1 Interim report

2023 Unaudited

Sparebanken Møre

Financial highlights

Income statement

(Amounts in percentage of average assets)

	Q1 2023		Q1 2022		2022	
	NOK million	%	NOK million	%	NOK million	%
Net interest income	445	1.98	334	1.62	1 517	1.78
Net commission and other operating income	55	0.24	55	0.27	246	0.29
Net result from financial instruments	0	0.00	-2	-0.01	-7	-0.01
Total income	500	2.22	387	1.88	1 756	2.06
Total operating costs	198	0.88	178	0.86	747	0.87
Profit before impairment on loans	302	1.34	209	1.02	1 009	1.19
Impairment on loans, guarantees etc.	33	0.15	0	0.00	-4	0.00
Pre-tax profit	269	1.19	209	1.02	1 013	1.19
Taxes	62	0.27	46	0.22	236	0.28
Profit after tax	207	0.92	163	0.80	777	0.91

Balance sheet

(NOK million)	31.03.2023	Change in Q1 2023 (%)	31.12.2022	Change over the last 12 months (%)	31.03.2022
Total assets 4)	93 159	4.1	89 501	11.2	83 805
Average assets 4)	90 069	5.4	85 436	9.3	82 373
Loans to and receivables from customers	77 867	2.4	76 078	10.6	70 380
Gross loans to retail customers	51 805	1.9	50 818	8.3	47 836
Gross loans to corporate and public entities	26 413	3.3	25 575	15.5	22 869
Deposits from customers	44 225	0.8	43 881	1.7	43 501
Deposits from retail customers	26 880	2.0	26 344	6.0	25 361
Deposits from corporate and public entities	17 345	-1.1	17 537	-4.4	18 140

Key figures and Alternative Performance Measures (APMs)

	Q1 2023	Q1 2022	2022
Return on equity (annualised) 3) 4)	11.0	9.3	10.9
Cost/income ratio 4)	39.7	46.0	42.5
Losses as a percentage of loans and guarantees (annualised) 4)	0.17	0.00	-0.01
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.55	1.41	1.44
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.28	1.07	1.20
Deposit-to-loan ratio 4)	56.5	61.5	57.4
Liquidity Coverage Ratio (LCR)	177	143	185
NSFR (Net Stable Funding Ratio)	121	-	123
Lending growth as a percentage 4)	10.6	3.9	8.8
Deposit growth as a percentage 4)	1.7	7.9	4.8
Capital adequacy ratio 1)	22.2	20.8	22.1
Tier 1 capital ratio 1)	19.5	18.8	19.7
Common Equity Tier 1 capital ratio (CET1) 1)	17.7	17.2	17.9
Leverage Ratio (LR) 1)	7.4	7.7	7.6
Man-years	387	370	374

Equity Certificates (ECs)

	31.03.2023	31.03.2022	2022	2021	2020	2019
Profit per EC (Group) (NOK) 2) 5)	1.96	7.85	7.50	31.10	27.10	34.50
Profit per EC (parent bank) (NOK) 2) 5)	3.10	17.34	8.48	30.98	26.83	32.00
Number of ECs 5)	49 434 770	9 886 954	49 434 770	9 886 954	9 886 954	9 886 954
Nominal value per EC (NOK) 5)	20.00	100.00	20.00	100.00	100.00	100.00
EC fraction 1.1 as a percentage (parent bank)	49.7	49.7	49.7	49.7	49.6	49.6
EC capital (NOK million)	988.70	988.70	988.70	988.70	988.70	988.70
Price at Oslo Stock Exchange (NOK)	77.75	441	84.41	444	296	317
Stock market value (NOK million)	3 844	4 360	4 173	4 390	2 927	3 134
Book value per EC (Group) (NOK) 4) 5)	72.9	343	74.8	350	332	320
Dividend per EC (NOK) 5)	0.00	0.00	4.00	16.00	13.50	14.00
Price/Earnings (Group, annualised)	9.9	14.0	11.3	14.3	10.9	9.2
Price/Book value (P/B) (Group) 2) 4)	1.07	1.28	1.13	1.27	0.89	0.99

1) Incl. 50 % of the comprehensive income after tax

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

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

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

5) Our EC(MORG) was split 1:5 in April 2022. The figures as of 31.03.2022 are therefore not directly comparable with 31.03.2023.

Interim report from the Board of Directors

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

RESULTS FOR Q1 2023
Profit before losses amounted to NOK 302 million for the first quarter of 2023, or 1.34 per cent of average l assets, compared with NOK 209 million, or 1.02 per cent, for the corresponding quarter last year.

Profit after tax amounted to NOK 207 million for the first quarter of 2023, or 0.92 per cent of average l assets, compared with NOK 163 million, or 0.80 per cent, for the corresponding quarter last year.

Return on equity was 11.0 per cent for the first quarter of 2023, compared with 9.3 per cent for the first quarter of 2022, and the cost income ratio amounted to 39.7 per cent compared with 46.0 per cent for the first quarter of 2022.

Earnings per equity certificate were NOK 1.96 for the Group and NOK 3.10 for the parent bank.

Net interest income
Net interest income was NOK 445 million, which is NOK 111 million, or 33 per cent, higher than in the corresponding quarter of last year. This represents 1.98 per cent of total assets, which is 0.36 percentage points higher than for the corresponding quarter last year.

In the retail market, the interest margin for lending has contracted and the deposit margin has widened compared with the first quarter of 2022. In the corporate market, the interest margin for lending was stable, while the interest margin for deposits widened compared with the same period.

Other income
Other income was NOK 55 million in the quarter, which is NOK 2 million higher than in the first quarter of last year. The net result from financial instruments was slightly positive in the quarter and about NOK 2 million higher than in the first quarter of 2022. Capital losses from bond holdings were NOK 12 million in the quarter, compared with capital losses of NOK 31 million in the corresponding quarter last year. Capital gains from equities amounted to NOK 5 million compared with capital gains of NOK 11 million in the first quarter of 2022. The negative change in value for fixed-rate lending amounted NOK 7 million, compared with a positive change in value of NOK 9 million in the same quarter last year. The value of issued bonds increased by NOK 4 million, compared with a negative change in value of NOK 5 million in the first quarter of 2022. Income from foreign exchange and interest rate business for customers amounted to NOK 12 million in the quarter, NOK 2 million lower than in the same quarter last year.

Other income, exclusive of financial instruments, was on a par with the first quarter of 2022.

Costs
Operating costs amounted to NOK 198 million for the quarter, which is NOK 20 million higher than for the same quarter last year. Personnel costs accounted for NOK 6 million of the rise in relation to the same period last year and totalled NOK 111 million. The workforce increased by 17 full-time equivalents (FTEs) in the past 12 months and numbered 387 FTEs at the end of the quarter. Other operating costs have increased by NOK 13 million from the same period last year.

Provisions for expected losses and credit-impaired commitments
The quarter's accounts were charged NOK 33 million in losses on loans and guarantees (NOK 0 million),

equivalent to 0.15 per cent of average assets (0.00 per cent of average assets). The corporate segment was charged NOK 29 million in losses in the quarter, while NOK 4 million in losses were charged in the retail segment.

At the end of the first quarter of 2023, provisions for expected credit losses totalled NOK 368 million, equivalent to 0.47 per cent of gross lending and guarantee commitments (NOK 366 million and 0.51 per cent). Of the total provisions for expected credit losses, NOK 16 million concerns credit-impaired commitments more than 90 days past due (NOK 14 million), which amounts to 0.02 per cent of gross lending and guarantee commitments (0.02 per cent). NOK 198 million concerns other credit-impaired commitments (NOK 238 million), which is equivalent to 0.25 per cent of gross lending and guarantee commitments (0.33 per cent).

Net credit-impaired commitments (commitments more than 90 days past due and other credit-impaired commitments) have increased by NOK 245 million in the past 12 months. At end of the first quarter of 2023, the corporate market accounted for NOK 867 million of net credit-impaired commitments and the retail market NOK 149 million. In total, this represents 1.28 per cent of gross lending and guarantee commitments (1.07 per cent).

