analysis we have defined 12 strategic goals. Our strategic goals are divided into the categories 1) our self, 2) customers and suppliers and 3) society. The strategic goals are connected to targets to be fulfilled by the end of 2025.

When our overall impact analysis is conducted we will choose the two significant impact areas to prioritize our target setting. As of now we have 8 material topics and 12 strategic goals.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Strategic targets"](#)

Underlying results can be found in section for each: ["Material topics"](#)

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Response

NA at this time due to delay on overall impact analysis.

Links and references

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts⁶?

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

As we have not concluded our overall impact analysis yet, we cannot comment on the data.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets ⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank’s portfolio with ⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

6 You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

7 Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

8 Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

Response

The work with the materiality analysis so far helped us identify a total of ten SDGs, of which five are defined as main goals for Sparebanken Møre. Based on our SDGs and our latest materiality analysis we have defined 12 strategic goals for our strategic period 2023-2026. Our strategic goals on sustainability are divided into the categories 1) our self, 2) customers and suppliers and 3) society. The strategic goals are connected to targets to be fulfilled by the end of 2026.

The 12 targets are

Ourselves:

- We must reduce our own climate emissions (co2) by at least 25 per cent for the period 2019 to 2025.
- Sparebanken Møre has a long-term ambition of at least 40% of each gender at all levels in the bank.
- Sustainability is an integral part of all innovation and development processes.
- We emphasize openness and transparency in our communication.

Customers and suppliers:

- We offer the private market and business customers a selection of sustainable products and services.
- Employees have the skills to advise customers on sustainable choices that contribute to restructuring and possible new business opportunities.
- For business customers with credit exposure over NOK 8 million, an ESG assessment must be carried out at least annually. Development is measured annually.
- All our suppliers must periodically submit an ESG supplier declaration.

The community:

- Sustainability must be a fixed assessment criterion when awarding social benefits.
- Sustainability is included as a separate point in all sponsorship agreements.
- We take the initiative for and support good sustainability projects in Nordvestlandet in Norway.
- We actively contribute to reducing financial crime, money laundering and corruption.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Strategic targets"](#)

b) **Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment?

Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate	...	
change	...	
mitigation	...	

Impact area	Indicator code	Response
Financial	...	
health &	...	
inclusion	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response
NA at this point.

Links and references

c) SMART targets (incl. key performance indicators (KPIs) ⁹⁾: Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response
As our impact analysis is not finished, we have not limited our strategic goals to two areas, but have established KPI indicators for all 12 strategic goals at mentioned.

Links and references

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response
NA at this point, as our impact analysis is finished in 2023.

Links and references

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Response

The 12 targets are

Ourselves:

- We must reduce our own climate emissions (co2) by at least 25 per cent for the period 2019 to 2025.
Result: Reduction is already at 40% decrease from 2019, in spite of an increase from 2021-2022.
- Sparebanken Møre has a long-term ambition of at least 40% of each gender at all levels in the bank.
Result: All levels apart from level 2 (c-cuite) and level 5 are inline with our target.
- Sustainability is an integral part of all innovation and development processes.
Result: Sustainability is included in most policy document and work instructions. Furthermore all c-suite managers have goals on sustainability in their management agreement.
- We emphasize openness and transparency in our communication.
Result; ESG risk assessment of Sparebanken Møre from Sustainalytics changed from medium to low risk, our annual report on sustainability is assured by third party

Customers and suppliers:

- We offer the private market and business customers a selection of sustainable products and services.
Result: Several sustainability products have been launched for the retail market over the last two years, and a new loan product for the corporate market will be launched in Q1 2023.
- Employees have the skills to advise customers on sustainable choices that contribute to restructuring and possible new business opportunities.
Result: Several courses on different sustainability themes have been conducted for employees, for our corporate advisor team several work shops are conducted and an ESG guide is developed to assist advisors. The retail advisors have had workshops and address topic in advisory meetings with customers.
- For business customers with credit exposure over NOK 8 million, an ESG assessment must be carried out at least annually. Development is measured annually.
Result; 99% of all corporate customers in the segment have had their ESG assessment in 2022, giving us the possibility to analyse results.
- All our suppliers must periodically submit an ESG supplier declaration.
Result: A new ESG policy for suppliers is applied, and is included in new and updated agreements. Furthermore sustainability is on the agenda in follow-up meetings with .