Lending to customers

At the end of the first quarter of 2023, lending to customers amounted to NOK 77,867 million (NOK 70,380 million). In the past 12 months, customer lending has increased by a total of NOK 7,487 million, or 10.6 per cent. Retail lending has increased by 8.3 per cent and corporate lending has increased by 15.5 per cent in the past 12 months. Retail lending accounted for 66.2 per cent per cent of total lending at the end of the quarter (67.7 per cent).

Deposits from customers

Customer deposits have increased by NOK 724 million, or 1.7 per cent, in the past 12 months. At the end of the first quarter of 2023, deposits amounted to NOK 44,225 million (NOK 43,501 million). Retail deposits have increased by 8.1 per cent in the past 12 months, while corporate deposits have decreased by 2.5 per cent and public sector deposits have decreased by 36.0 per cent. The retail market's relative share of deposits amounted to 60.8 per cent (58.3 per cent), while deposits from the corporate market accounted for 37.7 per cent (39.4 per cent) and from the public sector market 1.5 per cent (2.3 per cent).

The deposit-to-loan ratio was 56.5 per cent at the end of the first quarter (61.5 per cent).

LIQUIDITY AND FUNDING

The regulatory minimum LCR and NSFR requirements are both 100 per cent. The Group has established internal minimum targets that are above the regulatory requirements.

Sparebanken Møre's liquidity coverage ratio (LCR) was 177 for the Group and 167 for the parent bank at the end of the quarter. The EUR is a significant currency for the Group and Møre Boligkreditt AS. A currency is considered a 'significant currency' when liabilities denominated in that currency amount to 5 per cent of total liabilities. When the EUR and/or USD are significant currencies, a minimum requirement for NOK of 50 per cent applies.

The EU banking package was introduced in Norway from 1 June 2022. This entails, among other things, the introduction of a binding requirement that the net stable funding ratio (NSFR) must be more than 100 at all reporting levels. CRR2 sets new weights for asset and liability items, and for off-balance sheet items. The bank has measured and reported NSFRs for several years, and the NSFR was 121 at the end of the first quarter of 2023 (consolidated figure), while the NSFRs for the bank and Møre Boligkreditt AS were 122 and 108, respectively.

Total net market funding amounted to NOK 36.8 billion at the end of the quarter. Senior bonds with a remaining term to maturity of more than 1 year have a weighted remaining term to maturity of 2.62 years, while covered bond funding through Møre Boligkreditt AS correspondingly has a weighted remaining term to maturity of 3.16 years – overall for market funding in the Group (inclusive of T2 and T3) the remaining term to maturity is 3.17 years.

Møre Boligkreditt AS issues bonds based on the transfer of loans from the parent bank. The loans transferred to Møre Boligkreditt AS amounted to NOK 32.250 million at the end of the month, equal to around 40 per cent of the bank's total lending.

RATING

In an update dated 25 July 2022, Moody's Investor Service confirmed Sparebanken Møre's counterparty, deposit and issuer rating of A1 with a stable outlook. The rating of the bank's senior non-preferred liabilities in local currency was also maintained at Baa1.

Bonds issued by Møre Boligkreditt AS are also credit rated by Moody's Investor Service and have a rating of Aaa.

CAPITAL ADEQUACY

Sparebanken Møre is well capitalised. At the end of the first quarter of 2023, the Common Equity Tier 1 capital ratio was 17.7 per cent (17.2 per cent). This is 2.25 percentage points higher than the total minimum regulatory requirement and the Financial Supervisory Authority of Norway's expected capital requirement margin (P2G) totalling 15.45 per cent. Primary capital amounted to 22.2 per cent (20.8 per cent) and Tier 1 capital 19.5 per cent (18.8 per cent).

The banking package was enacted in Norway from 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 14.2 per cent. This is composed 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 2.5 per cent. In addition to this, the Financial Supervisory Authority of Norway has added an individual Pilar 2 requirement for Sparebanken Møre of 1.7 per cent. It has also set an expected capital adequacy margin(P2G) of 1.25 per cent. The Financial Supervisory Authority has informed the bank that it plans to implement SREP this year. 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 the end of the first quarter was 7.4 per cent (7.7 per cent). The regulatory minimum requirement (3 per cent) was met by a good margin.

MREL

The Financial Supervisory Authority has set Sparebanken Møre's effective MREL requirement as at 1 January 2023 at 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.

Sparebanken Møre had issued NOK 2,000 million in senior non-preferred capital (SNP) at the end of first quarter of 2023.

SUBSIDIARIES

The aggregate profit of the bank's subsidiaries amounted to NOK 39 million after tax in the first quarter of 2023 (NOK 52 million).

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The main purpose of the covered bond company is to issue covered bonds for sale to Norwegian and international investors. At the end of the first quarter of 2023, the company had nominal outstanding covered bonds of NOK 26.6 billion in the market, of which almost 40 per cent were denominated in a currency other than NOK. At the end of the quarter, the parent bank held no bonds issued by the company. Møre Boligkreditt AS contributed NOK 38 million to the Group's result in the first quarter of 2023 (NOK 51 million).

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 0.3 million to the result in the first quarter of 2023 (NOK -0.3 million). At the end of the quarter, the company employed 20 FTEs.

The purpose of Sparebankeiendom AS and Storgata 41-45 Molde AS is to own and manage the bank's own commercial properties. The companies contributed NOK 0.7 million to the result in the first quarter of 2023 (NOK 1.2 million). The companies have no staff.

EQUITY CERTIFICATES
At the end of the first quarter of 2023, there were 6,456 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 quarter. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.65 per cent of the bank's total equity.

Note 14 includes a list of the 20 largest holders of the bank's equity certificates. As at 31 March 2023, the bank owned 87,232 of its own equity certificates. These were purchased on the Oslo Børs at market prices.

FUTURE PROSPECTS
Banking turmoil in the US and Europe resulted in major fluctuations in the financial markets in the first quarter. Stock markets fell and so did long-term US and European interest rates. The fall in interest rates was due to markets expecting that policy rates would rise less than previouslyanticipated. Meanwhile, towards the end of the quarter, the markets calmed down as no more negative news came from the banking sector. Otherwise, the first quarter was one of very high inflation and interest rate increases from the leading central banks.

The European Central Bank (ECB) increased its key policy rate by 0.50 percentage points twice in the first quarter, most recently at its monetary policy meeting on 16 March. Its key policy rate was raised to 3.00 per cent. Given that the markets were very nervous at this time due to a drop in confidence in the banks, no signals were given about future interest rate developments. However, it was underscored that going forward rates would be set based on economic data, not least the development in inflation.

The US Federal Reserve also raised its policy rate twice in the first quarter, most recently on 22 March. At that meeting, the US Federal Reserve increased the target zone for its policy rate by 0.25 percentage points to 4.75-5.00 per cent. The median value of the range therefore reached 4.875 per cent. The Chair of the Federal Reserve, Jerome Powell, indicated that a further hike would probably be appropriate. Otherwise, the Federal Reserve's interest rate forecast was unchanged from December 2022, meaning that the median value would peak at 5.1 per cent towards the end of this year.

Norges Bank increased its key policy rate by 0.25 percentage points to 3.00 per cent in connection with its decision on the policy rate on 23 March. Furthermore, its interest rate path, that is the central bank's prognosis regarding its key policy rate, was raised considerably. According to the new interest rate path, rate hikes are likely in both May and June. Consequently, the rate would peak at 3.50 per cent. There is also a slight chance that the rate will be increased further sometime before the end of the year.

Developments in the labour market indicate that output and demand in the Norwegian economy and in Møre og Romsdal are holding up. At the end of March, the number of unemployed people in Møre og Romsdal accounted for 1.7 per cent of the labour force according to the Norwegian Labour and Welfare Administration (NAV). The national unemployment rate was 1.8 per cent. In the past year, unemployment has fallen by 8 per cent in the county and has been well below 2 per cent. Statistics Norway estimates that the county's total labour supply will increase by slightly more than the employment rate this year and next. As a result, the unemployment rate will probably rise slightly.

Overall, growth in lending to households in Norway continues to edge downwards in 2023, while growth in lending to the corporate market remains high. At the end of February, the overall 12-month growth in lending to the public was 5.4 per cent, compared with 5.5 per cent at the start of the year. As a consequence of higher interest rates and the weaker development of house prices, a further slowdown in the growth of lending to households is expected going forward, while corporate investments, including petroleum investments, are helping to keep the rate of growth in corporate lending up.