The community:

- Sustainability must be a fixed assessment criterion when awarding social benefits.
Result: Overall, the bank is concerned with contributing to the sustainable development of cities and local communities thus contributes to initiatives in culture, sports, the local environment, infrastructure, competence and business development in Northwestern Norway.
- Sustainability is included as a separate point in all sponsorship agreements. At the end of 2022 most all sponsorship agreements are updated with the sustainability section, furthermore tools to help teams and organizations in their work are under development and will be launched in 2023.
- We take the initiative for and support good sustainability projects in Nordvestlandet in Norway.
Result: Sparebanken Møre plans to continue a number of the existing measures, and will continuously consider new measures directly related to prioritized SDGs. We also emphasize projects where several actors work together to achieve the goals. We will also look more closely at projects and measures related to social conditions in our region, and collaborate with professional actors for long-term and lasting results.
- We actively contribute to reducing financial crime, money laundering and corruption.
Result; we monitor and work closely with other banks and financial actors to secure our customers and reduce attacks and exploitation of the bank related to financial crime

Links and references

Annual Report
– Responsibility and Sustainability, paragraph
["Strategic targets"](#)

Underlying results can be found in section for each:

["Material topics"](#)

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers ¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities ¹¹. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

We have worked with our clients and customers to encourage sustainable practices by

- Includes sustainability as a topic on the agenda in advisory meetings
- ESG score corporate clients every year
- Developed a sustainability portal for corporate clients, available for both customers and non-customers on our website sbm.no. The portal has a general part on sustainability, a part on strategy and a specific part divided into 7 different branches – making it as relevant and concrete as possible.
- We have been engaged in conferences and courses to increase knowledge on sustainable matters
- We are planning more seminars and courses for both our retail and corporate customers
- In addition we constantly work to increase knowledge for our advisors, making them better partners for our customers.

This work will be further developed through 2023.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Strategic targets"](#)

Underlying results can be found in section for each:
["Material topics"](#)

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

As mentioned our overall impact analysis is yet to be finished, however we have worked on several business opportunities in the period. This is mentioned in detail in our sustainability report, but in short this is

- Green loan for retail customers
- Product with social profile for retail customers
- Issued green bonds
- Sustainable savings – both in terms of product offerings and increasing women share of savings
- Increased knowledge for employees and customers – eg. Through our Sustainability portal
- Financial inclusion
 - Personal advisors for retail customers and corporate customers
 - For the smaller corporate customers we have established Næringsbasen, their own customer service with highly experienced advisors

The SDG we are working to have a positive impact on are SDG 8, SDG 9, SDG 11, SDG 12 and SDG 17

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Strategic targets"](#)

Underlying results can be found in section for each:
["Material topics"](#)

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups ¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/ results achieved and how they fed into the action planning process.

Response

We conduct and consult with stakeholders on a regular basis as described in our stakeholder dialoge in our sustainability report.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Stakeholder engagement and materiality analysis"](#)

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Our comittement to PRB is included in our overall sustainability work and has been overseen by the Sustainability comitte, they also propose and monitor targets and reports to the bank management and board of directors, at a minimum once quarterly and in detail annually. It is the banks CEO wich is the owner of the strategy. From 2023 a dedicated department on sustainability is in place, increasing the capacity in the area. The sustainbilty department will work closely with the sustianbilty committee with will continue to ensure the anchoring in the organization.

There are no remuneration practies linked to sustaibilty targets as off today.

Links and references

Annual Report
– Responsibility and Sustainability, paragraph ["Organisation of the work"](#)

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

As earlier mentioned sustainability is one of the top 5 battles in the banks strategy, thus making this a high priority for all employees and departments/ divisions.
 To foster a culture of responsible banking, Sparebanken Møre has

- Established a multidisciplinary sustainability committee – ensuring that all parts of the organisation can see their role and act upon it.
- Training is done through several workshops, e-learning, sustainability training for advisors in client facing roles,
- Our chatbot used internally can assist advisors with information on our sustainable products/ loans
- Quarterly updates internally on the banks sustainability work
- CEO addresses sustainability in all external presentations
- As of 01.02.2023 sustainability department is established

For more detailed information see our section “ESG expertise and expertise sharing with customers” in our Annual report – chapter on Sustainability.

Links and references

Annual Report
 – Responsibility and Sustainability, paragraph
[”ESG expertise and sharing expertise with customers”](#)

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? ¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

This is thoroughly described in our TCFD report, and will be further developed throughout 2023.