The bank's overall lending growth is holding up well. The 12-month rate ended at 10.6 per cent at the end of the quarter, markedly above the level at the end of 2022 of 8.8 per cent. The year-on-year growth in lending to the retail market ended at 8.3 per cent at the end of the first quarter, while lending growth in the corporate market amounted to 15.5 per cent. Deposits have increased by 1.7per cent in the last 12 months and the deposit-to-loan ratio is high but slightly decreasing.

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

The bank's return on equity was 11.0 per cent for the first quarter of 2023, while the cost income ratio was 39.7 per cent. Sparebanken Møre's 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 also expected to be achieved for the year as a whole.

Ålesund, 31 March 2023
26 April 2023

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

TROND LARS NYDAL, CEO

Statement of income - Group

STATEMENT OF INCOME - GROUP (COMPRESSED)

(NOK million)	Note	Q1 2023	Q1 2022	2022
Interest income from assets at amortised cost		888	458	2 386
Interest income from assets at fair value		144	56	344
Interest expenses		587	180	1 213
Net interest income	3	445	334	1 517
Commission income and revenues from banking services		57	56	248
Commission expenses and charges from banking services		10	8	34
Other operating income		8	7	32
Net commission and other operating income	7	55	55	246
Dividends		0	0	11
Net change in value of financial instruments		0	-2	-18
Net result from financial instruments	7	0	-2	-7
Total other income	7	55	53	239
Total income		500	387	1 756
Salaries, wages etc.		111	105	430
Depreciation and impairment of non-financial assets		12	11	46
Other operating expenses		75	62	271
Total operating expenses	8	198	178	747
Profit before impairment on loans		302	209	1 009
Impairment on loans, guarantees etc.	5	33	0	-4
Pre-tax profit		269	209	1 013
Taxes		62	46	236
Profit after tax		207	163	777
Allocated to equity owners		196	157	746
Allocated to owners of Additional Tier 1 capital		11	6	31
Profit per EC (NOK) 1) *		1.96	1.57	7.50
Diluted earnings per EC (NOK) 1) *		1.96	1.57	7.50
Distributed dividend per EC (NOK)		0.00	0.00	16.00

* The figures for 2022 are calculated based on a split in April 2022, where the number of equity cerfitcates increased from 9,886,954 to 49,434,770. The figures for the first quarter of 2022 are recalculated.

STATEMENT OF COMPREHENSIVE INCOME - GROUP (COMPRESSED)

(NOK million)	Q1 2023	Q1 2022	2022
Profit after tax	207	163	777
Items that may subsequently be reclassified to the income statement:			
Basisswap spreads - changes in value	-1	30	30
Tax effect of changes in value on basisswap spreads	0	-7	-6
Items that will not be reclassified to the income statement:			
Pension estimate deviations	0	0	46
Tax effect of pension estimate deviations	0	0	-12
Total comprehensive income after tax	206	186	835
Allocated to equity owners	195	180	804
Allocated to owners of Additional Tier 1 capital	11	6	31

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

Balance sheet - Group

ASSETS (COMPRESSED)

(NOK million)	Note	31.03.2023	31.03.2022	31.12.2022
Cash and receivables from Norges Bank	9 10 13	651	739	394
Loans to and receivables from credit institutions	9 10 13	603	881	361
Loans to and receivables from customers	4 5 6 9 11 13	77 867	70 380	76 078
Certificates, bonds and other interest-bearing securities	9 11 13	11 585	10 375	11 013
Financial derivatives	9 11	1 619	814	987
Shares and other securities	9 11	218	215	246
Intangible assets		57	49	56
Fixed assets		200	201	202
Overfunded pension liability		53	0	47
Other assets		306	151	117
Total assets		93 159	83 805	89 501

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	Note	31.03.2023	31.03.2022	31.12.2022
Loans and deposits from credit institutions	9 10 13	1 417	674	586
Deposits from customers	4 9 10 13	44 225	43 501	43 881
Debt securities issued	9 10 12	36 715	29 351	34 236
Financial derivatives	9 11	500	664	752
Other provisions for incurred costs and prepaid income		83	96	90
Pension liabilities		26	29	26
Tax payable		140	329	210
Provisions for guarantee liabilities		18	41	26
Deferred tax liabilities		106	61	106
Other liabilities		1 036	924	629
Subordinated loan capital	9 10	990	703	857
Total liabilities		85 256	76 373	81 399
EC capital	14	989	989	989
ECs owned by the bank		-2	-2	-3
Share premium		359	358	358
Additional Tier 1 capital		650	599	650

Paid-in equity	1 996	1 944	1 994
Primary capital fund	3 335	3 093	3 334
Gift fund	125	125	125
Dividend equalisation fund	2 067	1 831	2 066
Liability credit reserve	16	-8	16
Other equity	158	261	567
Comprehensive income for the period	206	186	-
Retained earnings	5 907	5 488	6 108
Total equity	7 903	7 432	8 102
Total liabilities and equity	93 159	83 805	89 501

Statement of changes in equity - Group

GROUP 31.03.2023	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as of 31.12.2022	8 102	986	358	650	3 334	125	2 066	16	567
Changes in own equity certificates	4	1	1		1		1		
Distributed dividends to the EC holders	-198								-198
Distributed dividends to the local community	-200								-200
Interests on issued Additional Tier 1 capital	-11								-11
Comprehensive income for the period	206								206
Equity as at 31 March 2023	7 903	987	359	650	3 335	125	2 067	16	364

GROUP 31.03.2022	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Liability credit reserve	Other equity
Equity as of 31.12.2021	7 570	987	357	599	3 094	125	1 831	-8	585
Changes in own equity certificates	0		1		-1				
Distributed dividends to the EC holders	-158								-158
Distributed dividends to the local community	-160								-160
Interests on issued Additional Tier 1 capital	-6								-6
Comprehensive income for the period	186								186
Equity as at 31 March 2022	7 432	987	358	599	3 093	125	1 831	-8	447

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

Statement of cash flow - Group

(NOK million)	31.03.2023	31.03.2022	31.12.2022
Cash flow from operating activities			
Interest, commission and fees received	999	557	2 807
Interest, commission and fees paid	-408	-110	-580
Interest received on certificates, bonds and other securities	91	36	213
Dividend and group contribution received	0	0	11
Operating expenses paid	-183	-142	-630
Income taxes paid	-133	-58	-334
Changes relating to loans to and claims on other financial institutions	-242	-14	506
Changes relating to repayment of loans/leasing to customers	-1 356	-185	-5 169
Changes in utilised credit facilities	-468	-266	-966
Net change in deposits from customers	345	1 647	2 028
Proceeds from the sale of certificates, bonds and other securities	1 089	2 891	13 502
Purchases of certificates, bonds and other securities	-1 606	-3 423	-14 687
Net cash flow from operating activities	-1 872	933	-3 299
Cash flow from investing activities			
Proceeds from the sale of fixed assets etc.	0	0	0
Purchase of fixed assets etc.	-8	-6	-35
Changes in other assets	-112	123	86
Net cash flow from investing activities	-120	117	51
Cash flow from financing activities			
Interest paid on debt securities and subordinated loan capital	-331	-105	-702
Net change in deposits from Norges Bank and other financial institutions	830	-306	-394
Proceeds from bond issues raised	1 998	999	8 224
Redemption of debt securities	-368	-1 116	-3 546
Dividend paid	0	0	-158
Changes in other debt	131	-205	-230
Redemption of Additional Tier 1 capital	0	0	-349
Proceeds from issued Additional Tier 1 capital	0	0	400
Paid interest on Additional Tier 1 capital issued	-11	-6	-31
Net cash flow from financing activities	2 249	-739	3 214
Net change in cash and cash equivalents	257	311	-34
Cash balance at 01.01	394	428	428
Cash balance at 31.12	651	739	394

Note 1

Accounting principles

The Group`s interim accounts have been prepared in accordance with adopted International Financial Reporting Standards (IFRS), approved by the EU as at 31 March 2023. The interim report has been prepared in compliance with IAS 34 Interim Reporting and in accordance with accounting principles and methods applied in the 2022 Financial statements.