Links and references

Annual Report
 – Responsibility and Sustainability, paragraph
[”Climat risk - TCFD”](#)

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes

Partially

No

If applicable, please include the link or description of the assurance statement.

Response

Our information on PRB is assured by KPMG as part of our annual report which includes our sustainability report.

Links and references

Annual Report – Responsibility and Sustainability, paragraph ["Revisors beretning"](#) and our website sbm.no/ESG

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

GRI

SASB

CDP

IFRS Sustainability Disclosure Standards (to be published)

TCFD

Other: Miljøfyrtårn (Environmental lighthouse)

Response

Our sustainability report is built on these frameworks.

Links and references

Annual Report – Responsibility and Sustainability, paragraph ["Organisation of the work"](#) og ["Our commitments"](#)

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response

We will finish our work on impact analysis and adjust our goals and plans accordingly to the six PRB principles.

Links and references

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|---|---|
| <input checked="" type="checkbox"/> <i>Embedding PRB oversight into governance</i> | <input checked="" type="checkbox"/> <i>Customer engagement</i> |
| <input type="checkbox"/> <i>Gaining or maintaining momentum in the bank</i> | <input type="checkbox"/> <i>Stakeholder engagement</i> |
| <input type="checkbox"/> <i>Getting started: where to start and what to focus on in the beginning</i> | <input checked="" type="checkbox"/> <i>Data availability</i> |
| <input checked="" type="checkbox"/> <i>Conducting an impact analysis</i> | <input type="checkbox"/> <i>Data quality</i> |
| <input checked="" type="checkbox"/> <i>Assessing negative environmental and social impacts</i> | <input type="checkbox"/> <i>Access to resources</i> |
| <input type="checkbox"/> <i>Choosing the right performance measurement methodology/ies</i> | <input type="checkbox"/> <i>Reporting</i> |
| <input type="checkbox"/> <i>Setting targets</i> | <input type="checkbox"/> <i>Assurance</i> |
| <input type="checkbox"/> <i>Other: ...</i> | <input type="checkbox"/> <i>Prioritizing actions internally</i> |

If desired, you can elaborate on challenges and how you are tackling these:

Energy & Climate Report 2022

The purpose of this report is to provide an overview of the organisation's greenhouse gas emissions (GHG emissions), as an integral part of an overall climate strategy.

A climate report is an important tool in the work of identifying specific measures for cutting your energy consumption and the associated GHG emissions. This annual report enables an organisation to measure key figures and thus evaluate itself over time.

The report includes all registered data related to GHG emissions for Sparebanken Møre.

The information used in a climate report comes from both external and internal sources, and is converted to tonnes CO₂ equivalents (tCO₂e). The analysis is based on the international standard 'A Corporate Accounting and Reporting Standard' developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). This is the most widely used method worldwide for measuring GHG emissions. The ISO14064-1 standard is based on this.

Reporting Year Energy and GHG Emissions

Emission source	Explanation	Consumption Unit	Energy (MWh)	Emissions tCO ₂ e	Emissions proportion (%)
Transportation total			21.7	4.3	2.5
DIESEL (NO)		2 084.0 litres	21.7	4.3	2.5
Scope 1 total			21.7	4.3	2.5
Electricity total			2 612.1	67.9	39.1
Electricity Nordic mix		2 612 086.0 kWh	2 612.1	67.9	39.1
District heating site total			648.9	1.8	1.0
District heating Aalesund		648 929.0 kWh	648.9	1.8	1.0
Scope 2 total			3267.0	69.7	40.1
Business travel total			-	88.1	50.7
Continental/Nordic. incl. RF	Nordiscs	5 172.0 pkm	-	0.8	0.5
Continental/Nordic. incl. RF	Europa	51 319.0 pkm	-	7.9	4.5
Intercontinental. RF	Interkon- tinenta	- pkm	-	-	-
Domestic. RF	Domestic	111 011.0 pkm	-	27.3	15.7
Mileage allowance car (NO)		617 741.0 km	-	46.3	26.6
Hotel nights, Europe		12.0 nights	-	0.2	0.1
Waste total			-	11.7	6.7
Residual waste. incinerated		22 580.0 kg	-	11.3	6.5
Paper waste. recycled		8 957.0 kg	-	0.2	0.1
Glass waste. recycled		40.0 kg	-	-	-