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

Note 2

Capital adequacy

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

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 has a total requirement for Common Equity Tier 1 capital ratio (CET1) of 14.2 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 2.5 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.

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 basic.

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

MREL

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

The MREL requirement must be covered by primary 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 by no later than 1 January 2024. Until then, senior debt with a remaining term to maturity of more than one year can be used to help meet the subordination requirement. The overall subordination requirement must as a minimum be phased in linearly. From 1 January 2022, the effective subordination requirement is 20 per cent of the adjusted risk-weighted assets.

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 the 1st quarter of 2023, Sparebanken Møre has issued NOK 2,000 million in senior non-preferred debt (SNP).

Equity	31.03.2023	31.03.2022	31.12.2022
EC capital	989	989	989
- ECs owned by the bank	-2	-2	-3
Share premium	359	358	358
Additional Tier 1 capital (AT1)	650	599	650
Primary capital fund	3 335	3 093	3 334
Gift fund	125	125	125
Dividend equalisation fund	2 067	1 831	2 066
Proposed dividend for EC holders	0	0	198
Proposed dividend for the local community	0	0	200
Liability credit reserve	16	-8	16
Other equity	158	261	169
Comprehensive income for the period	206	186	-
Total equity	7 903	7 432	8 102

Tier 1 capital (T1)	31.03.2023	31.03.2022	31.12.2022
Goodwill, intangible assets and other deductions	-57	-49	-56
Value adjustments of financial instruments at fair value	-17	-16	-17
Deduction for overfunded pension liability	-40	0	-35
Additional Tier 1 capital (AT1)	-650	-599	-650
Expected IRB-losses exceeding ECL calculated according to IFRS 9	-553	-492	-518
Deduction for proposed dividend	0	0	-198
Deduction for proposed dividend for the local community	0	0	-200
Deduction of comprehensive income for the period	-206	-186	-
Total Common Equity Tier 1 capital (CET1)	6 380	6 090	6 428
Additional Tier 1 capital - classified as equity	650	599	650
Additional Tier 1 capital - classified as debt	0	0	0
Total Tier 1 capital (T1)	7 030	6 689	7 078

Tier 2 capital (T2)	31.03.2023	31.03.2022	31.12.2022
Subordinated loan capital of limited duration	990	703	857
Total Tier 2 capital (T2)	990	703	857

Net equity and subordinated loan capital	8 020	7 392	7 935

Risk weighted assets (RWA) by exposure classes

Credit risk - standardised approach	31.03.2023	31.03.2022	31.12.2022
Central governments or central banks	0	0	0
Local and regional authorities	374	313	296
Public sector companies	210	196	203
Institutions	7	457	245
Covered bonds	553	483	526
Equity	198	173	198
Other items	914	697	738
Total credit risk - standardised approach	2 256	2 319	2 206

Credit risk - IRB Foundation	31.03.2023	31.03.2022	31.12.2022
Retail - Secured by real estate	11 575	10 728	11 307
Retail - Other	327	364	304
Corporate lending	19 275	19 248	18 874
Total credit risk - IRB-Foundation	31 177	30 340	30 485

Market risk (standardised approach)	84	372	236
Operational risk (basic indicator approach)	2 996	2 903	2 996
Risk weighted assets (RWA)	**36 513**	**35 934**	**35 923**

Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 643	1 617	1 617

Buffer requirements	31.03.2023	31.03.2022	31.12.2022
Capital conservation buffer , 2.5 %	913	898	898
Systemic risk buffer, 3.0 %	1 095	1 078	1 078
Countercyclical buffer, 2.5 % (2.0 % per 31.12.2022 and 1.0 % per 31.03.2022)	913	359	718
Total buffer requirements for Common Equity Tier 1 capital	2 921	2 336	2 694
Available Common Equity Tier 1 capital after buffer requirements	1 816	2 137	2 117

Capital adequacy as a percentage of risk weighted assets (RWA)	31.03.2023	31.03.2022	31.12.2022
Capital adequacy ratio	22.0	20.6	22.1
Capital adequacy ratio incl. 50 % of the profit	22.2	20.8	-
Tier 1 capital ratio	19.3	18.6	19.7
Tier 1 capital ratio incl. 50 % of the profit	19.5	18.8	-
Common Equity Tier 1 capital ratio	17.5	17.0	17.9
Common Equity Tier 1 capital ratio incl. 50 % of the profit	17.7	17.2	-

Leverage Ratio (LR)	31.03.2023	31.03.2022	31.12.2022
Basis for calculation of leverage ratio	96 531	88 011	93 218
Leverage Ratio (LR)	7.3	7.6	7.6
Leverage Ratio (LR) incl. 50 % of the profit	7.4	7.7	-

Note 3

Operating segments

Result - Q1 2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	445	0	64	166	215	0
Other operating income	55	-16	13	23	27	8
Total income	500	-16	77	189	242	8
Operating expenses	198	16	2	42	130	8
Profit before impairment	302	-32	75	147	112	0
Impairment on loans, guarantees etc.	33	0	0	28	5	0
Pre-tax profit	269	-32	75	119	107	0
Taxes	62					
Profit after tax	207					

Key figures - 31.03.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	78 217	-109	1 269	25 232	51 825	0
Expected credit loss on loans	-350	0	0	-255	-95	0
Net loans to customers	77 867	-109	1 269	24 977	51 730	0
Deposits from customers 1)	44 225	-67	812	14 408	29 072	0
Guarantee liabilities	1 305	0	0	1 302	3	0
Expected credit loss on guarantee liabilities	18	0	0	18	0	0
The deposit-to-loan ratio	56.5	61.5	64.0	57.1	56.1	0.0
Man-years	387	0	145	40	182	20

Result - Q1 2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	334	0	-2	141	195	0
Other operating income	53	-15	9	25	27	7
Total income	387	-15	7	166	222	7
Operating expenses	178	-15	44	34	108	7
Profit before impairment	209	0	-37	132	114	0
Impairment on loans, guarantees etc.	0	0	0	-3	3	0
Pre-tax profit	209	0	-37	135	111	0
Taxes	46					
Profit after tax	163					

Key figures - 31.03.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	70 705	-112	1 228	22 063	47 526	0
Expected credit loss on loans	-325	0	0	-257	-68	0
Net loans to customers	70 380	-112	1 228	21 806	47 458	0
Deposits from customers 1)	43 501	-17	636	15 778	27 104	0
Guarantee liabilities	1 650	0	0	1 646	4	0
Expected credit loss on guarantee liabilities	41	0	0	41	0	0
The deposit-to-loan ratio	61.5	15.2	51.8	71.5	57.0	0.0
Man-years	370	0	174	42	135	19

Result - 31.12.2022	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 517	2	45	647	823	0
Other operating income	239	-63	45	107	117	33
Total income	1 756	-61	90	754	940	33
Operating 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
The deposit-to-loan ratio	57.4	37.6	62.4	59.6	56.2	0.0
Man-years	374	0	172	44	140	18

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

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

	MØRE BOLIGKREDITT AS		
Statement of income	**Q1 2023**	**Q1 2022**	**31.12.2022**
Net interest income	67	76	263
Other operating income	-5	3	-29
Total income	62	79	234
Operating expenses	14	13	51
Profit before impairment on loans	48	66	183
Impairment on loans, guarantees etc.	0	1	6
Pre-tax profit	48	65	177
Taxes	10	14	39
Profit after tax	38	51	138

MØRE BOLIGKREDITT AS

Balance sheet	31.03.2023	31.03.2022	31.12.2022
Loans to and receivables from customers	32 240	29 756	30 464
Total equity	1 603	1 624	1 712

Note 4

Loans and deposits broken down according to sectors

The loan portfolio with agreed floating interest is measured at amortised cost, while the loan portfolio with fixed interest rates is measured at fair value.