Emission source	Explanation	Consumption Unit	Energy (MWh)	Emissions tCO _{2e}	Emissions proportion (%)
Metal waste. recycled		2 600.0 kg	-	0.1	-
Cardboard waste. recycled		460.0 kg	-	-	-
Separate waste, resirkulert		5 500.0 kg	-	0.1	0.1
WEEE waste. recycled		1 000.0 kg	-	-	-
Scope 3 total			-	99.8	57.4
Total			3 282.7	173.8	100.0
KJ		11 817 603 936.0			

Market-based emissions in reporting year

Category	Unit	2022
Electricity Total (Scope 2) with market-based calculations	tCO _{2e}	-
Scope 2 Total with market-based electricity calculations	tCO _{2e}	1.8
Scopes 1+2+3 Total with market-based electricity calculations	tCO _{2e}	105.9

Climate report

In 2022, Sparebanken Møre's total GHG emissions were 178.6 tCO_{2e}. Compared with 2021, this is an increase in emissions of 28.3 per cent. In 2022, GHG emissions were distributed as follows: The distribution of GHG emissions was as follows for 2021:

- **Scope 1:** 4,3 tCO_{2e} (2,5 %)
- **Scope 2:** 69,7 tCO_{2e} (40,1 %)
- **Scope 3:** 99,8 tCO_{2e} (57,4 %)

Scope 1

Transport: Consumption of fuel for owned and leased cars. Emissions from fuel in 2022 totalled 4.3 tCO_{2e}, which is an increase of 46 per cent from 2021.

Scope 2

Electricity: Sparebanken Møre's measured electricity consumption in owned and leased buildings. The table above shows GHG emissions from electricity calculated using the location-based Nordic Mix emission factor. The bank's branches consumed 2,612,086 kWh in 2022, which corresponds to emissions of 67.9 tCO_{2e}. Electricity consumption decreased from 2021, which contributed to a reduction in emissions. The Nordic Mix emission factor has changed slightly with the inclusion of less fossil fuel consumption and a higher proportion of renewables. The changes in the emission factor also contribute to a decrease in emissions from electricity.

GHG emissions calculated using market-based factors

can be found in the table 'Market-based emissions in reporting year'. The practice of presenting emissions from electricity consumption using two different emission factors is explained under Scope 2 in 'Methodology and sources'. Sparebanken Møre purchased guarantees of origin (OG/REC) for 100 per cent of its electricity consumption in 2022, and emissions with a market-based emission factor are therefore estimated at 0 tCO_{2e}.

District heating: Consumption of district heating in owned and leased buildings. The bank consumed 648,929 kWh of district heating in its branches in 2022. This corresponds to emissions of 1.8 tCO_{2e}. This is up from 0.6 tCO_{2e} in 2021.

Scope 3

Business travel: The total emissions from business travel (flights, hotel accommodation and mileage allowances) for 2022 were 88.1 tCO_{2e}. By comparison, emissions from business travel in 2021 were 30.7 tCO_{2e}.

Flights: Number of kilometres travelled (pkm). During 2022, Sparebanken Møre's employees travelled 111,011 pkm domestically by air, which is a marked increase from 2021, when 31,448 pkm were registered. The number of kilometres travelled in Nordic countries and Europe also increased. No journeys were registered in 2021. In 2022, emissions were 8.7 tCO_{2e} from flights in the Nordic countries and Europe, while the total emissions from air travel were 36 tCO_{2e}.

Hotel accommodation: The number of nights spent in hotels increased from 283 in 2021 to 1,337 in 2022. This corresponds to an increase in emissions of 97.1 per cent.

Mileage allowance: Use of private car for business reported in kilometres driven. The total number of kilometres driven in 2022 was 617,741 km, resulting in emissions of 46.3 tCO₂e.

Waste: Reported waste in kg grouped by waste fraction and treatment method (recycling, incinerated and energy recovery). Reported waste fractions in 2022 were residual waste for incineration, paper waste for

recycling, metal waste for recycling, WEEE (waste electrical and electronic equipment) for recycling, cardboard waste for recycling and source separated waste for recycling.

The total waste in 2022 was 41,137 kg. GHG emissions from waste corresponded to 11.7 tCO₂e in 2022 and this represents a decrease of 1.6 per cent compared with 2021.