31.03.2023	GROUP					
Sector/industry	**Gross loans at amortised cost**	**ECL Stage 1**	**ECL Stage 2**	**ECL Stage 3**	**Loans at fair value**	**Net loans**
Agriculture and forestry	633	0	-1	-3	41	670
Fisheries	4 489	-3	-4	0	2	4 484
Manufacturing	3 542	-7	-11	-4	7	3 527
Building and construction	1 084	-2	-6	-4	6	1 078
Wholesale and retail trade, hotels	1 316	-2	-4	-3	8	1 315
Supply/Oil services	1 433	-3	-5	-139	0	1 286
Property management	8 587	-8	-8	-5	259	8 825
Professional/financial services	1 112	-1	-3	-1	16	1 123
Transport and private/public services/abroad	3 840	-7	-5	-2	38	3 864
Total corporate/public entities	26 036	-33	-47	-161	377	26 172
Retail customers	48 831	-12	-56	-41	2 974	51 696
Total loans to and receivables from customers	74 867	-45	-103	-202	3 351	77 868

31.03.2022	GROUP					
Sector/industry	**Gross loans at amortised cost**	**ECL Stage 1**	**ECL Stage 2**	**ECL Stage 3**	**Loans at fair value**	**Net loans**
Agriculture and forestry	596	0	-1	-3	56	648
Fisheries	3 698	-2	-1	-1	2	3 696
Manufacturing	3 045	-5	-4	-6	10	3 040
Building and construction	1 013	-3	-2	-2	5	1 012
Wholesale and retail trade, hotels	1 144	-1	-4	-1	7	1 145
Supply/Oil services	1 276	0	-11	-181	0	1 083
Property management	7 709	-6	-3	-4	197	7 893
Professional/financial services	775	-1	0	0	17	791
Transport and private/public services/abroad	3 288	-4	-4	-2	31	3 309
Total corporate/public entities	22 544	-23	-30	-200	325	22 616
Retail customers	44 226	-7	-48	-17	3 610	47 764
Total loans to and receivables from customers	66 770	-30	-78	-217	3 935	70 380

31.12.2022	GROUP					
Sector/industry	**Gross loans at amortised cost**	**ECL Stage 1**	**ECL Stage 2**	**ECL Stage 3**	**Loans at fair value**	**Net loans**
Agriculture and forestry	636	0	-1	-4	46	677
Fisheries	4 594	-3	-2	0	2	4 591
Manufacturing	2 671	-5	-8	-10	7	2 655
Building and construction	1 040	-3	-5	-1	6	1 037
Wholesale and retail trade, hotels	1 298	-2	-3	-3	8	1 298
Supply/Oil services	1 518	0	-4	-129	0	1 385
Property management	8 764	-8	-8	-5	281	9 024
Professional/financial services	936	-1	-2	-1	14	946
Transport and private/public services/abroad	3 717	-5	-9	0	37	3 740
Total corporate/public entities	25 174	-27	-42	-153	401	25 353
Retail customers	47 804	-11	-56	-26	3 014	50 725
Total loans to and receivables from customers	72 978	-38	-98	-179	3 415	76 078

Deposits with agreed floating interest rates are measured at amortised cost, fixed-interest rate deposits with maturities less than one year are measured at amortised cost and fixed-interest rate deposits with maturities in excess of one year are classified at fair value and secured by interest rate swaps.

DEPOSITS FROM CUSTOMERS	GROUP		
Sector/industry	**31.03.2023**	**31.03.2022**	**31.12.2022**
Agriculture and forestry	334	300	262
Fisheries	1 603	1 964	1 950
Manufacturing	3 454	3 219	3 516
Building and construction	832	774	867
Wholesale and retail trade, hotels	993	1 485	1 183
Property management	2 284	2 306	2 324
Transport and private/public services	5 118	4 582	4 628
Public administration	647	1 012	669
Others	2 080	2 498	2 138
Total corporate/public entities	17 345	18 140	17 537
Retail customers	26 880	25 361	26 344
Total	44 225	43 501	43 881

Note 5

Losses and impairment on loans and guarantees

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

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

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

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

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

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

Customers in risk class N have been subject to individual loss assessment with impairment. In connection with individual loss assessment, 3 scenarios based on calculation of the weighted present value of future cash flow after realisation of collateral are prepared. If the weighted present value of cash flow after realisation of collateral is positive, model-based loss provisions according to the ECL model is used.

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

Quantitative criteria

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

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

- PD has increased by 100 per cent or more and the increase in PD is more than 0.5 percentage points (if initial PD <1 %), or
- PD has increased by 100 % or more or the increase in PD is higher than 2 percentage points (if initial PD was >/= 1 %)

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

Qualitative criteria

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

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

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

Significant reduction in credit risk – recovery
A customer migrates from stage 2 to stage 1 if:

- The criteria for migration from stage 1 to stage 2 is no longer present, **and**
- This is satisfied for at least one subsequent month (total 2 months)

A customer migrates from stage 3 to stage 1 or stage 2 if the customer no longer meets the conditions for migration to stage 3:

- The customer migrates to stage 2 if more than 30 days in default.
- Otherwise, the customer migrates to stage 1.

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

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

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

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

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

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

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

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

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

Consequences of increased macroeconomic uncertainty and measurement of expected credit loss (ECL) for loans and guarantees

Pursuant to the accounting rules (IAS 34), interim financial reports must provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of an entity since the last annual report. The information related to these events and transactions must take into account relevant information presented in the most recent annual report.

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

Price inflation has risen rapidly through 2022 and in the first quarter of 2023 and has been significantly higher than estimated by Norges Bank. Inflation is clearly above Norges Bank's target, and it is anticipated that it will remain high for longer than previously estimated. The job market is tight, but there are clear indications of a turnaround in the Norwegian economy. Less pressure in the economy will contribute to curbing price inflation. Capacity problems in production as a result of the reopening of the economy in combination with increased energy prices and raw material prices have led to rising inflation. Increased uncertainty about economic development and interest rate hikes have led to a sharp rise in market interest rates internationally.

There are prospects of lower commercial property prices, but there may be large geographical variations. While the required rate of return for some commercial properties in Oslo has been at a record low level, the required rate of return on properties in Møre og Romsdal has not changed appreciably. Sparebanken Møre has not changed the lower required rate of return on commercial property in its credit policy during the period of record low interest rates. This has contributed to a relatively solid equity ratio for commercial properties.

Projections for rental price inflation and required rate of return are expected to result in a fall in selling prices on commercial property in the years ahead.

Low required rates of return make commercial property prices particularly vulnerable to higher interest rates or risk premiums. An abrupt increase in the required rate of return may lead to a marked fall in selling prices. Many commercial real estate companies have high debt-to-income ratios, and higher interest rates will lead to a larger portion of the income being spent on servicing debt.

In the Group's calculations of expected credit loss (ECL), the macroeconomic scenarios and the weightings have been impacted by the changes in economic conditions in 2022. The probability of a pessimistic scenario is increased from 10 per cent to 20 per cent, the base case scenario is 70 per cent and the best case scenario is reduced from 20 per cent to 10 per cent.

The model-based provisions have increased in the quarter, which is attributed to increased uncertainty in the retail market due to increased energy prices, interest expenses and general price increases in society. Overall, this will increase household expenses, reduce purchasing power and potentially increase default somewhat in the future. Overall, the level of model-based provisions is assessed as robust.

So far, no significant increase in arrears and forbearance has been observed as a result of increased interest expenses and higher inflation. In the 1st quarter of 2023, there has been an increase in applications for payment holidays and reduced term payments.

Specification of credit loss in the income statement

GROUP	Q1 2023	Q1 2022	2022
Changes in ECL - stage 1 (model-based)	7	-1	6
Changes in ECL - stage 2 (model-based)	6	10	32
Changes in ECL - stage 3 (model-based)	1	0	9
Changes in individually assessed losses	14	-7	-47
Confirmed losses, not previously impaired	7	0	2
Recoveries	-2	-2	-6
Total impairments on loans and guarantees	33	0	-4

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

GROUP - 31.303.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	39	104	198	341
New commitments	9	5	0	14
Disposal of commitments and transfer to stage 3 (individually assessed)	-3	-3	-1	-7
Changes in ECL in the period for commitments which have not migrated	1	2	1	4
Migration to stage 1	3	-12	0	-9
Migration to stage 2	-3	15	-1	11
Migration to stage 3	0	-1	4	3
Changes stage 3 (individually assessed)	-	-	11	11
ECL 31.03.2023	46	110	212	368
- of which expected losses on loans to retail customers	12	56	41	109
- of which expected losses on loans to corporate customers	33	47	161	241
- of which expected losses on guarantee liabilities	1	7	10	18

GROUP - 31.03.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	6	5	0	11
Disposal of commitments and transfer to stage 3 (individually assessed)	-5	-4	-1	-10
Changes in ECL in the period for commitments which have not migrated	-1	4	-1	2
Migration to stage 1	1	-10	0	-9
Migration to stage 2	-2	16	-1	13
Migration to stage 3	0	-1	3	2
Changes stage 3 (individually assessed)	-	-	-11	-11
ECL 31.03.2022	32	82	252	366
- of which expected losses on loans to retail customers	7	48	17	72
- of which expected losses on loans to corporate customers	23	30	200	253
- of which expected losses on guarantee liabilities	2	4	35	41

GROUP - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	33	72	263	368
New commitments	19	38	3	60
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-23	-5	-37
Changes in ECL in the period for commitments which have not migrated	0	-8	1	-7
Migration to stage 1	1	-18	0	-17
Migration to stage 2	-6	45	0	39
Migration to stage 3	1	-2	10	9
Changes stage 3 (individually assessed)	-	-	-74	-74
ECL 31.12.2022	39	104	198	341
- of which expected losses on loans to retail customers	11	56	26	93
- of which expected losses on loans to corporate customers	27	42	153	222
- of which expected losses on guarantee liabilities	1	6	19	26

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

GROUP - 31.03.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	57 059	5 215	-	62 274
Medium risk (0.5 % - < 3 %)	7 778	5 653	212	13 643
High risk (3 % - <100 %)	1 703	2 250	-	3 953
PD = 100 %	-	459	723	1 182
Total commitments before ECL	66 540	13 577	935	81 052
- ECL	-46	-110	-212	-368
Total net commitments *)	66 494	13 467	723	80 684

Gross commitments with overridden migration	778	-527	-251	0

GROUP - 31.03.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	57 925	351	-	58 276
Medium risk (0.5 % - < 3 %)	9 905	2 390	-	12 295
High risk (3 % - <100 %)	1 947	1 273	-	3 220
Credit-impaired commitments	-	-	1 023	1 023
Total commitments before ECL	69 777	4 014	1 023	74 814
- ECL	-32	-82	-252	-366
Total net commitments *)	69 745	3 932	771	74 448

Gross commitments with overridden migration	5	-5	-	0

GROUP - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	55 472	5 630	-	61 102
Medium risk (0.5 % - < 3 %)	8 281	6 106	220	14 607
High risk (3 % - <100 %)	1 028	1 932	-	2 960
PD = 100 %	-	449	674	1 123
Total commitments before ECL	64 781	14 117	894	79 792
- ECL	-39	-104	-198	-341
Total net commitments *)	64 742	14 013	696	79 451

Gross commitments with overridden migration	368	-129	-238	0

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

Note 6

Credit-impaired commitments

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

	31.03.2023			31.03.2022			31.12.2022		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments in default for more than 90 days	85	40	45	47	37	10	47	35	12
Gross other credit-impaired commitments	1 145	149	996	976	42	934	1 076	146	930
Gross credit-impaired commitments	1 230	189	1 041	1 023	79	944	1 123	181	942
ECL on commitments in default for more than 90 days	16	9	7	14	10	4	12	6	6
ECL on other credit-impaired commitments	198	31	167	238	7	231	179	13	166
ECL on credit-impaired commitments	214	40	174	252	17	235	191	19	172
Net commitments in default for more than 90 days	69	31	38	33	27	6	35	29	6
Net other credit-impaired commitments	947	118	829	738	35	703	897	133	764
Net credit-impaired commitments	1 016	149	867	771	62	709	932	162	770
Total gross loans to customers - Group	78 218	51 805	26 413	70 705	47 836	22 869	76 393	50 818	25 575
Guarantees - Group	1 305	3	1 302	1 650	4	1 646	1 362	3	1 359
Gross credit-impaired commitments as a percentage of loans/guarantee liabilities	1.55%	0.37%	3.76%	1.41%	0.17%	3.85%	1.44%	0.36%	3.50%
Net credit-impaired commitments as a percentage of loans/guarantee liabilities	1.28%	0.29%	3.13%	1.07%	0.13%	2.89%	1.20%	0.32%	2.86%

Commitments with probation period *)	**31.03.2023**			**31.12.2022**		
GROUP	**Total**	**Retail**	**Corporate**	**Total**	**Retail**	**Corporate**
Gross commitments with probation period	508	43	465	508	59	449
Gross commitments with probation period in percentage of gross credit-impaired commitments	41%	23%	45%	45%	33%	48%

*) As of 31.03.2022, commitments with probation periods were not classified as credit-impaired commitments.

Note 7

Other income

(NOK million)	Q1 2023	Q1 2022	2022
Guarantee commission	7	10	44
Income from the sale of insurance services (non-life/personal)	7	7	27
Income from the sale of shares in unit trusts/securities	3	3	15
Income from Discretionary Portfolio Management	11	11	43
Income from payment transfers	21	19	90
Other fees and commission income	8	6	29
Commission income and income from banking services	57	56	248
Commission expenses and expenses from banking services	-10	-8	-34
Income from real estate brokerage	8	7	31
Other operating income	0	0	1
Total other operating income	8	7	32
Net commission and other operating income	55	55	246
Interest hedging (for customers)	2	4	15
Currency hedging (for customers)	10	10	42
Dividend received	0	0	11
Net gains/losses on shares	5	11	24
Net gains/losses on bonds	-12	-31	-75
Change in value of fixed-rate loans	2	-72	-121
Derivates related to fixed-rate lending	-9	81	107
Change in value of issued bonds	-928	614	371
Derivates related to issued bonds	932	-619	-380
Net gains/losses related to buy back of outstanding bonds	-2	0	-1
Net result from financial instruments	0	-2	-7
Total other income	55	53	239

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

Net commission and other operating income - Q1 - 2023	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	7	1	6	0	0
Income from the sale of insurance services	7	-1	1	7	0
Income from the sale of shares in unit trusts/securities	3	0	0	3	0
Income from Discretionary Portfolio Management	11	0	6	5	0
Income from payment transfers	21	2	5	14	0
Other fees and commission income	8	2	2	4	0
Commission income and income from banking services	57	4	20	33	0
Commission expenses and expenses from banking services	-10	-2	-1	-7	0
Income from real estate brokerage	8	0	0	0	8
Other operating income	0	0	0	0	0
Total other operating income	8	0	0	0	8
Net commision and other operating income	55	2	19	26	8

Net commission and other operating income - Q1-2022	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	10	0	10	0	0
Income from the sale of insurance services	7	-1	1	7	0
Income from the sale of shares in unit trusts/securities	3	0	0	3	0
Income from Discretionary Asset Management	11	1	5	5	0
Income from payment transfers	19	2	5	12	0
Other fees and commission income	6	1	1	4	0
Commission income and income from banking services	56	3	22	31	0
Commission expenses and expenses from banking services	-8	-1	-1	-6	0
Income from real estate brokerage	7	0	0	0	7
Other operating income	0	0	0	0	0
Total other operating income	7	0	0	0	7
Net commision and other operating income	55	2	21	25	7

Net commission and other operating income - 31.12.2022	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	44	0	44	0	0
Income from the sale of insurance services	27	2	2	23	0
Income from the sale of shares in unit trusts/securities	15	2	1	12	0
Income from Discretionary Portfolio Management	43	2	21	19	0
Income from payment transfers	90	9	18	63	0
Other fees and commission income	29	1	9	19	0
Commission income and income from banking services	248	16	95	136	0
Commission expenses and expenses from banking services	-34	-7	-3	-24	0
Income from real estate brokerage	31	0	0	0	31
Other operating income	1	1	0	0	0
Total other operating income	32	1	0	0	31
Net commision and other operating income	246	10	92	112	31

Note 8

Operating expenses

(NOK million)	Q1 2023	Q1 2022	2022
Wages	81	79	314
Pension expenses	6	6	23
Employers' social security contribution and Financial activity tax	18	16	67
Other personnel expenses	6	4	26
Wages, salaries, etc.	111	105	430
Depreciations	12	11	46
Operating expenses own and rented premises	5	4	15
Maintenance of fixed assets	2	2	7
IT-expenses	38	36	150
Marketing expenses	9	7	37
Purchase of external services	7	6	25
Expenses related to postage, telephone and newspapers etc.	3	2	8
Travel expenses	1	0	5
Capital tax	2	1	8
Other operating expenses	8	4	16
Total other operating expenses	75	62	271
Total operating expenses	198	178	747

Note 9

Classification of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet at the date when the Group becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or the company transfers the financial asset in such a way that risk and profit potential of the financial asset is substantially transferred. Financial liabilities are derecognised from the date when the rights to the contractual provisions have been extinguished, cancelled or expired.