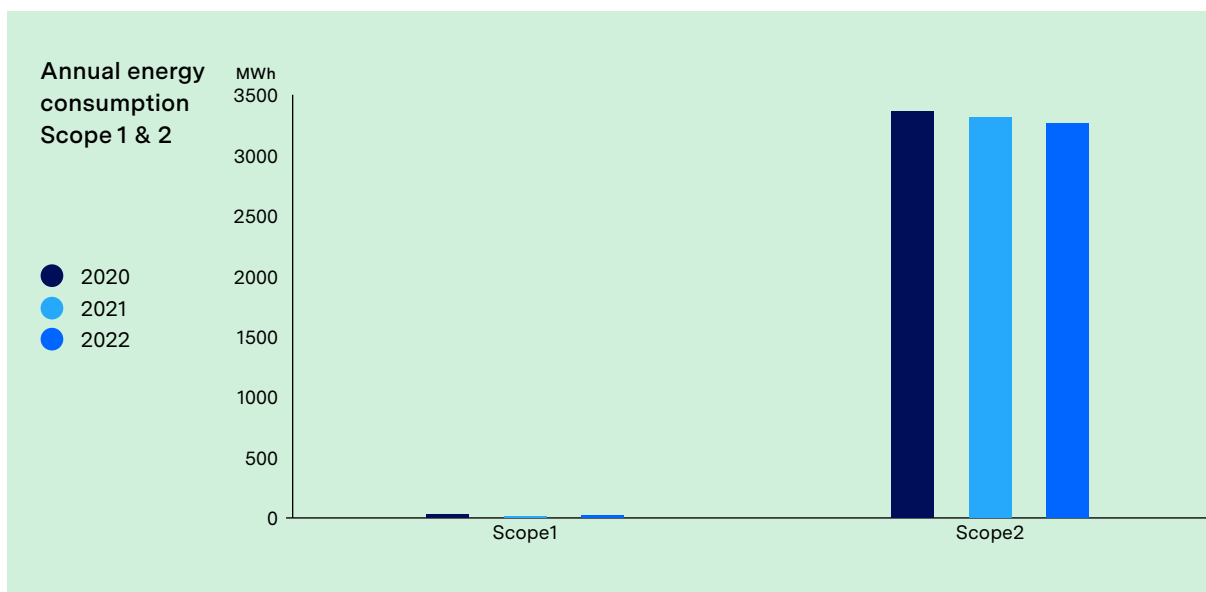
KPI

Emissions per FTE rose by 28.4 per cent from 2021 to 2022. In the same period, the number of FTEs decreased by 0.1 per cent and total emissions increased by 28.3 per cent.

Annual greenhouse gas emissions

Emissions source	Explanation	2020	2021	2022	% change from 2021
Transport total		6.4	3.0	4.3	46.1
DIESEL (NO)		6.4	3.0	4.3	46.1
Petrol		-	-	-	-100.0
Stationary combustion total		-	-	-	-
Light heating oil		-	-	-	-100.0
Scope 1 total		6.4	3.0	4.3	46.1
Electricity total		118.5	89.4	67.9	-24.0
Electricity Nordic mix		118.5	89.4	67.9	-24.0
District heating site total		2.2	0.6	1.8	211.0
District heating Aalesund		2.2	0.6	1.8	211.0
Scope 2 total		120.8	89.9	69.7	-22.5
Business travel total		45.2	30.7	88.1	187.2
Continental/Nordic. incl. RF	Nordics	0.7	-	0.8	-
Continental/Nordic. incl. RF	Europa	1.3	-	7.9	-
Intercontinental. RF	Intercontinental	-	-	-	-
Domestic. RF	Domestic	11.7	7.7	27.3	253.0
Mileage allowance car (NO)		29.7	17.0	46.3	172.8
Mileage allowance car Nordic		-	-	-	-100.0
Hotel nights. Europe		1.8	6.0	0.2	-97.1
Taxi		-	-	-	-100.0
Hotel nights, Nordics		1.8	6.0	5.6	100.0 %
Waste total		12.6	11.9	11.7	-1.6 %
Residual waste. incinerated		12.2	11.6	11.3	-2.6 %

Emissions source	Explanation	2020	2021	2022	% change from 2021
Paper waste, recycled		0.3	0.2	0.2	-7.0 %
Glass waste, recycled		-	-	-	-
Metal waste, recycled		0.1	0.1	0.1	-10.3 %
Organic waste, recycled		-	-	-	-100.0 %
Plastic waste, recycled		-	-	-	-100.0 %
WEEE, recycled		0.1	-	-	163.2 %
Cardboard waste, recycled		-	-	-	100.0 %
Separate waste, recycled		-	-	0.1	100.0 %
Purchased paper total		-	-	-	-
Paper waste, recycled			-	-	-
Scope 3 total					
Total			135.5	173.8	28.3 %
Percentage change			-26.8 %	28.3 %	