CLASSIFICATION AND MEASUREMENT

The Group's portfolio of financial instruments is at initial recognition classified in accordance with IFRS 9. Financial assets are classified in one of the following categories:

- Amortised cost
- Fair value with value changes through the income statement

The classification of the financial assets depends on two factors:

- The purpose of the acquisition of the financial instrument
- The contractual cash flows from the financial assets

Financial assets measured at amortised cost

The classification of the financial assets assumes that the following requirements are met:

- The asset is acquired to receive contractual cash flows
- The contractual cash flows consist solely of principal and interest

All lending and receivables, except fixed interest rate loans, are recorded in the group accounts at amortised cost, based on expected cash flows. The difference between the issue cost and the settlement amount at maturity, is amortised over the lifetime of the loan.

Financial liabilities measured at amortised cost

Debt securities, including debt securities included in fair value hedging, loans and deposits from credit institutions and deposits from customers, are valued at amortised cost based on expected cash flows. The portfolio of own bonds is shown in the accounts as a reduction of the debt.

Financial instruments measured at fair value, any changes in value recognised through the income statement

The Group's portfolio of bonds in the liquidity portfolio is classified at fair value through the income statement. The portfolio is held solely for liquidity management and is traded to optimize returns within current quality requirements for the liquidity portfolio.

The Group's portfolio of fixed interest rate loans is measured at fair value to avoid accounting mismatch in relation to the underlying interest rate swaps.

Fixed interest rate deposits from customers with maturities in excess of one year are classified at fair value and secured by interest rate swaps.

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

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

Losses and gains as a result of value changes on assets and liabilities measured at fair value, with any value changes being recognised in the income statement, are included in the accounts during the period in which they occur.

LEVELS IN THE VALUATION HIERARCHY
Financial instruments are classified into different levels based on the quality of market data for each type of instrument.

Level 1 – Valuation based on prices in an active market
Level 1 comprises financial instruments valued by using quoted prices in active markets for identical assets or liabilities. This category includes listed shares, as well as bonds and certificates in LCR-level 1, traded in active markets.

Level 2 – Valuation based on observable market data
Level 2 comprises financial instruments valued by using information which is not quoted prices, but where prices are directly or indirectly observable for assets or liabilities, including quoted prices in inactive markets for identical assets or liabilities. This category includes derivatives, as well as bonds which are not included in level 1.

Level 3 – Valuation based on other than observable market data
Level 3 comprises financial instruments which cannot be valued based on directly or indirectly observable prices. This category includes loans to customers, as well as shares.

GROUP - 31.03.2023	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		651	651
Loans to and receivables from credit institutions		603	603
Loans to and receivables from customers	3 351	74 516	77 867
Certificates and bonds	11 585		11 585
Shares and other securities	218		218
Financial derivatives	1 619		1 619
Total financial assets	16 773	75 770	92 543
Loans and deposits from credit institutions		1 417	1 417
Deposits from and liabilities to customers	74	44 151	44 225
Financial derivatives	500		500
Debt securities		36 715	36 715
Subordinated loan capital		990	990
Total financial liabilities	574	83 273	83 847

GROUP - 31.03.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		739	739
Loans to and receivables from credit institutions		881	881
Loans to and receivables from customers	3 935	66 445	70 380
Certificates and bonds	10 375		10 375
Shares and other securities	215		215
Financial derivatives	814		814
Total financial assets	15 339	68 065	83 404
Loans and deposits from credit institutions		674	674
Deposits from and liabilities to customers		43 501	43 501
Financial derivatives	664		664
Debt securities		29 351	29 351
Subordinated loan capital		703	703
Total financial liabilities	664	74 229	74 893

GROUP - 31.12.2022	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total book value
Cash and receivables from Norges Bank		394	394
Loans to and receivables from credit institutions		361	361
Loans to and receivables from customers	3 415	72 663	76 078
Certificates and bonds	11 013		11 013
Shares and other securities	246		246
Financial derivatives	987		987
Total financial assets	15 661	73 418	89 079
Loans and deposits from credit institutions		586	586
Deposits from and liabilities to customers	48	43 833	43 881
Financial derivatives	752		752
Debt securities		34 236	34 236
Subordinated loan capital		857	857
Total financial liabilities	800	79 512	80 312

Note 10

Financial instruments at amortised cost

GROUP	31.03.2023		31.03.2022		31.12.2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash and receivebles from Norges Bank	651	651	739	739	394	394
Loans to and receivables from credit institutions	603	603	881	881	361	361
Loans to and receivables from customers	74 516	74 516	66 445	66 445	72 663	72 663
Total financial assets	75 770	75 770	68 065	68 065	73 418	73 418
Loans and deposits from credit institutions	1 417	1 417	674	674	586	586
Deposits from and liabilities to customers	44 151	44 151	43 501	43 501	43 833	43 833
Debt securities issued	36 641	36 715	29 381	29 351	34 175	34 236
Subordinated loan capital	966	990	704	703	848	857
Total financial liabilities	83 175	83 273	74 260	74 229	79 442	79 512

Note 11

Financial instruments at fair value

A change in the discount rate of 10 basis points will have an impact of about NOK 9.1 million on loans with fixed interest rate.

GROUP - 31.03.2023	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 351	3 351
Certificates and bonds	8 330	3 255		11 585
Shares and other securities	11		207	218
Financial derivatives		1 619		1 619
Total financial assets	8 341	4 874	3 558	16 773
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			74	74
Debt securities				-
Subordinated loan capital				-
Financial derivatives		500		500
Total financial liabilities	-	500	74	574

GROUP - 31.03.2022	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 935	3 935
Certificates and bonds	7 365	3 010		10 375
Shares and other securities	21		194	215
Financial derivatives		814		814
Total financial assets	7 386	3 824	4 129	15 339
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers				-
Debt securities				-
Subordinated loan capital				-
Financial derivatives		664		664
Total financial liabilities	-	664	-	664

GROUP - 31.12.2022	Based on prices in an active market Level 1	Observable market information Level 2	Other than observable market information Level 3	Total
Cash and receivables from Norges Bank				-
Loans to and receivables from credit institutions				-
Loans to and receivables from customers			3 415	3 415
Certificates and bonds	8 239	2 774		11 013
Shares and other securities	39		207	246
Financial derivatives		987		987
Total financial assets	8 278	3 761	3 622	15 661
Loans and deposits from credit institutions				-
Deposits from and liabilities to customers			48	48
Debt securities				-
Subordinated loan capital				-
Financial derivatives		752		752
Total financial liabilities	-	752	48	800

Reconciliation of movements in level 3 during the period

GROUP	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2022	3 415	207	48
Purchases/additions	122	0	26
Sales/reduction	-187	0	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses in the period	1	0	0
Book value as at 31.03.2023	3 351	207	74

GROUP	Loans to and receivables from customers	Shares
Book value as at 31.12.2021	3 957	194
Purchases/additions	163	0
Sales/reduction	-212	0
Transferred to Level 3	0	0
Transferred from Level 3	0	0
Net gains/losses in the period	27	0
Book value as at 31.03.2022	3 935	194

GROUP	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2021	3 957	194	0
Purchases/additions	546	20	48
Sales/reduction	-957	2	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	0	0
Net gains/losses in the period	-131	-9	0
Book value as at 31.12.2022	3 415	207	48

Note 12

Issued covered bonds

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

Issued covered bonds in the Group (NOK million)

ISIN code	Currency	Nominal value 31.03.2023	Interest	Issued	Maturity	Book value 31.03.2023	Book value 31.03.2022	Book value 31.12.2022
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 094	1 128	1 087
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	286	273	261
XS1626109968	EUR		fixed EUR 0.125 %	2017	2022		2 429	-
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 004	3 003	3 004
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 837	2 440	2 606
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	964	983	957
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 009	3 002	3 010
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 700	2 383	2 481
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 004	3 000	3 004
XS2233150890	EUR	30	3M Euribor + 0.75 %	2020	2027	351	300	324
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 089	2 763	5 094
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 552	2 326	2 341
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 882	-	2 638
Total covered bonds issued by Møre Boligkreditt AS (incl. accrued interests)						27 772	24 030	26 807

As at 31.03.2023, Sparebanken Møre held NOK 0 million in covered bonds issued by Møre Boligkreditt AS (NOK 503 million, incl. accrued interest). Møre Boligkreditt AS held no own covered bonds as at 31.03.2023 (NOK 0 million).

Note 13

Transactions with related parties

These are transactions between the parent bank and wholly-owned subsidiaries based on arm's length principles.

The most important transactions eliminated in the Group accounts:

PARENT BANK	31.03.2023	31.03.2022	31.12.2022
Statement of income			
Net interest and credit commission income from subsidiaries	15	13	68
Received dividend from subsidiaries	152	241	241
Administration fee received from Møre Boligkreditt AS	11	11	43
Rent paid to Sparebankeiendom AS and Storgata 41-45 Molde AS	4	4	14
Balance sheet			
Claims on subsidiaries	5 045	5 062	3 614
Covered bonds	0	503	0
Liabilities to subsidiaries	1 845	1 067	1 747
Intragroup right-of-use of properties in Sparebankeiendom AS and Storgata 41-45 Molde AS	78	86	76
Intragroup hedging	366	61	125
Accumulated loan portfolio transferred to Møre Boligkreditt AS	32 250	29 761	30 474

Note 14

EC capital

The 20 largest EC holders in Sparebanken Møre as at 31.03.2023	Number of ECs	Percentage share of EC capital
Sparebankstiftelsen Tingvoll	4 925 776	9.96
Cape Invest AS	4 913 706	9.94
Spesialfondet Borea utbytte	2 383 459	4.82
Verdipapirfondet Eika egenkapital	2 060 679	4.17
Wenaasgruppen AS	1 900 000	3.84
MP Pensjon	1 698 905	3.44
Verdipapirfond Pareto Aksje Norge	1 459 048	2.95
Verdipapirfond Nordea Norge Verdi	1 205 120	2.44
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
Borghild Hanna Møller	201 363	0.41
Morgan Stanley & Co. International	199 816	0.40
Total 20 largest EC holders	26 766 329	54.14
Total number of ECs	49 434 770	100.00

The proportion of equity certificates held by foreign nationals was 2.6 per cent at the end of the 1st quarter of 2023.

During the 1st quarter of 2023, Sparebanken Møre has not purchased own ECs.

Note 15

Events after the reporting period

No events have occurred after the reporting period that will materially affect the figures presented as of 31 March 2023.

Statement of income - Parent bank

STATEMENT OF INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q1 2023	Q1 2022	2022
Interest income from assets at amortised cost	617	319	1 703
Interest income from assets at fair value	117	42	267
Interest expenses	355	103	715
Net interest income	379	258	1 255
Commission income and revenues from banking services	57	56	247
Commission expenses and expenditure from banking services	10	8	34
Other operating income	11	11	45
Net commission and other operating income	58	59	258
Dividends	152	241	252
Net change in value of financial instruments	0	-5	3
Net result from financial instruments	152	236	255
Total other income	210	295	513
Total income	589	553	1 768
Salaries, wages etc.	105	100	406
Depreciation and impairment of non-financial assets	14	13	53
Other operating expenses	71	58	257
Total operating expenses	190	171	716
Profit before impairment on loans	399	382	1 052
Impairment on loans, guarantees etc.	28	-1	-18
Pre-tax profit	371	383	1 070
Taxes	51	31	195
Profit after tax	320	352	875
Allocated to equity owners	309	346	844
Allocated to owners of Additional Tier 1 capital	11	6	31
Profit per EC (NOK) 1) *	3.10	3.47	8.48
Diluted earnings per EC (NOK) 1) *	3.10	3.47	8.48
Distributed dividend per EC (NOK)	0.00	0.00	16.00

* The figures for 2022 are calculated based on a split in April 2022, where the number of equity cerfitcates increased from 9,886,954 to 49,434,770. The figures for the first quarter of 2022 are recalculated.

STATEMENT OF COMPREHENSIVE INCOME - PARENT BANK (COMPRESSED)

(NOK million)	Q1 2023	Q1 2022	2022
Profit after tax	320	352	875
Items that may subsequently be reclassified to the income statement:			
Basisswap spreads - changes in value	0	0	0
Tax effect of changes in value on basisswap spreads	0	0	0
Items that will not be reclassified to the income statement:			
Pension estimate deviations	0	0	46
Tax effect of pension estimate deviations	0	0	-12
Total comprehensive income after tax	320	352	909
Allocated to equity owners	309	346	878
Allocated to owners of Additional Tier 1 capital	11	6	31

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

Balance sheet - Parent bank

ASSETS (COMPRESSED)

(NOK million)	31.03.2023	31.03.2022	31.12.2022
Cash and receivables from Norges Bank	651	739	394
Loans to and receivables from credit institutions	5 539	5 831	3 865
Loans to and receivables from customers	45 735	40 736	45 723
Certificates, bonds and other interest-bearing securities	11 463	10 747	10 892
Financial derivatives	805	518	643
Shares and other securities	218	215	246
Equity stakes in Group companies	1 571	1 571	1 571
Deferred tax benefit	0	9	0
Intangible assets	56	49	55
Fixed assets	151	155	151
Overfunded pension liability	53	0	47
Other assets	262	142	117
Total assets	66 504	60 712	63 704

LIABILITIES AND EQUITY (COMPRESSED)

(NOK million)	31.03.2023	31.03.2022	31.12.2022
Loans and deposits from credit institutions	2 281	1 649	1 969
Deposits from customers	44 292	43 517	43 967
Debt securities issued	8 943	5 823	7 429
Financial derivatives	824	334	579
Incurred costs and prepaid income	80	96	86
Pension liabilities	26	29	26
Tax payable	127	176	180
Provisions for guarantee liabilities	18	41	26
Deferred tax liabilities	17	0	17
Other liabilites	1 074	1 006	651
Subordinated loan capital	990	703	857
Total liabilities	58 672	53 374	55 787

EC capital	989	989	989
ECs owned by the bank	-2	-2	-3
Share premium	359	358	358
Additional Tier 1 capital	650	599	650
Paid-in equity	1 996	1 944	1 994
Primary capital fund	3 335	3 093	3 334
Gift fund	125	125	125
Dividend equalisation fund	2 067	1 831	2 066
Other equity	-11	-7	398
Comprehensive income for the period	320	352	-
Retained earnings	5 836	5 394	5 923
Total equity	7 832	7 338	7 917
Total liabilities and equity	66 504	60 712	63 704

Profit performance - Group

QUARTERLY PROFIT

(NOK million)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income	445	432	398	353	334
Other operating income	55	102	35	49	53
Total operating costs	198	216	179	174	178
Profit before impairment on loans	302	318	254	228	209
Impairment on loans, guarantees etc.	33	2	2	-8	0
Pre-tax profit	269	316	252	236	209
Taxes	62	74	63	53	46
Profit after tax	207	242	189	183	163
As a percentage of average assets					
Net interest income	1.98	1.95	1.87	1.65	1.62
Other operating income	0.24	0.46	0.16	0.23	0.26
Total operating costs	0.88	0.97	0.84	0.82	0.86
Profit before impairment on loans	1.34	1.44	1.19	1.06	1.02
Impairment on loans, guarantees etc.	0.15	0.01	0.01	-0.04	0.00
Pre-tax profit	1.19	1.43	1.18	1.10	1.02
Taxes	0.27	0.34	0.29	0.25	0.22
Profit after tax	0.92	1.09	0.89	0.85	0.80

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