Annual market-based emissions

Category	Unit	2020	2021	2022
Electricity Total (Scope 2) with market-based calculations	tCO ₂ e	32.7	17.5	-
Scope 2 Total with market-based electricity calculations	tCO ₂ e	34.9	18.1	1.8
Scopes 1+2+3 Total with market-based electricity calculations	tCO ₂ e	99.2	63.7	105.9
Percentage change	%	100.0	-35.8	66.4

Annual key figures and climate indicators

Name	2020	2021	2022	% change from 2021
Scopes 1 + 2 emissions (tCO ₂ e)	127.2	92.9	74.0	-20.3
Total emissions (Scopes 1 + 2 + 3) (tCO ₂ e)	185.0	135.5	173.8	28.3
Total energy consumption Scope 1 + 2 (MWh)	3 389.2	3 331.5	3 282.7	-1.5
Total energy consumption per location (MWh)	3 358.8	3 316.7	3 261.0	-1.7
Total square metres (m ²)	-	19 437.0	19 437.0	-
Total kWh/m ²	-	170.6	167.8	-1.7
kgCO ₂ e (Scopes 1 + 2 + 3)/FTEs	501.4	363.3	466.3	28.4
FTEs (number)	369.0	373.0	372.8	-0.1

Methodology and sources

The GHG Protocol was developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The analysis in this report was carried out in line with 'A corporate accounting and reporting standard (revised edition)', one of four accounting standards under the GHG protocol. The standard covers the following climate gases, which are translated to CO₂e: CO₂, CH₄ (methane), N₂O (nitrous oxide), SF₆, NF₃, HFCs and PFC gases.

This analysis is based on the operational control aspect, which thus defines which of the organisation's operating assets should be included in the climate report, as well as the distribution between the various scopes. The method distinguishes between operational control and financial control. If the operational control method is used, then emission sources that the organisation physically controls but does not necessarily own must be included. It follows from this that you do not report emission sources that you own but do not control (e.g. the tenant reports electricity consumption in Scope 2, not the landlord).

The climate report is divided into three scopes consisting of both direct and indirect emission sources.

Scope 1 Mandatory reporting includes all emission sources related to operating assets where the organisation has operational control. This includes any consumption of fossil fuels for stationary use or transport needs (owned, rented or leased vehicles, oil-fired boilers, etc.). Any direct process emissions (of the six greenhouse gases) are also included.

Scope 2 Mandatory reporting of indirect emissions related to purchased energy: electricity or district heating/cooling. This applies, for example, to buildings that you lease and do not necessarily own. The emission factors used by CEMAsys for electricity are based on national gross production mixes from the International Energy Agency's statistics (IEA Stat). The Nordic Mix factor covers production in Norway, Finland, Sweden and Denmark, and reflects the common Nordic market area (Nord Pool Spot). As far as emission factors for district heating are concerned, either the actual production mix is used based on information obtained from the individual producer, or the average mix is used based on IEA statistics (see source reference).

In January 2015, the GHG Protocol's (2015) new guidelines for calculating emissions from electricity consumption were published. These allow for two-part reporting of electricity consumption.

In practice, this means that companies that report their greenhouse gas emissions must highlight both genuine greenhouse gas emissions that stem from electricity production and market-based emissions linked to the purchase of guarantees of origin. The purpose of this change is, on the one hand, to illustrate the effect of energy efficiency and savings measures (physical) and on the other hand to illustrate the effect of purchasing renewables through guarantees of origin (market). This highlights the effect of all the measures that an institution can implement with respect to electricity consumption.

Physical perspective (location-based method): This emission factor is based on actual emissions related to electricity production within a specific area. Within this area, there are various energy production centres that utilise a mix of energy carriers, where the fossil energy carriers (coal, gas and oil) cause direct emissions of greenhouse gases. These greenhouse gases are reflected by the emission factor and thus distributed to each individual consumer.

Market-based perspective: Calculation of the emission factor is based on whether an institution chooses to purchase guarantees of origin or not. When guarantees of origin are purchased, the supplier certifies that the electricity purchased comes from renewable sources only, which results in an emission factor of 0 gCO₂e per kWh.

Electricity not linked to a guarantee of origin is given an emission factor based on the production left over after the guarantees of origin for the renewable components have been sold. This is called the residual mix and is normally significantly higher than the location-based factor.

Scope 3 Voluntary reporting of indirect emissions related to purchased goods or services. These are emissions that can be indirectly linked to the organisation's activities but that occur outside their control (thus indirectly). Typical Scope 3 reporting will include flights, logistics/goods transport, waste, consumption of various raw materials, etc.

In general, a climate report should include enough relevant information for it to be used as a decision-making support tool for an institution's management team. To achieve this, it is important to include those elements that are of economic relevance and weight, and that something can be done about.

References:

[Department for Business, Energy & Industrial Strategy](#) (2020). (2020). Government emission conversion factors for greenhouse gas company reporting (DEFRA)

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WBCSD/WRI (2004). The greenhouse gas protocol. A corporate accounting and reporting standard (revised edition). World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland/World Resource Institute (WRI), Washington DC, USA, 116 pp.

WBCSD/WRI (2011). Corporate value chain (Scope 3) accounting and reporting standard: Supplement to the GHG Protocol corporate accounting and reporting standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland/World Resource Institute (WRI), Washington DC, USA, 149 pp.

WBCSD/WRI (2015). GHG protocol Scope 2 guidance: An amendment to the GHG protocol corporate standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland/World Resource Institute (WRI), Washington DC, USA, 117 pp.

The reference list above is not exhaustive, although it contains the most important references used in CE-MAsys. There will also be a number of local/national sources that may be relevant, depending on which emission factors are used.



To the board of Directors of Sparebanken Møre

Independent Limited Assurance Report on Sparebanken Møre's Sustainability Report 2022

Scope of the engagement

We have been engaged by the Board of Directors of Sparebanken Møre ("the Company") to issue an assurance report on the Sustainability Report included in the Company's annual report for the year ended 31 December 2022 ("the Report").

We have performed the assurance engagement to obtain limited assurance that the Report is prepared, in all material respects, in accordance with the UN Principles for Responsible Banking («UN PRB») and the Global Reporting Initiative («GRI») Standards.

The scope of our limited assurance engagement excludes future events or the achievability of the objectives, targets and expectations of the Company. The scope also excludes information contained in webpages referred to in the Report unless specified in this limited assurance report.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this limited assurance report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained nothing has come to our attention that causes us to believe that the Report is not prepared, in all material respects, in accordance with the relevant criteria in the UN PRB and GRI as described in the section "Sustainability and social responsibility", page 154 in the annual report.

Management's responsibility

The Board of Directors and the Managing Director ("management") are responsible for the preparation of the Report, and the information and assertions contained within it, in accordance with the criteria imposed by the UN PRB and GRI as described in the section "Sustainability and social responsibility", page 154 in the annual report.

Management is also responsible for such internal control as management determines is necessary to enable the preparation of a Report that are free from material misstatement, whether due to fraud or error, and for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Our independence and quality control

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

KPMG Confidential

Offices in:

Oslo	Elverum	Molde	Straume
Alta	Finnsnes	Tromsø	Tynset
Arendal	Hamar	Trondheim	Ulsteinvik
Bergen	Haugesund	Skien	Sandefjord
Bodø	Knarvik	Sandnessjøen	Alesund
Bryne	Kristiansand	Stavanger	
Drammen	Mo i Rana	Stord	



We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) – "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

Procedures performed

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. The procedures selected depend on our understanding of the Report and other engagement circumstances, and our considerations of areas where material misstatements are likely to arise. Our procedures included:

- Comparing the information presented in the report to the relevant criteria imposed by the UN PRB and GRI.
- A risk analysis, including a media search, to identify relevant sustainability issues for the Company in the reporting period.
- Inquiries of management to gain an understanding of the Company's processes for determining the material issues for the Company's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Report.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Company.
- Reviewed the information in the GRI Index presented in the Report as appendix 1
- Reviewed the information in the Company's UN PRB Self assessment presented in the Report as appendix 3



The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Due to the inherent limitations of any internal control, it is possible that errors or misstatements in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Oslo, 1 March 2023
KPMG AS

Svein Arthur Lyngroth
State Authorized Public Auditor

(This is a translation from Norwegian. The translation is not required to be signed)

